Mondi Group
Integrated report and financial statements 2023

SUSTAINABLE by DESIGN

Company registered number: 6209386

Welcome
Integrated report 2023

Mondi's Integrated report and financial statements 2023 is our primary report to shareholders, providing an overview of the Group's performance for the year ended 31 December 2023.

Strategic report

The Strategic report was approved by the Board on 21 February 2024 and is signed on its behalf by:

Andrew King
Group CEO

Mike Powell
Group CFO

Governance

Financial statements

Alternative Performance Measures
The Group presents certain measures of financial performance, position or cash flows in this report that are not defined or specified according to International Financial Reporting Standards (IFRS) and UK-adopted International Accounting Standards. Refer to pages 238-241 for further details.

SASB

This report is prepared in accordance with the Sustainability Accounting Standards Board (SASB): Containers & Packaging Industry Standard. Relevant disclosures are highlighted by the icon above with further disclosures made in our Sustainable Development report and GRI & SASB Index as part of our 2023 suite of reports.

Our reporting suite

Visit our website for Mondi's complete 2023 Integrated and Sustainable Development reporting suite
www.mondigroup.com

Non-financial and sustainability information statement

In accordance with Sections 414CA and 414CB of the Companies Act 2006 (as amended by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022), the required non-financial and sustainability information disclosures, including the new requirements to incorporate specific climate disclosures, can be found integrated throughout the Strategic report. The table below sets out where our stakeholders can find more information about the outcomes and related non-financial KPIs of the matters listed. Our policies can be found on pages 42-68 and 119. A summary of key areas of disclosure is set out below:

Reporting requirement	Further information
Business model	Page 14-19
Climate-related disclosures	Page 51-64
Information relating to environmental matters	Page 51-67
Information relating to employees	Page 48-50
Information relating to social matters	Page 68
Information relating to respect for human rights	Page 67-68
Information relating to anti-corruption and anti-bribery matters	Page 68
Principal risks	Page 69-79
Non-financial key performance indicators	Page 22-23, 44-68

We are a global leader in SUSTAINABLE PACKAGING AND PAPER

Mondi makes packaging and paper solutions that are sustainable by design. We operate an integrated business with expertise spanning the entire value chain. With sustainability firmly embedded in everything we do, our products and production processes contribute towards the transition to a circular economy.

2023 at a glance

"Mondi delivered a resilient performance against the backdrop of an uncertain global economic environment. We remain well positioned to capitalise on the expected future growth in the packaging markets we serve, supported by our leading market positions, compelling sustainable product portfolio and through-cycle investment in the business.

Andrew King
Group CEO

Strategic review
Page 24-29

Investing for value accretive growth

€1.2 billion

of organic growth investments

Good progress made towards delivering these investments on time and on budget. Our projects are diversified across our packaging businesses and their value chains, products and geographic reach. We expect our projects to deliver through-cycle mid-teen returns when fully operational.

Investing for value accretive growth
Page 26

Completed sale of Russian assets, concluding the Group's exit from Russia. Net proceeds distributed to shareholders on 13 February 2024 by way of a special dividend of €1.60 per share and associated share consolidation.

A resilient performance with strong cash flow

Underlying EBITDA
€1,201 million
2022: €1,848 million

Cash generated from operations
€1,312 million
2022: €1,292 million

Return on capital employed
12.8%
2022: 23.7%

Leverage (net debt to underlying EBITDA)
0.3 times
2022: 0.5 times

Basic underlying earnings per share
107.8 euro cents
2022: 195.6 euro cents

Ordinary dividend per share
70.0 euro cents
2022: 70.0 euro cents

Financial review
Page 34-37

This section includes Alternative Performance Measures which are defined on pages 238-241.
All figures presented and commentary provided in this section are related to the Group's continuing operations only unless otherwise specified.

Delivering on our sustainability commitments through our MAP2030 framework

MAP2030
Page 42-68

CIRCULAR DRIVEN SOLUTIONS

85%
of our packaging and paper revenue is from products that are reusable, recyclable or compostable

CREATED BY EMPOWERED PEOPLE

0.64
Total Recordable Case Rate, safety performance among industry leaders

TAKING ACTION ON CLIMATE

22%
reduction of our absolute Scope 1 and 2 GHG emissions against our 2019 baseline

The Mondi Way

Our shared purpose, consistent strategy and entrepreneurial culture drive value for our stakeholders

The Mondi Way connects our 22,000 people around the world. Through our approach, we nurture an environment in which high performance and collaboration thrives, empowering us to drive progress against our strategic priorities in line with our purpose.

Strategic review Page 24-29

MAP2030 Page 42-68

PURPOSE

SUSTAINABLE by DESIGN

We contribute to a better world
by making innovative, sustainable
packaging and paper solutions

THE MONDI WAY

GROW. CREATE. INSPIRE. TOGETHER

Performance – Care – Integrity

We are passionate, entrepreneurial and empowered
We are respectful and look out for each other
We are honest, transparent and inclusive

DRIVE VALUE ACCRETIVE GROWTH. SUSTAINABLY

We drive performance along the value chain
We invest in assets with cost advantage
We inspire our people
We partner with customers for innovation

CULTURE

STRATEGY

Reasons to invest

Mondi is a returns focused, cash generative business delivering through-cycle value accretive growth

A market leader in sustainable packaging and paper
Mondi is a leading producer of corrugated packaging in Europe and a global leader in the production of kraft paper and paper bags as well as a regional leader in uncoated fine paper.

Robust financial position
Our strong cash generation through-cycle and robust balance sheet with investment grade credit rating provides strategic flexibility.

Broad product range drives innovation and strengthens long-term customer relationships
One of Mondi's strengths is our ability to offer customers a choice of paper, plastic or hybrid solutions using barrier technology to deliver sustainable packaging for our customers.

Investment through-cycle for value accretive organic growth
Mondi invests to deliver value for all our stakeholders whether through new capacity expansion projects, to improve productivity and operational excellence, or to deliver our sustainability targets.

Structurally growing markets underpinned by increasing demand for eCommerce and sustainable packaging
We operate in long-term structurally growing markets driven by consumption and industrial production growth underpinned by increasing demand for eCommerce and sustainable packaging.

Disciplined capital allocation strategy focused on returns
We have a balanced strategy of investing in both organic and inorganic growth opportunities alongside returning capital to shareholders.

Competitive advantage and resilience from quality asset base and integrated business model
Mondi operates high-quality, integrated assets which are well invested with close proximity to low-cost sustainable fibre and biomass, delivering significant cost advantages and reduced volatility.

Contributing to a better world
Mondi is a recognised leader in sustainability. Our MAP2030 framework is focused on delivering circular driven solutions, created by empowered people, taking action on climate supported by responsible business practices.

Award winning product innovations
WorldStar Packaging Awards 2024

Hug&Hold
Category: non-alcoholic beverages

Statorfold
Category: transit

Protector Bag ExpandForm
Category: packaging materials and components

MixBerry
Category: fresh fruits and vegetables

Letter from the Chair

2023 was a year of continued geopolitical instability and macroeconomic challenges. More than ever, companies need to build resilient business models, manage supply chain risks and stay agile in fast-changing environments.

Philip Yea
Chair

Welcome to Mondi's Integrated report for 2023. I have written in the past about the resilience of Mondi, and it was evident again in the past year in the face of external challenges, most significantly the uncertain global economic environment where central banks and financial markets were torn between the steps required to reduce inflation and the risk of self-inflicted recession. The geopolitical environment became even more uncertain given the continuing conflict in Ukraine and the shocking and polarising events in the Middle East in the last quarter.

Following the reversal of the energy squeeze the industry faced in 2022, many of our input costs have fallen, yet overall the economic uncertainties have had a significant impact on our margins as some producers have chosen to reopen their temporarily mothballed production facilities in an environment where overall demand has been cyclically soft. Market pricing has generally been at significantly lower levels than in 2022, falling more than input costs, in part due to new capacity being brought on stream at this relatively weak point in the cycle.

A resilient performance

Mondi's resilience is based on our scale, our quality asset base, our integrated model and the breadth and depth of our customers and end-markets. So our continuing businesses remained appropriately profitable, although the slowdown in global demand for goods throughout 2023 put pressure on Mondi's performance, resulting in underlying EBITDA of €1,201 million (2022: €1,848 million). Cash flow remains strong and our balance sheet robust, enabling us to continue our capacity expansion projects which remain on track and on budget. ROCE was 12.8% (2022: 23.7%).

Together with the Board, I would like to thank all our colleagues who have worked hard to continue delivering value for all Mondi's stakeholders against this challenging backdrop. Thanks to them we have continued to build strong relationships with customers, improve efficiency and productivity across our extensive asset base, and make excellent progress with our significant investment projects. I have no doubt that their efforts ensure Mondi is well positioned for a sustainable future.

Capital allocation focused on returns

One of Mondi's key strengths is the quality of our through-cycle cash generation, which remained strong with cash generated from operations at €1,312 million (2022: €1,292 million). Our robust financial position, with leverage (net debt to underlying EBITDA) of 0.3 times, and disciplined capital allocation provide us with strategic flexibility to continue investing through-cycle for sustainable growth and deliver attractive returns, while supporting the ordinary dividend.

With our confidence in Mondi's future, the Board has recommended a final dividend of 46.67 euro cents per share. The final dividend, together with the interim dividend, amounts to a total ordinary dividend for the year of 70.0 euro cents per share.

It was a disappointment that the conditional agreement to dispose of our operation in Syktyvkar in Russia announced in August 2022 did not receive the requisite regulatory approvals within the target timetable. However, our management are to be congratulated on delivering an acceptable alternative. This, together with the sale of the converting operations, created a loss on disposal of €756 million which mainly comprised the reclassification of the foreign currency translation reserves and contributed to an overall loss after tax for the Group, attributable to shareholders, of €153 million.

Total cash proceeds of €806 million were received before year end. Following approval by shareholders, the net proceeds were distributed by way of a special dividend of €1.60 per share on 13 February 2024. Further details of the transaction can be found in note 28 in the notes to the consolidated financial statements.

Investing through-cycle for value accretive growth

The Board is pleased with the progress made in 2023 on our growth capital investment programme, which will support an increase in our capacity, lower our cost base and reduce our environmental footprint.

As part of our capacity expansion pipeline, we are making excellent progress on the project to install our new kraft paper machine at Štětí (Czech Republic) to increase our kraft paper capacity and are on track to commence operations in 2025. Our two containerboard debottlenecking projects in Kuopio (Finland) and Świecie (Poland) will be contributing additional capacity from 2024.

Acquisitions continue to be a key part of our investment strategy. Opportunities are rigorously assessed in terms of both financial metrics and strategic fit, with a focus on those opportunities that complement our existing footprint and capabilities. An important new opportunity for us comes through the acquisition of the Hinton Pulp mill in Alberta (Canada) in early 2024 which is now part of our Flexible Packaging business unit. After the intended investment in a new kraft paper machine, Hinton will be capable of producing low-cost, high-quality kraft paper for industrial and eCommerce bags, and fully integrate our North American paper bag operations, strengthening our competitive advantage and providing our customers with security of supply (see page 41).

Contributing to a better world

Mondi has an ambitious purpose that guides our decisions: to contribute to a better world by making packaging and paper solutions that are sustainable by design. We are committed to leading the way in circular driven solutions and are focused on ensuring our customers have sustainable packaging that is reusable, recyclable or compostable.

Consequently, sustainability is at the heart of our strategy. The Mondi Action Plan 2030 (MAP2030), our sustainability framework, sets out how progress in our three key action areas - Circular Driven Solutions, Created by Empowered People, Taking Action on Climate - can drive the prosperity of the people, places and ecosystems that matter to our business and stakeholders.

Since the launch of MAP2030, Mondi has continued to make good progress in our commitments, and ownership of our sustainability goals is widely shared across the business.

Since 2019, the base year for our Net-Zero targets, we have reduced our absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 22% and our absolute Scope 3 GHG emissions by 21%. In the near term, our targets commit us to reduce absolute Scope 1 and 2 GHG emissions by 46.2% and Scope 3 GHG emissions by 27.5% by 2030 from a 2019 base year.

Advancing our offering of sustainable products

One of Mondi's strengths is our ability to offer our customers a choice of paper, plastic or hybrid solutions for their packaging requirements, creating partnerships with our customers on their journey towards a circular economy. Today, 85% of our paper and packaging products are reusable, recyclable or compostable and we continue the necessary work towards our target of 100%.

We are excited about the range of innovative products released during the year; for example, our paper MailerBAGs support eCommerce customers looking to transition away from plastic when shipping goods worldwide, while Hug&Hold is a paper-based solution that aims to replace plastic shrink wrap for PET bottle bundle packs (see page 28).

Empowering our people

Delivering value for our stakeholders relies on a talented and motivated workforce and, together with other members of the Board, I have greatly benefitted from visiting our operations during the year, including the Richards Bay mill (South Africa) in February 2023 and Świecie mill (Poland) in June 2023, seeing first hand the commitment and energy of our colleagues. As part of her role leading employee engagement on behalf of the Board, non-executive director Sue Clark participated in Mondi's European Communication Forum, alongside representatives from our European plant network, where she discussed Group priorities and performance. We have 22,000 colleagues across more than 30 countries and we aim to be an employer of choice, supporting our people to realise their potential and contribute to Mondi's ongoing success.

The results of our Employee Survey in 2023 reiterated the feedback given to us on our site visits. Colleagues across the Group particularly value the sense of meaning and purpose their jobs give them, and the opportunities offered to learn and grow. We know this as we measure progress against our MAP2030 commitments, represented by the Purposeful Workplace Index (79%), Inclusiveness Index (77%) and - for the first time in 2023 - our Wellbeing Index (77%).

Keeping people safe is our top priority and we have been building on our traditional safety focus to address the social psychology of risk, as well as deepening our engagement with our contractors. Although we are among the safety leaders in our industry, most regrettably we experienced a fatality towards the end of the year at our Ružomberok mill (Slovakia), which has left the Board deeply saddened. A key part of our philosophy is to ensure that every incident is fully investigated and procedures and practices further revised if we can avoid the same or similar situation recurring.

Board developments

The Board is committed to the highest standards of corporate governance, a key factor being the effective combination of skills, experience and judgement of our directors. In April, we welcomed Anke Groth as an independent non-executive director. Anke has a strong financial and commercial background, having operated in large international listed companies across the energy and industrial sectors. She brings valuable new insights to the Board and strengthens the Audit Committee.

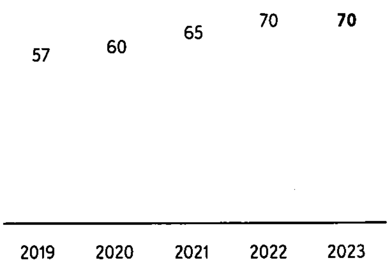
Looking ahead

As we enter 2024, it is clear that geopolitical uncertainties remain high and that it is going to be another challenging year for the world economy. However, I am confident that Mondi has the resilience to navigate these challenges. We intend to push through the tough macroeconomic environment relying on our scale, quality asset base, integrated operations and excellent customer proposition. Our strong balance sheet provides the opportunity to continue investing through-cycle, staying alert to growth opportunities and ensuring Mondi is well positioned to deliver attractive returns long into the future.

Philip Yea
Chair

Ordinary dividend per share

70.0 (euro cents)



2023 ordinary dividend includes proposed final ordinary dividend of 46.67 euro cents per share.

Our businesses

Packaging and paper that is sustainable by design

Our business units

Corrugated Packaging

Mondi is a leading producer of corrugated packaging with a cost-competitive asset base and strong customer offering focused on quality and reliability. We are the leading virgin containerboard producer in Europe and the largest containerboard producer in emerging Europe. Our virgin containerboard is a high-quality product with excellent properties for specialised end-use applications, ideal to meet our customers' needs around the globe.

We are also a leading corrugated solutions producer across central and emerging Europe. We leverage our integrated production network and partner with our customers to create fully recyclable corrugated boxes and packaging.

Corrugated Packaging
Page 17 and 30

Leading positions

#1

virgin containerboard producer in Europe

#1

containerboard producer in emerging Europe

#1

corrugated solutions producer in emerging Europe

Flexible Packaging

We are a global flexible packaging producer, integrated across the value chain with a unique portfolio of solutions. As a global leader in the production of kraft paper and paper bags, our well-invested mills produce high-quality kraft paper that is converted into strong, lightweight paper-based packaging. With our high level of integration across the value chain, our customers come to us for scale, security of supply and global reach.

We are also a leading producer of consumer flexible packaging in Europe and have broad coating capabilities which together provide an extensive and unique range of paper, plastic and hybrid packaging solutions.

Flexible Packaging
Page 18 and 31

Leading positions

#1

kraft paper producer globally

#1

paper bags producer in Europe and a global leader

#3

consumer flexible packaging producer in Europe

Uncoated Fine Paper

Our Uncoated Fine Paper business produces a wide range of home, office, converting and professional printing papers at our mills in central Europe and South Africa. We are the supplier of choice for our customers, leveraging our leading positions in these regions. In South Africa, we also produce and sell market pulp to customers around the world.

Uncoated Fine Paper
Page 19 and 32

Leading positions

#2

uncoated fine paper producer in Europe

#1

uncoated fine paper producer in South Africa

Business unit proportion of Group total

Corrugated Packaging
Flexible Packaging
Uncoated Fine Paper

Revenue

€7.3 billion

Underlying EBITDA

€1.2 billion

Capital employed

€6.5 billion

The markets we serve

We offer our customers a unique and broad range of sustainable packaging and paper products across several end-markets.

Consumer and retail (around 50% of Group revenue)

Product examples
- Food and beverage packaging
- Pet food packaging
- eCommerce packaging
- Retail shopper bags

Relevant business units

Building and construction (around 15% of Group revenue)

Product examples
- Cement bags
- Other paper-based building material bags

Relevant business units

Industrial and agriculture (around 20% of Group revenue)

Product examples
- Packaging for the chemical industry
- Dairy powder, feed and seed packaging
- Automotive logistics packaging
- Industrial and pallet wrapping

Relevant business units

Paper for printing (around 15% of Group revenue)

Product examples
- Color Copy
- Pergraphica®

Relevant business units

Where we operate

Global network delivering for our customers

Mondi employs 22,000 people across 100 production sites in more than 30 countries, with key operations located in Europe, North America and Africa.

In addition to those countries represented graphically on these pages, Flexible Packaging operates four production sites in South East Asia.

The Ružomberok mill (Slovakia) and Richards Bay mill (South Africa) are mixed-use mills, producing products for more than one business unit. These mills are therefore presented in triplicate and duplicate respectively.

Production sites per business unit

Corrugated Packaging	Mill (6) Converting plant (18)
Flexible Packaging	Mill (6) Converting plant (67)
Uncoated Fine Paper	Mill (5)

Group offices

London, Vienna

Europe

Production sites

Austria	Poland
Belgium	Serbia
Bulgaria	Slovakia
Czech Republic	Spain
Finland	Sweden
France	Türkiye
Germany	Ukraine
Hungary	
Italy	
Netherlands	

Revenue by production location

Revenue by customer location

Employees

Operating segment net assets

Emerging Europe
Western Europe
North America
Africa
Asia and Australia
South America

North and South America

Production sites

Production sites
Canada
Colombia
Mexico
USA

Africa and Middle East

Production sites
Côte d'Ivoire
Egypt
Iraq
Jordan
Lebanon
Morocco
Oman
South Africa

Market context

Our structurally growing packaging markets

The global packaging market

Global packaging demand is estimated at around $1 trillion per annum, roughly half of which is accounted for by Europe and North America. From a materials perspective, paper-based packaging comprises about 40% of the global market, while plastic-based packaging represents another 40%. Metal and glass make up most of the remaining portion. Around 60% of the global packaging market is directed at consumer end-uses (including food, drink, healthcare and cosmetics) with the remaining 40% comprising industrial, transport and other applications.

Packaging demand is linked to macroeconomic indicators such as GDP and consumption trends which form the majority of GDP in developed markets. In addition, the increase in demand for sustainable products and the growth in eCommerce also contribute to growth in the packaging market, resulting in structural growth through-cycle in the region of 2-4%.

In the past few years, growth has been volatile. It was positive in 2020 and 2021 during the COVID-19 outbreak and subsequent lockdowns when packaging demand grew substantially, primarily as a result of consumers prioritising the purchase of goods over services and inventory levels increasing following heightened availability risks. After a short period of normalised consumer spending, the recent slowdown in macroeconomic activity and customer destocking have contributed to weaker demand.

As a Group, we are strongly positioned. We operate in faster growing packaging segments of corrugated (paper-based) and flexible (paper, plastic and hybrid-based) packaging, which benefit from structural growth drivers, including the growing demand for sustainable packaging. We see opportunities to leverage our leading market positions and innovation capabilities to deliver sustainable packaging solutions for our customers.

Global packaging by region (%)

Europe	**24%**
North America	**23%**
Asia-Pacific	**45%**
Rest of world	**8%**

Global packaging by material (%)

Board	**33%**
Flexible paper	**7%**
Flexible plastic	**16%**
Rigid plastic	**21%**
Metal	**12%**
Glass	**4%**
Other	**7%**

Market sources: Smithers - The Future of Sustainable Packaging: Long-term Strategic Forecasts to 2032.

Growing demand for sustainable solutions

Population growth and economic development are increasing consumption, adding pressure on natural resources and driving efforts to build circular models. Climate change-related concerns are fuelling demand for alternative solutions with lower carbon emissions. Consumer awareness about how their choices impact the environment is pressuring companies to deliver positive change. These developments are supporting the growing demand for sustainable products and practices as our customers and end-consumers make more sustainable choices.

Recent developments

1. Rapidly evolving legislation

A number of legislative initiatives under the EU Green Deal and which are highly relevant to our industry are driving the transition to more sustainable products, including the Packaging and Packaging Waste Regulation and Green Claims guidance.

Our response

With a focus on circular driven solutions and delivering products that are sustainable by design, we remain well positioned to respond to regulatory changes and continue to help our customers make more sustainable choices.

2. Responsible and efficient production

Through Scope 3 emissions reporting and the increased use of life cycle-based product assessments, the scrutiny of products will continue to grow as suppliers and customers demand responsibly sourced, carbon efficient manufacturing across their value chains.

Our response

We have a long track record of delivering against our sustainability targets. As part of MAP2030, we remain focused on keeping materials in circulation, preventing waste and reducing our emissions along the value chain. Together with our innovation efforts, we develop solutions with superior sustainability credentials as seen in our life cycle-based product assessments.

3. Demand for renewable and recyclable materials

The demand for products containing recycled content continues to grow. However, in paper-based packaging, some applications require a fresh fibre (virgin) product due to its superior strength and purity properties. For other applications, recycled solutions can be used which are more cost effective. For plastic-based solutions, most products are virgin based as the availability of recycled plastic is limited.

Our response

We offer a broad range of solutions including virgin and recycled paper-based packaging, as well as hybrid- and plastic-based packaging. Our paper-based solutions are either from renewable sources (fresh fibre products) or contain recycled content (recycled-based products). We are also continuing our efforts to develop mono-material plastic-based solutions in order to increase recyclability.

4. Fit-for-purpose packaging

Optimal packaging is dependent on the packaged goods' required properties including shelf life, durability, barrier properties and quality, which in many cases can only be provided by producers with the knowledge, expertise and capacity to manufacture at scale. In addition, overpacking continues to be a challenge as goods of varying sizes are packaged in standardised solutions.

Our response

With a broad range of solutions, we provide our customers with the optimal solution that avoids waste and protects the packaged goods. Our innovation efforts are driving the development of adaptable and adjustable solutions to ensure right-sizing of packaging.

Our business model

Creating value for all our stakeholders

We are a global leader in sustainable packaging and paper, operating an integrated business across the value chain, producing innovative solutions for consumer and industrial applications.

We support the circular economy at each stage of our integrated value chain...

Sustainable by design

Responsibly sourced raw materials

↓

Efficient production

↓

Sustainable packaging and paper solutions

Integrated value chain
Page 16

And build on the competitive advantages of our three businesses...

Corrugated Packaging

Flexible Packaging

Uncoated Fine Paper

Business unit value chains
Page 17-19

To deliver on our purpose and create sustainable value for our stakeholders.

Employees
We invest in the development of our people, provide an inclusive, safe working environment and support a diverse, skilled and committed workforce.

Customers
We deliver innovative sustainable packaging and paper solutions to our customers, with our continuous focus on customer centricity.

Suppliers and contractors
We engage with our suppliers, encouraging supply chain transparency and fair working conditions, and take action to mitigate our risks.

Communities
We invest in local community initiatives supporting health, environmental protection, education, local enterprise and infrastructure development.

Investors
We offer our shareholders long-term value accretion with our disciplined approach to capital allocation.

Partners and industry associations
We collaborate with industry associations and partners across our value chain to find sustainable solutions to the collective challenges we face and bring about meaningful change at scale.

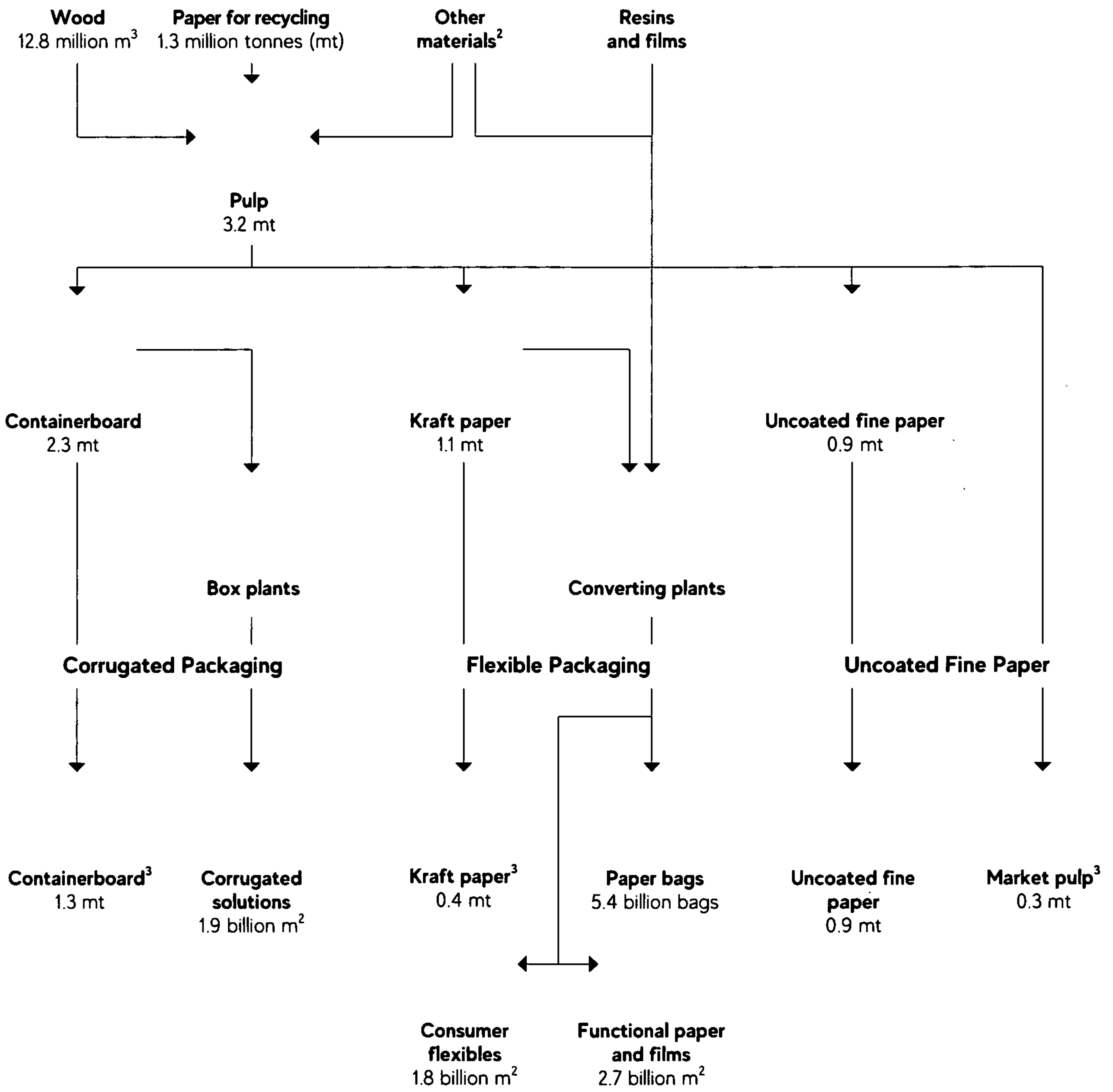
Stakeholder engagement
Page 38-40

	What we do	What makes us sustainable by design
Responsibly sourced raw materials	- We require materials such as wood, paper for recycling, chemicals and resins, access to natural resources (most notably water), and energy in our manufacturing processes. - Based on revenue, over 80% of our packaging and paper solutions are fibre based with wood as the primary raw material. - More than 90% of our wood is sourced in the countries where our mills are located. Our European mills procure wood regionally from responsible external sources while our South African mills primarily source wood from our own sustainably managed certified plantations. - We use around 1.3 million tonnes of paper for recycling for our recycled fibre-based products.	- 100% of our wood is responsibly sourced with 75% FSC™- or PEFC-certified fibre and the remainder meeting FSC's Controlled Wood standard. - We partner with scientific organisations to promote climate-fit, resilient forests. - We conduct water stewardship and biodiversity assessments providing insights on our impact and information for developing subsequent action plans. - 92% of the water we use is returned back to the ocean or rivers after use and treated in compliance with regulatory quality standards. - We engage with suppliers to promote greater transparency, mitigate risk and reduce our Scope 3 emissions in our supply chain.
Efficient production	- Our pulp and paper mills produce pulp, containerboard, kraft paper and uncoated fine paper. - All of our key mills have integrated pulp and paper processes which provide efficient and cost-competitive production as well as energy generation. - Our box plants and other converting operations use containerboard and kraft paper respectively (sourced internally and externally) together with resins, chemicals and other raw materials to produce a broad range of corrugated and flexible packaging products.	- 78% of fuels used by our mills are biomass based, a renewable fuel generated on site by our mills (63%) and purchased externally (15%). - Our training and upskilling programmes support our employees to reach their full potential and drive productivity and efficiency gains. - We remain focused on safety with our Social Psychology of Risk approach to drive continuous improvement in our safety performance. - We engage and support surrounding communities to understand their concerns and partner with them to find solutions for our joint success. - Our focus is on reducing air, water and greenhouse gas emissions across our production processes and supply chain and eliminating waste.
Sustainable packaging and paper solutions	- We produce a broad and unique range of packaging and paper solutions for consumer and industrial end-uses including paper, plastic and hybrid products. - We partner with our customers to understand their needs, providing an opportunity to innovate and develop new, fit-for-purpose solutions that contribute to a circular economy. - Our converted corrugated solutions and flexible packaging products are predominantly delivered to customers regionally while the majority of our pulp, containerboard, kraft paper and uncoated fine paper is sold globally.	- We design products to have a sustainable end-of-life. - As a Group, we continue to increase the proportion of our products that are reusable, recyclable or compostable, achieving 85% in 2023. - Our continued engagement in cross-value chain initiatives provides an opportunity for us to contribute towards the development of industry-wide guidelines for recycling and design for circularity. - We identify opportunities to use waste as a secondary raw material for other industrial applications such as in the cement industry and agricultural sector.

Our business model continued

Integrated value chain[1]

Our three business units produce a distinct range of sustainable products. Our collective strength provides competitive advantage including a centralised cost-effective approach to responsible raw material sourcing, benchmarking performance and sharing best practice to optimise productivity and performance, and offering our customers a unique and broad range of sustainable packaging and paper products.



1 Integrated value chain based on 2023 statistics.

2 While the Group procures some pulp, containerboard and kraft paper externally for commercial and logistic reasons, we continue to produce more than we consume.

3 Net exposure (calculated as the total volume produced that exceeds the total volume consumed by the Group).

Corrugated Packaging

Virgin containerboard

Mondi is the leading virgin containerboard producer in Europe with around 80% of our overall containerboard production virgin based. The European market is however predominately recycled based with only around 20% derived from virgin grades. Virgin containerboard is made from fresh fibres, and used for applications requiring strength, moisture resistance, hygiene and other unique properties such as fresh fruit packaging and transport packaging for heavy and fragile goods. Most of our offering is produced at our European mills which are extremely cost competitive.

Our virgin containerboard product offering is diverse with a range of high-quality grades including unbleached kraftliner, white top kraftliner and semi-chemical fluting.

While the majority of our customer base is in Europe, a significant amount of our virgin containerboard is sold to customers around the globe and converted into a range of packaging solutions by regional players.

We produce virgin containerboard at our mills in Świecie (Poland), Kuopio (Finland), Richards Bay (South Africa) and Ružomberok (Slovakia).

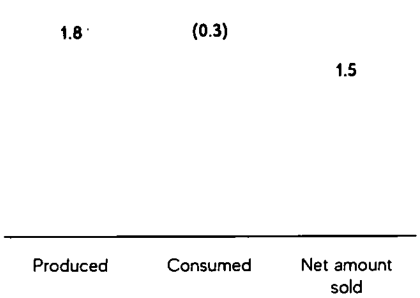
Recycled containerboard

Around 20% of our containerboard production is recycled with most production at our cost-competitive mill in Świecie (Poland). We are integrated with our corrugated solutions plants as we produce the majority of the recycled containerboard they need for converting, which secures supply. Our ongoing capital investment project at Duino (Italy) will increase our recycled containerboard production and integration to meet the growing demand from our plant network for sustainably produced recycled containerboard in the region.

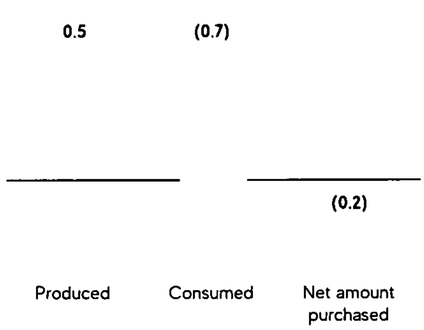
Corrugated solutions

We are a leading corrugated solutions producer in the faster growing emerging European region. Together with our strong customer relationships and security of supply, we create fully recyclable, paper-based corrugated boxes and packaging (made from virgin and recycled containerboard) for our customers' consumer, eCommerce, transit and industrial packaging needs in the region. We utilise a high percentage of recycled content in our products.

Virgin containerboard
(million tonnes)



Recycled containerboard
(million tonnes)



Corrugated Packaging trading review
Page 30

Our business model continued

Flexible Packaging

Our Flexible Packaging business unit produces kraft paper and paper bags (which together contribute around 60% of the business unit's revenue) as well as consumer flexibles and functional paper and films. Kraft paper, which comprises sack kraft and speciality kraft, is produced at our mills in Štětí (Czech Republic), Frantschach (Austria), Dynäs (Sweden), Stambolijski (Bulgaria) and Ružomberok (Slovakia). Our converting operations are located across the globe and have leading positions in the regions where we operate.

Sack kraft paper and paper bags

We are the global leader in the sack kraft paper and paper bag value chain. Our well-invested European mills produce kraft paper of which around two-thirds is sack kraft paper, a niche and high-quality product made from fresh fibres that is strong, porous and with high elasticity and high tear resistance. These properties make it an ideal solution for packaging of medium to large goods which demand strength and durability such as cement and other building materials as well as animal food, feed and seed. More recently, the growth in eCommerce has increased demand for our MailerBAGs, a paper-based flexible packaging solution for consumer eCommerce packaging made of sack kraft paper, which is providing an additional growth driver for our business as it replaces traditional plastic mailers.

Sack kraft paper is a globally traded product which is converted by paper bag plants located in close proximity to their customers around the world. As a Group, we have a global paper bag plant footprint, with leading positions in Europe, North America, the Middle East and North Africa.

As a global leader in both sack kraft paper and paper bag production, and with our high level of integration across the value chain, our customers come to us for scale, security of supply, in-depth paper making expertise, quality, reliability and global reach.

Speciality kraft paper

We produce a broad range of speciality kraft paper that is versatile and strong, and used in a wide range of end-uses including paper-based consumer products, retail shopper bags, pallet wrapping and other industrial solutions. Some of this paper is used in our consumer-focused converting operations (as outlined below); however, the majority of our speciality kraft paper is converted by our customers across Europe.

Consumer flexibles and functional paper and films

We are a leading producer of flexible packaging products for consumer end-uses with leading positions in food and pet food applications across Europe, and extensive customer relationships with large FMCGs and major retailers.

We are well positioned to meet our customers' needs and take advantage of the growing demand for sustainable packaging solutions with our unique product portfolio. We can provide paper- or hybrid-based products by leveraging our paper making expertise and extensive coating capabilities, or mono-material plastic-based solutions, ensuring we can deliver the optimal solution that is sustainable by design.

Sack kraft paper
(million tonnes)

Produced	Consumed	Net amount sold
0.7	(0.6)	0.1

Speciality kraft paper
(million tonnes)

Produced	Consumed	Net amount sold
0.4	(0.1)	0.3

Flexible Packaging trading review
Page 31

Uncoated Fine Paper

Uncoated fine paper (Europe)

We are the second largest uncoated fine paper producer in Europe. The majority of our uncoated fine paper production in this region is from our integrated mill in Ružomberok (Slovakia). As an integrated producer, we benefit from a lower cost of production and higher energy self-generation, which provides cost competitiveness compared to non-integrated producers.

Our Neusiedler operations (Austria) complement our offering with highly diversified, value added and sustainable paper options enabling us to offer a full range of products to our customers.

Together, and with our scale, reliability, extensive operational capabilities and financial strength, we continue to be the supplier of choice with our comprehensive customer offering.

Uncoated fine paper (Southern Africa)

We are the leading uncoated fine paper producer in the region, with most competition coming from import volumes. We operate one paper machine at our Merebank mill (South Africa) which produces uncoated fine paper for our customers in the region.

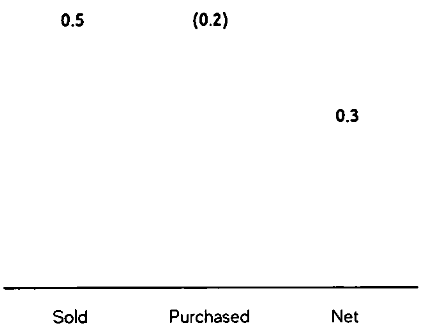
Market pulp

We produce and sell market pulp to our customers around the world. The majority of the Group's market pulp is produced at our mill in Richards Bay (South Africa) which is accounted for in the Uncoated Fine Paper business unit. In addition to providing pulp for packaging and paper production to our South African operations, the mill produces market pulp for sale both into domestic and export markets.

Forestry assets

We own and manage forestry landholdings in South Africa that produce sufficient wood volumes to meet our own requirements for production in the country, thereby securing our supply. We recognise changes in the fair value of these assets in the consolidated income statement through the fair value gain or loss on forestry assets.

Market pulp[1]
(million tonnes)



1 Based on the Group's market pulp volumes.

Uncoated Fine Paper trading review
Page 32

Our strategy
Driving value accretive growth, sustainably

We drive value accretive growth, sustainably

We prioritise profitable growth in our packaging businesses and leverage our four strategic value drivers to create value for all of our stakeholders. Sustainability is at the centre of our strategy and is embedded in our investment and operational decisions. Our current sustainability commitments and targets are set out in the Mondi Action Plan 2030 (MAP2030) which focuses on three action areas: Circular Driven Solutions, Created by Empowered People, Taking Action on Climate.

2023 achievements
- Delivered a resilient performance in the year against an uncertain global economic environment backdrop with underlying EBITDA of €1,201 million and cash generated from operations of €1,312 million.
- Progressed against our MAP2030 commitments, including the reduction of our absolute Scope 1 and 2 greenhouse gas emissions by 22% against our 2019 baseline.
- Completed sale of previously owned Russian assets, concluding the Group's exit from Russia. Net proceeds distributed to shareholders in February 2024 by way of a special dividend of €1.60 per share and associated share consolidation.

Medium-term priorities
- Deliver attractive returns over the long term supported by our strong operational leverage, balance sheet and cash generation.
- Complete and ramp up new capacity from our organic growth investments together with evaluating further organic and selective inorganic growth opportunities.
- Progress on our MAP2030 commitments and targets.
- Continue to engage with our stakeholders to build trust and drive positive change.

We identify and mitigate the potential impact of risks on our ability to deliver our strategy by setting appropriate risk appetites. Our KPIs, outlined in the pages that follow together with our MAP2030 targets, provide a measure of our performance against our strategic objectives.

Principal risks
Page 69-79

Key performance indicators
Page 22-23

MAP2030
Page 42-68

Drive performance along the value chain

We continually look for ways to optimise productivity, enhance our efficiency and prevent waste. Our initiatives span our entire business and include continuous improvement and operational excellence programmes, together with keeping our processes lean, and focusing on commercial excellence. We also invest in rigorous benchmarking exercises across our operations to share best practice and identify emerging issues.

2023 achievements
- Continued to drive operational and commercial excellence initiatives across the value chain.
- Reduced our specific waste to landfill by 44% compared to our 2020 baseline.
- Progressed on a number of digital and operational initiatives to drive productivity gains across the organisation.

Medium-term priorities
- Continue to evaluate, invest in and roll out initiatives across our production network to drive productivity and efficiency gains.
- Reduce costs, waste and emissions generated during our production processes.
- Maintain quality standards and enhance operational performance.

Relevant KPIs
- Underlying EBITDA
- Return on capital employed (ROCE)
- Total shareholder return (TSR)
- Scope 1 and 2 GHG emissions
- Waste to landfill

Related principal risks
1 3 5 6 7 8 9 10 11 15

Invest in assets with cost advantage

We invest in our asset base through-cycle to drive organic growth, strengthen cost competitiveness, improve environmental performance, and enhance our product offering, quality and service to customers. Our organic growth investments are directed towards our packaging businesses which operate in structurally growing markets. In addition, and where appropriate, we look to acquire businesses that produce high-quality products with sustainable competitive advantages.

2023 achievements

- Good progress made towards delivering our €1.2 billion organic growth project pipeline on time and on budget.
- Key projects within our pipeline include starting up the Kuopio mill (Finland) investment towards the end of the year and making good progress on the €400 million investment in a new kraft paper machine at Štětí (Czech Republic).

Medium-term priorities

- On-time and on-budget execution and ramp up to full production of our organic growth investments.
- Integrate the recently acquired Hinton Pulp mill into our Flexible Packaging business unit and further evaluate investment opportunities to expand the mill.
- Continue to evaluate further organic and selective inorganic investment opportunities.

Relevant KPIs

- Underlying EBITDA
- Return on capital employed (ROCE)
- Investment grade credit ratings
- Total shareholder return (TSR)
- Scope 1 and 2 GHG emissions

Related principal risks

1 2 3 4 5 6 7 8 10 11 15 16

Inspire our people

We are committed to providing an inspiring, inclusive, diverse and safe working environment for our employees. We want them to develop their skills and grow in confidence which will unlock potential and contribute to our success in line with our values of performance, care and integrity. The safety, health and mental wellbeing of our people is a priority for us. We embed clearly defined methodologies, procedures and robust controls to keep our people safe.

2023 achievements

- Developed our people's skills through training programmes and upskilling initiatives.
- Engaged with colleagues across the organisation including the Group-wide Employee Survey to provide insight into our employee engagement and performance.
- Among industry leaders with a 0.64 Total Recordable Case Rate performance.

Medium-term priorities

- Continuous focus on improving our safety performance and embedding a behaviour-based safety mindset.
- Review and develop action plans to tackle areas identified as requiring improvement in our 2023 Group-wide Employee Survey.
- Focus on talent attraction, retention and diversity and inclusion initiatives to provide a purposeful and inclusive environment for all our employees.

Relevant KPIs

- Total shareholder return (TSR)
- MAP2030 Empowered people targets including Total Recordable Case Rate (TRCR)

Related principal risks

13 14 15 16

Partner with customers for innovation

We collaborate along the value chain to produce high-quality sustainable packaging and paper solutions for our customers. Our efforts help us contribute towards a circular economy, prevent waste and grow with our customers by leveraging our strong and long standing relationships with them. Our unique range of products, together with our paper making expertise and rigorous quality management, positions us strongly to be the supplier and partner of choice.

2023 achievements

- Increased the proportion of our product portfolio that is reusable, recyclable or compostable, achieving 85% in the year.
- Ongoing product development and continuing to be externally recognised for our award-winning sustainable solutions.
- Customer survey conducted with over 1,700 customers taking part. Maintained 'best in class' scores for being trustworthy, easy to do business with and build relationships.

Medium-term priorities

- Continue to partner with our customers to develop innovative and sustainable packaging solutions.
- Increase the proportion of products that are reusable, recyclable or compostable.
- Ongoing engagement with customers to improve quality standards and overall customer satisfaction.

Relevant KPIs

- Underlying EBITDA
- Total shareholder return (TSR)
- MAP2030 Circular driven solutions targets including the proportion of reusable, recyclable or compostable products

Related principal risks

2 3 5 15 16

Key performance indicators

Tracking our performance

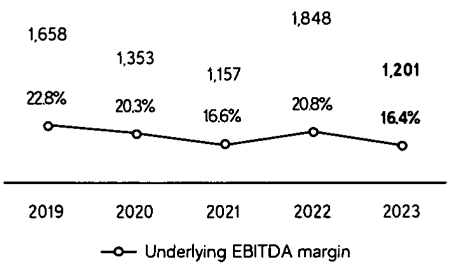
Our key performance indicators (KPIs) provide a broad measure of the Group's performance. We set individual targets for each of our business units in support of these Group KPIs.

Presentation basis

Financial KPIs are presented for a five-year period and based on the Group's continuing operations from 2021, while sustainability metrics are presented from their respective baseline years and therefore either cover a four- or five-year period (with all years, including baselines, based on the Group's continuing operations).

Underlying EBITDA

(€ million)



Why this is a KPI

Underlying EBITDA provides a measure of the cash-generating ability of the Group that is comparable from year to year.

Tracking our cash generation is one of the components we measure when we assess our value creation through the cycle.

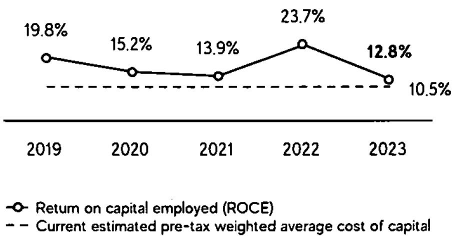
2023 performance

Underlying EBITDA was lower at €1,201 million due to lower sales volumes and selling prices falling more than input costs. The Group's underlying EBITDA margin was 16.4%.

Link to strategy

Return on capital employed (ROCE)

% (12-month trailing)



Why this is a KPI

ROCE provides a measure of the efficient and effective use of capital in our operations.

We compare ROCE to our current estimated Group pre-tax weighted average cost of capital to measure the value we create.

2023 performance

The Group achieved a ROCE of 12.8%, ahead of cost of capital although lower than 2022, reflecting the lower profitability in the year.

Link to strategy

Investment grade credit rating

(at 31 December 2023)

Standard & Poor's

| A+ | A | **A-** | BBB+ | BBB | BBB- |

Moody's Investors Service

| A1 | A2 | A3 | **Baa1** | Baa2 | Baa3 |

Why this is a KPI

We aim to maintain investment grade credit ratings to ensure we have access to funding for value accretive investment opportunities through the business cycle.

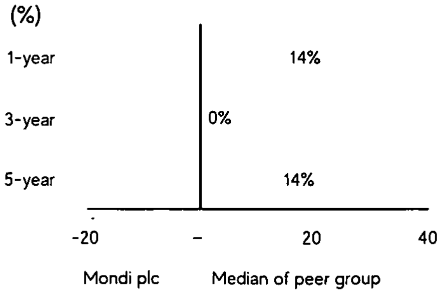
2023 performance

The Group maintained its investment grade credit ratings. In May 2023, Standard & Poor's upgraded the Group's credit rating from BBB+ to A- (stable outlook). Moody's Investors Service reaffirmed the Group's credit rating at Baa1 (stable outlook) during the year.

Link to strategy

Total shareholder return (TSR)

(%)



Why this is a KPI

TSR provides a market-related measure of the Group's progress against our objective of delivering long-term value for our shareholders.

TSR measures the total return to Mondi's shareholders, including both share price movement and dividends paid.

2023 performance

The Group achieved a TSR of 14% in the year and recommended a total ordinary dividend per share for the year of 70.0 euro cents, in line with last year.

Link to strategy

Using KPIs to measure the success of our strategy

Our strategy is to deliver value accretive growth, sustainably. This is underpinned by four strategic value drivers which build on the competitive advantages we enjoy today and set a clear roadmap for investment and operational decisions into the future. We use KPIs to provide a measure of Mondi's strategic performance and value creation. Each KPI has been linked to the relevant strategic value drivers below.

Our strategy
Page 20-21

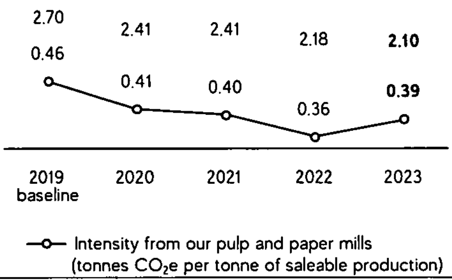
Aligning KPIs to remuneration

Our executive directors are assessed against specific performance targets. For the LTIP, these performance measures, assessed over a three-year period, are ROCE and TSR (and basic underlying earnings per share from the performance period ending in 2025). For the Group annual bonus, in which more than 3,000 employees participate (including the Group CEO and Group CFO), performance is assessed against ROCE, underlying EBITDA, sustainability metrics (safety, GHG emissions and waste to landfill) and personal objectives.

Remuneration report
Page 122-149

Scope 1 and 2 GHG emissions

(million tonnes CO_2e)



Why this is a KPI

Our focus is to reduce our GHG emissions to address climate-related impacts and secure the long-term success of our business.

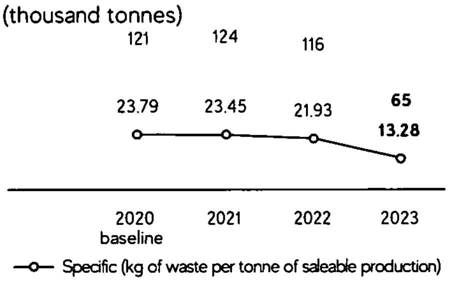
2023 performance

We have reduced our absolute Scope 1 and 2 GHG emissions by 22% compared to our 2019 baseline and remain on track to meet our targets. Our GHG emission intensity from our pulp and paper mills was higher at 0.39 t/t (or 0.43 t/t for the Group including converters) mainly due to market-related lower production volumes.

Link to strategy

Waste to landfill

(thousand tonnes)



Why this is a KPI

Our goal is to keep materials in circulation. We are focused on reducing our waste and reusing or recycling unavoidable waste generated in our production processes instead of disposing of it to landfill.

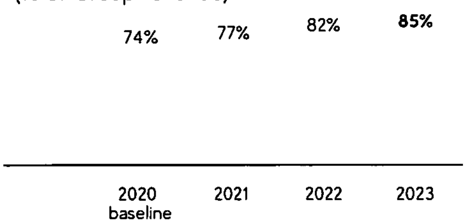
2023 performance

We continue to make progress against our ambition to eliminate waste to landfill and have successfully reduced our specific waste to landfill by 44% compared to our 2020 baseline.

Link to strategy

Reusable, recyclable or compostable products

(% of Group revenue)



Why this is a KPI

The demand for sustainable packaging continues to rise, with brands and consumers looking for solutions to help meet their sustainability pledges and support the transition to a circular economy.

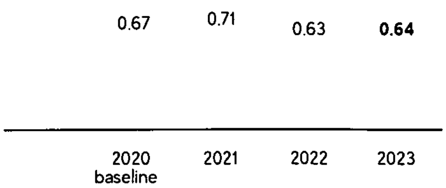
2023 performance

We continue to make progress on our ambitious target. In 2023, 85% of our revenue was from products that were reusable, recyclable or compostable, up from 74% in 2020, our baseline year for this target.

Link to strategy

Total Recordable Case Rate (TRCR)

(per 200,000 hours worked)



Why this is a KPI

Keeping people safe and healthy is a moral and a business imperative that applies to all who work for and on behalf of Mondi. Our Social Psychology of Risk approach supports our goal of sending everybody home safely, every day.

2023 performance

Among industry leaders with a 0.64 Total Recordable Case Rate performance. We however deeply regret the fatality at our Ružomberok facility (Slovakia) and in addition, the four life-altering injuries at our operations in the year.

Link to strategy

2020 baseline figure corrected and restated.

Strategic review

Mondi delivered a resilient performance in 2023 as a result of our compelling customer service and delivery, supported by our scale, quality asset base, integrated model and breadth of products, customers and end-markets. As always, my thanks to colleagues around the world for their commitment.

Underlying EBITDA
€1.2 billion

Cash generated from operations
€1.3 billion

Ordinary dividend per share
70.0 euro cents

Strong cash generation
While underlying EBITDA of €1,201 million was lower than the very strong performance in the prior year, our cash generation remained ahead of last year at €1,312 million.

Investing for value accretive growth
This strong cash generation gives us the strategic flexibility to continue investing in our business through-cycle, supported by our confidence in the long-term structural growth of the markets we operate in and our leading positions within them. We continue to make good progress in delivering our organic growth projects, which remain on track and on budget. We expect these projects to deliver a meaningful EBITDA contribution from 2025.

Outlook
In the first quarter of 2024, selling prices are generally lower than the averages achieved in the second half of 2023. However, we are seeing improvements in our order books and are implementing price increases across our range of paper grades. Input costs remain elevated compared to historical levels but have broadly stabilised since the end of 2023.

We remain well positioned to capitalise as demand improves with our strong operational leverage and organic growth investment projects.

Shareholder returns
It is our continued confidence in the future of our business which has resulted in the Board recommending a total ordinary dividend for the year of 70.0 euro cents per share, in line with 2022.

Andrew King
Group CEO

Group performance review

Mondi delivered underlying EBITDA of €1,201 million in the year (2022: €1,848 million). Group revenue was down on lower selling prices and sales volumes as a result of softer market demand and the impact of customer destocking, which abated over the course of the year. The Group's underlying EBITDA margin was 16.4% (2022: 20.8%).

Corrugated Packaging delivered underlying EBITDA of €310 million in the year, down 53% on the prior year (2022: €662 million). Underlying EBITDA margin was lower at 13.6% as a result of selling prices declining more than input costs. Containerboard sales volumes were broadly stable despite the backdrop of softer market demand, while in Corrugated Solutions, good margin management supported a stable year on year financial performance.

Flexible Packaging's underlying EBITDA was €637 million, 20% lower than the previous year (2022: €797 million), mainly as a result of lower sales volumes. Underlying EBITDA margin was 16.5%. Although profitability was lower than the very strong performance in 2022, the business showed resilience due to its high level of integration across the kraft paper and paper bag value chain together with its exposure to consumer-focused markets.

Uncoated Fine Paper delivered underlying EBITDA of €289 million in the year, down 32% (2022: €427 million) largely due to lower selling prices. Underlying EBITDA margin was 22.4%. Our geographic and product diversification supported our performance with higher uncoated fine paper and pulp sales volumes in South Africa mitigating lower European volumes.

Return on capital employed (ROCE) was lower at 12.8% (2022: 23.7%), reflecting the lower profitability in the year. This lower profitability, together with lower net finance costs, resulted in basic underlying earnings per share of 107.8 euro cents (2022: 195.6 euro cents).

The Group continued to exhibit its strong cash-generative characteristics with cash generated from operations increasing in the year to €1,312 million (2022: €1,292 million). This strong through-cycle cash generation continues to support our ongoing investment in the business and ensures we are well positioned to meet future demand for sustainable packaging and paper products.

Business unit trading review
Page 30-33

Financial review
Page 34-37

Investing at Kuopio for sustainable growth

We recently started up our €125 million modernisation investment at our Kuopio mill in Finland. The investment will increase semi-chemical fluting capacity by 55,000 tonnes per annum and meet the growing demand for the high-performing, top quality containerboard grade produced at the mill which is used in fresh fruit and vegetable boxes and trays. It will furthermore enhance product quality and cost competitiveness.

The investment will also contribute towards our ambitious MAP2030 sustainability commitments including reduced greenhouse gas, noise, odour and effluent emissions, enhancing resource and energy efficiency, and improving occupational safety.

€125 million

modernisation investment

Strategic review continued

Investing for value accretive growth

Our capital investment programme is focused on meeting the growing demand for sustainable packaging; enhancing our product offering, quality and service to customers; strengthening our cost competitiveness; and improving our environmental footprint. Given our confidence in the long-term structural growth of the packaging markets we operate in, and our leading positions within them, we seek to invest through the cycle to deliver value accretive growth.

We are making good progress on our €1.2 billion of approved investments in organic growth projects, which remain on track and on budget. These projects are diversified across our value chain, products and geographic reach and comprise €0.6 billion of investments in Corrugated Packaging and €0.6 billion of investments in Flexible Packaging. By the end of 2024, we expect to have invested around 80% of the approved amount. We expect these projects to deliver a meaningful EBITDA contribution from 2025.

Investing for growth
Page 30-31

In Corrugated Packaging, most of these projects are at, or close to, start up including investments at our Kuopio mill (Finland), Świecie mill (Poland) and Polish corrugated solutions plants. Our Duino mill (Italy) is expected to start up in 2025 as planned. In Flexible Packaging, we continue to make progress on our pipeline, with most projects, including the new paper machine at Štětí (Czech Republic), expected to ramp up from 2025. We expect our projects to take two to three years to achieve full production following their commissioning, delivering mid-teen returns through-cycle when fully operational.

In addition, we have recently completed the acquisition of the Hinton Pulp mill in Alberta (Canada) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket. We intend to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, expand the facility primarily with a new kraft paper machine which will integrate our paper bag operations in the Americas and support future growth.

Section 172: Hinton Pulp mill
Page 41

“Given our confidence in the long-term structural growth of the packaging markets we operate in, and our leading positions within them, we seek to invest through the cycle to deliver value accretive growth.

Organic growth investment pipeline
(€ billion)

€1.2 billion

Corrugated Packaging	
Pulp and paper mills	0.4
Converting operations	0.2
Flexible Packaging	
Pulp and paper mills	0.4
Converting operations	0.2

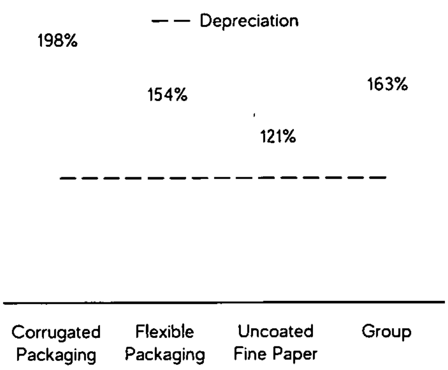
Prioritising growth in our packaging businesses

In 2023, our packaging businesses contributed 77% of the Group's underlying EBITDA (excluding corporate costs). These businesses operate in structurally growing packaging markets and are supported by increasing demand for more sustainable packaging solutions. To capture this future growth, and build on our leading market positions where we operate, we invest in our asset base through-cycle with our growth investments directed towards packaging.

Over the past five years in our continuing operations, total capital expenditure and acquisitions have exceeded depreciation and disposals by €1.2 billion. Over this period, capital expenditure as a percentage of depreciation was 163%, with our organic growth capital expenditure and all acquisitions focused on the Group's packaging businesses. Acquisitions continue to be a key part of our investment strategy. Opportunities are rigorously assessed in terms of both financial metrics and strategic fit, with a focus on those opportunities that complement our existing footprint and capabilities.

Our current organic growth pipeline is outlined on the previous page.

Capital expenditure as a percentage of depreciation
2019-2023 (average)



Strategic review continued

Progressing towards achieving our MAP2030 sustainability commitments

The Mondi Action Plan 2030 (MAP2030) is our sustainability framework to 2030, focusing on three action areas, and built on our purpose of contributing to a better world by making innovative packaging and paper solutions that are sustainable by design.

Reduction in specific waste to landfill compared to 2020 baseline

44%

Total Recordable Case Rate

0.64

Reduction in absolute Scope 1 and 2 GHG emissions compared to 2019 baseline

22%

Reduction in absolute Scope 3 GHG emissions compared to 2019 baseline

21%

Circular Driven Solutions

We offer our customers a broad range of sustainable packaging and paper products. These contribute towards addressing the global challenges of climate change and plastic pollution with the efficient use of natural resources, to keep materials in circulation and eliminate waste in a circular bioeconomy. In 2023, 85% of our packaging and paper revenue was from reusable, recyclable or compostable products, up from 74% in 2020, our baseline year for this target. Our Corrugated Packaging and Uncoated Fine Paper product portfolios are already at 100%, while in Flexible Packaging we currently have sustainable packaging solutions available, or identified and in development, for 94% of their product portfolio based on revenue, and are continuing our efforts to develop sustainable solutions for the small number of remaining products.

In addition, we collaborate across our business to identify opportunities to achieve our long-term target of eliminating waste to landfill from our manufacturing processes. In 2023, we successfully reduced our specific waste to landfill by 44% compared to the 2020 baseline mainly by finding alternative uses for waste that was previously landfilled.

Circular Driven Solutions
Page 45-47

Innovating to deliver sustainable solutions

Our product innovation initiatives focus on developing fit-for-purpose packaging solutions for our customers. We continue to receive recognition for our products, including being awarded four 2024 WorldStar Packaging Awards.

As one of our award-winning products, Hug&Hold is a paper-based and fully recyclable packaging solution that replaces plastic shrink wrap for PET beverage bottle bundle packs. It comprises a kraft paper sleeve and a corrugated clip to secure the bottles and offer a comfortable handle for transportation.

As part of a critically reviewed life cycle assessment, the carbon footprint of Hug&Hold was 43% less than plastic shrink wrap made without recycled material and 15% less than plastic shrink wrap made from 100% recycled content.

43%

lower carbon footprint from Hug&Hold

“We continue to advance our sustainability performance and make good progress on meeting our MAP2030 commitments and targets.

Created by Empowered People
Our goal is to be an employer of choice by empowering our people to realise their potential and contribute to Mondi's ongoing success. Through engagement, such as the Group-wide Employee Survey and development initiatives, including training and upskilling programmes, we support our employees to build skills that support long-term employability and provide purposeful employment in a diverse and inclusive workplace.

The safety and health of our people always comes first. We have committed to reduce our Total Recordable Case Rate (TRCR) by 15% by 2030 against a 2020 baseline, along with targets for zero fatalities and life-altering injuries. We continue to be among industry leaders with a 0.64 TRCR performance in 2023, which represents a 4% improvement on our 2020 baseline. We however deeply regret the fatality at our Ružomberok facility (Slovakia) in late November. In addition, there were four life-altering injuries at our operations in the year. Our thoughts go out to those involved, and to their families, friends and work colleagues. All incidents are investigated and actions taken where necessary to prevent reoccurrence.

Empowered People
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Taking Action on Climate
We have a long track record of delivering on climate action and continue to make good progress towards achieving our Net-Zero commitment by 2050. In the near term, our targets, approved by the Science Based Targets initiative, commit us to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2% and Scope 3 GHG emissions by 27.5% by 2030 from a 2019 base year. In 2023, compared to our 2019 baseline, we have reduced our absolute Scope 1 and 2 GHG emissions by 22% and our Scope 3 emissions by 21%, on track to meet our 2030 targets.

We continue to focus on climate resilience, maintaining zero deforestation in our wood supply, sourcing wood responsibly, and safeguarding biodiversity and water resources in our operations and beyond.

Taking Action on Climate
Page 51-64

Scope 3 GHG emissions
(thousand tonnes CO_2e)

Purchased goods and services	1,759
Fuel and energy-related activities	201
Upstream transportation and distribution	330
Downstream transportation and distribution	158
Employee commuting	18
Business travel	5
Other*	55
Total	2,526

* Other Scope 3 categories include capital goods; waste generated in operations; investments; processing, use and end-of-life treatment of sold products.

Engaging with our employees

During the year we completed our latest Group-wide Employee Survey. Conducted every two years, this survey provides an opportunity to engage with our employees and understand their experiences and feelings towards Mondi.

We achieved an 80% response rate, with feedback helping to measure and support progress against our MAP2030 commitments and other aspects like employee engagement.

Listening to our employees' views helps us to shape our culture by strengthening efforts in the areas we are doing well and taking action where we need to improve.

Over 16,800

employees participated in the 2023 survey

Business unit trading review

Corrugated Packaging

Underlying EBITDA
(€ million)

€310 million

(2022: €662 million)

Share of Group underlying EBITDA

What we produce

Mondi is a leading producer of corrugated packaging with a cost-competitive asset base and strong customer offering focused on quality and reliability. We are the leading virgin containerboard producer in Europe and the largest containerboard producer in emerging Europe. Our virgin containerboard is a high-quality product with excellent properties for specialised end-use applications, ideal to meet our customers' needs around the globe.

We are also a leading corrugated solutions producer across central and emerging Europe. We leverage our integrated production network and partner with our customers to create fully recyclable corrugated boxes and packaging.

Performance during the year

Corrugated Packaging delivered underlying EBITDA of €310 million in the year, down 53% on the prior year (2022: €662 million). Underlying EBITDA margin was lower at 13.6% as a result of selling prices declining more than input costs.

Containerboard sales volumes were broadly stable despite the backdrop of softer market demand and the impact from our project-related shuts in the fourth quarter of the year, a reflection of our strong cost position, strength in niche products, and global reach of our sales infrastructure. Selling prices were lower in the year with sharp declines during the first half followed by a period of stabilisation in the second half. In response to improved demand reflected in strong order books, we announced price increases in February 2024 across our range of containerboard grades.

In Corrugated Solutions, good margin management supported a stable year on year financial performance despite 3% lower box volumes compared to the prior year in the face of lower demand.

Investing for growth

At the end of the year, we started up the €125 million investment project at our Kuopio mill (Finland). This project will increase semi-chemical fluting capacity by 55,000 tonnes when fully ramped up, enhance product quality, drive cost competitiveness, and strengthen the mill's environmental performance.

We also have several other capital investment projects that are expected to start up during 2024. These projects include our €95 million debottlenecking project at Świecie (Poland) which will increase capacity by 55,000 tonnes per annum when fully ramped up, together with expansion projects at our Simet and Warsaw corrugated solutions plants in Poland that will support growth and enhance our product and service offering.

Our €200 million investment at Duino (Italy) to convert the existing paper machine into a high-quality, cost-competitive recycled containerboard machine with an annual capacity of 420,000 tonnes is ongoing. Start-up of the machine is expected, as planned, for 2025.

Examples of our products

Snug&Strong
A custom-made, fit-for-purpose corrugated solution designed to replace expanded polystyrene (EPS) components in household appliance packaging with a more sustainable alternative.

ProVantage KraftTop LinerX
A recyclable, lightweight and high-strength containerboard solution with a wide range of end-uses, from food and beverage to luxury packaging.

This section includes Alternative Performance Measures which are defined on pages 238-241.

Flexible Packaging

Underlying EBITDA
(€ million)

€637 million

(2022: €797 million)

Share of Group underlying EBITDA

What we produce

We are a global flexible packaging producer, integrated across the value chain with a unique portfolio of solutions. As a global leader in the production of kraft paper and paper bags, our well-invested mills produce high-quality kraft paper that is converted into strong, lightweight paper-based packaging. With our high level of integration across the value chain, our customers come to us for scale, security of supply and global reach.

We are also a leading producer of consumer flexible packaging in Europe and have broad coating capabilities which together provide an extensive and unique range of paper, plastic and hybrid packaging solutions.

Performance during the year

Flexible Packaging's underlying EBITDA was €637 million, 20% lower than the previous year (2022: €797 million), mainly as a result of lower sales volumes. Underlying EBITDA margin was 16.5%. Although profitability was lower than the very strong performance in 2022, the business showed resilience due to its high level of integration across the kraft paper and paper bag value chain together with its exposure to consumer-focused markets.

Sales volumes across our kraft paper and paper bag value chain were lower in the year as a result of weaker demand in line with softer economic conditions. While prices declined over the course of the year, our service and product offering, and high level of integration resulted in 2023 pricing remaining, on average, similar to 2022 levels. Current pricing is below average 2023 price levels. In kraft paper, we are implementing price increases on the back of improving order books which we expect to take effect from the second quarter of 2024.

Consumer Flexibles and Functional Paper and Films delivered a stable financial performance as we continue to offer our customers a broad range of innovative packaging solutions.

Investing for growth

We continue to invest across our platform. We are making good progress with our €400 million investment in a new 210,000 tonne per annum kraft paper machine at Štětí (Czech Republic) with start-up expected in 2025 and ramp up to 2027, together with a number of investments across our converting plant network which remain on track and on budget. These projects include expanding and upgrading the global reach of our paper bag network, investments to consolidate our leading position in European pet food packaging, and projects to enhance our European coating capabilities.

In addition, we have recently completed the acquisition of the Hinton Pulp mill in Alberta (Canada) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket.

Examples of our products

MailerBAG

A sustainability-focused, patented paper bag for eCommerce shipments that offers cost efficiency and customer experience. Available in a wide range of designs and sizes.

FlexiBag Recyclable

A fully recyclable, mono-material bag with convenient features and barrier properties suited for dry food and pet food.

Business unit trading review continued

Uncoated Fine Paper

Underlying EBITDA
(€ million)

€289 million

(2022: €427 million)

Share of Group underlying EBITDA

What we produce

Our Uncoated Fine Paper business produces a wide range of home, office, converting and professional printing papers at our mills in central Europe and South Africa. We are the supplier of choice for our customers, leveraging our leading positions in these regions. In South Africa, we also produce and sell market pulp to customers around the world.

Performance during the year

Uncoated Fine Paper delivered underlying EBITDA of €289 million in the year, down 32% (2022: €427 million) largely due to lower selling prices. Underlying EBITDA margin was 22.4%. Our geographic and product diversification supported our performance with higher uncoated fine paper and pulp sales volumes in South Africa mitigating lower European volumes.

European uncoated fine paper market demand was significantly lower compared to the prior year driven by weak economic conditions. Selling prices declined during the year, however the rate of decline slowed as we progressed through the period. We successfully implemented price increases in early 2024.

In response to the ongoing structural decline in demand for uncoated fine paper in Europe, we streamlined production by permanently closing an uncoated fine paper machine at our unintegrated Neusiedler operations in Austria during the year.

In South Africa, uncoated fine paper market conditions were broadly stable on the prior year. The business received income from an insurance claim in the year relating to the floods in South Africa during 2022.

Pulp sales volumes were higher following the start-up of the rebuilt recovery boiler at our integrated Richards Bay mill (South Africa) in the prior year. Market pulp prices declined sharply during the year followed by modest increases towards the end of the year.

The non-cash forestry fair value gain was lower in the year at €128 million (2022: €169 million).

Our Uncoated Fine Paper business remains well placed, with our customers valuing us as a supplier of choice and recognising the strength of our leadership positions, underpinned by a broad product portfolio, integrated asset base and excellent service.

Examples of our products

Color Copy original

The leading digital colour printing paper, with an exceptional environmental profile, offering unbeatable quality from A4 to extra long digital formats enabling endless creative possibilities.

IQ ALLROUND ENVELOPE

Sustainably produced paper with perfect runnability and consistent quality, ideal for high-volume envelope production.

Embedding sustainability across our business units

Sustainability is central to our strategy and intrinsic in the way we operate. We promote an entrepreneurial culture that empowers each business unit to take the necessary actions to contribute towards meeting our ambitious MAP2030 sustainability targets. Some of our recent initiatives include:

Turning residues into resources

Corrugated Packaging

We have an ambition to eliminate waste to landfill. We aim to find alternative uses for by-products from our manufacturing processes including as secondary raw materials. At our Kuopio mill in Finland, we partnered with Soilfood, a manufacturer of soil improvement products for agriculture, to utilise the fibre residues produced by the mill for landscaping, with around 42,000 tonnes of fibre residues used in 2023.

Fo(u)r Safety programme at Štětí

Flexible Packaging

Our approach to safety includes physical, psychological and cultural elements, ensuring we can anticipate, prepare and react accordingly through balancing safety controls, people and culture. During the year, our Štětí mill in Czech Republic reviewed and updated its Fo(u)r Safety programme by engaging with young colleagues from our future leaders programme and selected line managers to promote the programme and increase awareness of it. Since the update, the participation rate in group intervention and stopping each other from unsafe acts almost doubled, contributing to an improvement in our culture across the mill.

Promoting sustainable forestry in South Africa

Uncoated Fine Paper

In South Africa, we continue to maintain our FSC and PEFC certification for 100% of our forestry landholdings and have an opportunity to lead the way in developing best practice silviculture and other forest management practices to promote tree growth and resilience. We go beyond our own landholdings and empower other landowners, especially smallholders, through our Mondi Zimele programme. In 2023, 192,801 tonnes of wood were sourced from small growers (1-10 ha. landholdings) and 2.4 million seedlings distributed in the planting season.

Financial review

Strong cash generation and robust balance sheet

Mike Powell
Group CFO

Financial performance

€ million, except for percentages and per share measures	2023	2022
Group revenue	**7,330**	**8,902**
Underlying EBITDA	**1,201**	**1,848**
Underlying EBITDA margin (%)	16.4%	20.8%
Depreciation, amortisation and impairments (underlying)	(411)	(405)
Underlying operating profit	**790**	**1,443**
Special items (pre-tax)	(27)	242
Operating profit	**763**	**1,685**

Underlying operating profit	**790**	**1,443**
Net (loss)/profit from joint ventures	(5)	1
Impairment of investments in joint ventures	(5)	–
Net monetary gain arising from hyperinflationary economies	2	17
Net finance costs	(73)	(143)
Underlying profit before tax	**709**	**1,318**
Underlying tax charge	(167)	(296)
Effective tax rate (%)	23.6%	22.5%
Non-controlling interests	(19)	(73)
Underlying earnings attributable to shareholders	**523**	**949**
Basic earnings per share (euro cents)	**103.5**	**244.5**
Basic underlying earnings per share (euro cents)	**107.8**	**195.6**
ROCE (%)	**12.8%**	**23.7%**

Financial position

€ million	2023	2022
Property, plant and equipment	4,619	4,167
Goodwill	765	769
Working capital	1,084	1,282
Other assets[1]	673	2,034
Other liabilities[2]	(626)	(987)
Net assets excluding net debt	**6,515**	**7,265**
Equity	5,655	5,794
Non-controlling interests in equity	441	460
Net debt	419	1,011
Capital employed	**6,515**	**7,265**

Notes:

1 Includes assets held for sale of €nil (2022: €1,382 million).

2 Includes liabilities directly associated with assets held for sale of €nil (2022: €325 million).

This section includes Alternative Performance Measures which are defined on pages 238-241.

All figures presented and commentary provided in this section are related to the Group's continuing operations only unless otherwise specified.

Group performance

Mondi delivered Group revenue of €7,330 million (2022: €8,902 million) and underlying EBITDA of €1,201 million (2022: €1,848 million) resulting in a lower underlying EBITDA margin at 16.4% (2022: 20.8%).

Overall sales volumes and selling prices were lower compared to the previous year. So far in 2024, selling prices are lower than average 2023 prices levels. We are seeing improvements in our order books and implementing price increases across our range of paper grades.

Input costs were lower compared to the prior year with higher wood unit costs more than offset by lower energy and paper for recycling costs. Wood prices declined over the course of the year from their peak levels recorded in early 2023 but remained, on average, higher than the prior year. Following record levels in 2022, energy prices in Europe reduced and remained materially lower in 2023. Paper for recycling prices were also significantly lower. As we enter 2024, input costs are broadly stable compared to the end of 2023, and below average 2023 price levels.

Personnel, maintenance and other net operating expenses were lower in the year with ongoing cost reduction initiatives and insurance income more than offsetting inflationary cost pressures. The non-cash forestry fair value gain was €128 million (2022: €169 million).

Depreciation, amortisation and impairment underlying charges of €411 million were broadly similar to the prior year (2022: €405 million). We expect a charge in 2024 of around €425-450 million.

Net finance costs of €73 million were lower than the prior year (2022: €143 million) driven by an increase in investment income as a result of higher cash balances and interest rates, and currency mix effects. In 2024, following the special dividend distribution and related decrease in investment income, we expect net finance costs of around €100 million.

The Group recognised a €27 million special item charge (before tax) in the year in respect of the closure of a paper machine and streamlining capacity of the finishing lines at the Neusiedler operations in Austria (2022: €242 million gain before tax in respect of the sale of the Personal Care Components business).

The underlying tax charge for the year was €167 million (2022: €296 million) giving an effective tax rate of 23.6% (2022: 22.5%). In 2024, we expect an effective tax rate of around 23-24%.

Basic underlying earnings per share were 107.8 euro cents (2022: 195.6 euro cents) reflecting the lower profitability in the year mitigated by lower net finance costs. After taking the effect of special items into account, basic earnings per share were 103.5 euro cents (2022: 244.5 euro cents).

Underlying EBITDA development
(€ million)

Underlying EBITDA (2022)	Sales volumes	Sales prices	Costs and other	Forestry fair value gain	Underlying EBITDA (2023)	Depreciation, amortisation and impairments	Operating special items	Operating profit
1,848	(277)	(435)	106	(41)	1,201	(411)	(27)	763

Movement in net debt
(€ million)

Net debt at 31 December 2022	Underlying EBITDA	Working capital inflow	Investment in the business	Tax and interest	Dividends	Other	Net proceeds on disposal of discontinued operations	Net debt at 31 December 2023
0.5x Net debt to underlying EBITDA								0.3x Net debt to underlying EBITDA
(1,011)	1,201	229	(931)	(281)	(345)	(57)	776	(419)

Investment in the business comprises capital expenditure (including forestry assets and intangible assets) and the Duino mill acquisition.

Financial review continued

Cash flow

Cash generated from operations was €1,312 million (2022: €1,292 million), reflecting the Group's continued strong cash-generating capability. Working capital improved with a net inflow of €229 million in the year on the back of lower inventory levels (2022: outflow of €419 million). As a percentage of revenue, working capital ended the year at 14.8% (2022: 14.4%), slightly above our 12-14% through-cycle range, as expected at this point in the cycle.

Capital expenditure was in line with our expectations, at €830 million (2022: €508 million) as a result of investing in our organic growth projects directed towards growing our packaging businesses. We expect our total capital expenditure in 2024 to be €800-900 million as we continue to invest in our organic growth projects. Thereafter, in the absence of further significant organic growth opportunities, we would expect capital expenditure to trend towards depreciation levels following the completion of our current approved projects.

Tax paid was €178 million (2022: €196 million) and total interest paid was €103 million (2022: €127 million) including derivative interest. We paid ordinary dividends to shareholders of €345 million (2022: €321 million) in the year.

The Group received proceeds of €806 million from the disposal of its Russian operations in the year. After taking into account the associated transaction and other costs, the Group distributed the net proceeds by way of a €1.60 per share special dividend to shareholders on 13 February 2024.

Discontinued operations' disposal and distribution of net proceeds with share consolidation

The Group's previously owned Russian operations were, since June 2022, accounted for as discontinued operations.

In June 2023, the Group received proceeds of €30 million following the completion of the sale of its three Russian packaging converting operations and in October 2023, the Group completed the sale of the Syktyvkar mill, its most significant facility in the country, and received proceeds of €776 million from the disposal. These disposals concluded the Group's exit from Russia.

The loss after tax from discontinued operations was €655 million in the year. This included a loss on disposal, net of related transaction costs and tax, of €756 million, of which €633 million related to the reclassification of the foreign currency translation reserve, which was recycled through the income statement on the date of disposal.

The net proceeds, comprising total proceeds as outlined above of €806 million, less the associated transaction and other costs, were distributed to shareholders on 13 February 2024 by way of a special dividend of €1.60 per share.

Refer to note 28 in the notes to the consolidated financial statements for further information.

Following the approval of the special dividend in early 2024, and in order to maintain comparability of Mondi's share price before and after payment so far as possible, the Group completed a share consolidation on 29 January 2024 whereby shareholders received 10 new ordinary shares for every 11 existing ordinary shares held.

Disciplined capital allocation

Strategic financial priorities

We believe that a strong and stable financial position, supported by an investment grade credit rating, increases our flexibility and provides access to capital markets through the business cycle. This in turn allows us to invest through the cycle and take advantage of strategic opportunities when they arise. To deliver on our strategy, we maintain an appropriate capital structure with a balance between equity and net debt.

We are focused on undertaking selective organic capital investment opportunities in our packaging businesses and supporting the ordinary dividend. To the extent we have capacity beyond these requirements, we are able to consider acquisitions and/or additional shareholder distributions. We remain focused on allocating capital while maintaining solid investment grade credit metrics.

Ordinary dividend

We have a disciplined capital allocation policy ensuring we can invest in the business through the cycle for long-term growth and deliver attractive returns, while supporting the ordinary dividend.

The Board has recommended a final 2023 ordinary dividend of 46.67 euro cents per share. The final dividend, together with the interim dividend, amount to a total dividend for the year of 70.0 euro cents per share, in line with 2022 (70.0 euro cents per share). Maintaining the dividend per share in line with last year reflects our strong cash flow, robust balance sheet and the Board's confidence in the future of the business.

The final dividend is subject to the approval of the shareholders of Mondi plc at the Annual General Meeting scheduled for Friday 3 May 2024 and, if approved, will be paid on Tuesday 14 May 2024 to shareholders on the register at the close of business on Friday 5 April 2024.

Managing our financial risks

Our capital structure

Capital employed is used to fund our business and is managed on a basis that enables the Group to continue trading as a going concern, while delivering attractive returns to shareholders.

We maintain an appropriate capital structure, with a balance between equity and net debt, in order to sustain our investment grade credit rating. We have diverse sources of funding with various debt maturities.

The primary sources of the Group's liquidity include our €3 billion Guaranteed Euro Medium Term Note Programme, our €750 million syndicated revolving credit facility and financing from various banks and other credit agencies, thus providing us with access to diverse sources of debt financing with varying debt maturities.

Liquidity, treasury and borrowings

Mondi retains a strong financial position. Including receipt of the proceeds from the disposal of the Group's Russian operations, net debt at 31 December 2023 was €419 million, with net debt to underlying EBITDA at 0.3 times (31 December 2022: €1,011 million, 0.5 times). Adjusting for the special dividend paid in February 2024, the pro-forma net debt and net debt to underlying EBITDA was €1,195 million and 1.0 times, respectively.

At 31 December 2023, Mondi's liquidity position was €2.3 billion, comprising €754 million of undrawn committed debt facilities and cash and cash equivalents of €1,592 million. Adjusting for the special dividend paid in February 2024, the Group retains a strong liquidity position of €1.6 billion. The weighted average maturity of the Group's committed debt facilities was 2.8 years at the end of the year with the only significant short-term repayment relating to the Group's €500 million Eurobond that matures in April 2024. Our financing agreements do not contain financial covenants.

The Group maintained its investment grade credit ratings. In May 2023, Standard & Poor's upgraded the Group's credit rating from BBB+ to A- (stable outlook). Moody's Investors Service reaffirmed the Group's credit rating at Baa1 (stable outlook) during the year.

Currencies

Our global presence results in exposure to foreign exchange risk in the ordinary course of business. Currency exposures arise from commercial transactions denominated in foreign currencies, financial assets and liabilities denominated in foreign currencies and translational exposure on our net investments in foreign operations.

Our policy is to fund subsidiaries in their local functional currency wherever practical. External funding is obtained in a range of currencies and, where required, converted into the subsidiaries' functional currencies through the swap market.

We hedge material net balance sheet exposures and committed capital expenditure. We do not hedge our exposures to projected future sales or purchases. We do not take speculative positions with derivative contracts.

Tax

We aim to manage our tax affairs in accordance with national legislative provisions and within the guidelines set down by the Organisation for Economic Co-operation and Development (OECD). Our objective is to structure our operations tax efficiently and take advantage of available incentives and exemptions provided by governments for eligible capital investments, R&D and similar expenditure. We do not enter into any artificial arrangements and tax decisions are made in response to business transactions and activities.

Our approach to tax is formalised in our publicly available tax strategy, which the Board reviews and approves each year.

While ultimate responsibility for the tax affairs of the Group rests with the Board, the Executive Committee ensures that the tax governance framework is aligned with the principles of financial management applied throughout the Group. At both Board and Executive Committee level, the Group CFO is accountable for the Group's tax affairs.

We have dedicated internal tax resources throughout the organisation, supported by a centralised Group Tax function that takes day-to-day responsibility for management of the Group's tax affairs. We maintain a detailed set of operational guidelines aimed at ensuring a robust tax control environment. In addition, we seek regular professional advice to ensure that we remain up to date with changes in tax legislation, disclosure requirements and best practice.

Tax risks are monitored on a continuous basis and are more formally reviewed on a half-yearly basis by the Audit Committee as part of our half-yearly reporting process. The Board formally reviews tax management activities on an annual basis. As Mondi operates in a number of countries, each with a different tax system, the Group is regularly subject to routine tax audits and tax authority reviews which may take a considerable period of time to conclude. We maintain a constructive dialogue with tax authorities, working in a transparent manner to resolve disputes. Where necessary, provision is made for known issues and the expected outcomes of any negotiations or settlements.

Debt maturity profile
at 31 December 2023 (€ million)

Within 1 year	**559**
1-2 years	**24**
2-5 years	**1,386**
>5 years	**50**

Debt composition
at 31 December 2023 (€ million)

Bonds	**1,845**
Bank loans and overdrafts	**49**
Lease liabilities	**125**

Stakeholder engagement and Section 172

How stakeholder considerations shape decision-making

Listening to and partnering with our diverse stakeholder groups helps us to better understand external developments and market expectations as well as to identify opportunities and risks. Our ongoing engagements support transparency and enable us to build strong, trusting relationships.

Our employees

Key topics raised in 2023 and our response

Themes highlighted centred around feedback and recognition, diversity and inclusion, personal development opportunities, and mental health.

More than 16,800 employees participated in our 2023 Employee Survey, providing feedback on positive experiences and areas for improvement. We continued supporting individual career development, with programmes such as the International Graduate Programme, NEXGEN and Mondi Academy. Employees and contractors across Mondi completed 503,000 hours of training. Around 31% of all employees took part in the Performance and Development Review process.

We continued with D&I initiatives, such as Curious Community and launched Employee Resource Groups. Making a Difference Day took place again across most of Mondi's locations. 94% of our employees worldwide were able to access the Employee Assistance Programme or equivalent for support. Safety continued to be a key priority, but sadly an employee in our Świecie Corrugated plant (Poland) and an employee in our Frantschach mill (Austria) experienced a life-altering injury this year.

Our customers

Key topics raised in 2023 and our response

Our customer engagement continued to focus on topics including security of supply, product quality, the circular economy, legislative developments, competitive advantage, carbon emissions and life cycle-based assessments.

In 2023, we conducted Product Impact Assessments on 1,145 products and calculated 146 product carbon footprints. To deepen our understanding of our customers' expectations, over 1,700 customers took part in our Customer Survey. Mondi hosted the 'Let's Paper the World 2023 Summit' in Sofia (Bulgaria), with over 110 guests (including industry professionals, equipment manufacturers, brand owners, retailers and suppliers).

Mondi also convened the first ever Roundtable for the Circularity of Paper Bags in Madrid (Spain), with representatives from the industry and value chain. We continued our customer collaboration to develop solutions to meet customers' sustainability goals and maintained our ongoing collaborations with multi-stakeholder initiatives, such as 4evergreen, CEFLEX, and the Ellen MacArthur Foundation.

Our suppliers and contractors

Key topics raised in 2023 and our response

Local sourcing, secure contracts and fair and transparent tender processes are key topics for our supplier engagement. There is increasing attention on the environmental and social performance of suppliers and contractors.

In 2023, we ran the Responsible Procurement campaign with a pilot group of 460 Mondi suppliers using EcoVadis. We hosted our first Supplier Virtual Event on Net-Zero and our Flexible Packaging business organised an event on the future for barrier materials. The safety of our contractors remained a priority, particularly during maintenance shuts. Annual maintenance shuts saw over 22,000 contractors working on our sites, during which we reported zero life-altering injuries and more than 2.2 million hours worked.

We sadly report that during normal operation, we experienced a fatality of a contractor at Ružomberok (Slovakia) while operating mobile equipment. A contractor in our Świecie Corrugated plant (Poland) and a contractor in our Ružomberok mill (Slovakia) experienced a life-altering injury during normal operation.

Stakeholder Engagement Index

In this index, we offer further insights into how we have engaged with different stakeholder groups, the topics raised and our response.

Visit our website to download
www.mondigroup.com

Our communities

Key topics raised in 2023 and our response

We invested €7.3 million in social initiatives supporting health, environmental protection, education, local enterprise and infrastructure.

Our mills continued to serve local communities with power supply, wastewater treatment and waste disposal services. In 2023, following earthquakes in Türkiye and Syria, Mondi produced over 200,000 corrugated boxes to help governmental organisations providing relief aid. We also donated €500,000 to help the UN World Food Programme's humanitarian aid work in affected areas.

In South Africa, Mondi Zimele continues to support livelihoods, having helped 34 small and medium enterprises and supported over 2,240 jobs to date.

Mondi Świecie (Poland) established a programme in which 36 local projects received a grant. Together with the Austrian Development Agency and other partners, we supported the development of a dual educational programme in Côte d'Ivoire that combines theoretical school education with practical training in companies. We also hosted open Stakeholder Engagement Conversations with various local stakeholder groups in our mill in Ružomberok (Slovakia).

Our investors

Key topics raised in 2023 and our response

During investor meetings, discussions focused on strategy, capital allocation, the investment in new capacity expansion projects and returns.

In addition, the divestment of the Group's previously owned Russian assets were discussed. The Group completed the sale of its operations in the country in October 2023 with net proceeds distributed to shareholders in February 2024 by way of a special dividend of €1.60 per share.

The Board recommended a final ordinary dividend for the year which, together with the interim dividend was in line with last year at 70.0 euro cents per share.

Our discussions included the Group's organic investment projects to capture future growth through capacity expansion together with investments to improve our sustainability performance and drive productivity and efficiency gains.

Partners and industry associations

Key topics raised in 2023 and our response

Our partnerships aim to promote solutions for climate change, biodiversity and water stewardship, responsible sourcing, circular economy and food waste.

We maintained our membership of the WBCSD's Forest Solutions Group and actively supported the development of the forest sector nature positive roadmap and catalogue of key carbonisation actions.

We continued to engage with IUFRO, focusing on a joint synthesis study on the drivers for the future supply of forest goods and services. In 2023, Mondi South Africa launched a partnership with the EWT and together worked on an initial assessment of the biodiversity footprint of Mondi's South African plantations.

The second version of 4evergreen's Circularity by Design Guideline for fibre-based packaging was released, which informed our Path to Circularity Scorecard update, as well as its updated Guidance on Collection and Sorting.

Together with industry associations such as Cepi, FPE and FEFCO, we worked to shape the industry position and advocacy strategy towards the Packaging and Packaging Waste Regulation.

Stakeholder engagement and Section 172 continued

Mondi's strategic decision-making framework focuses on delivering sustainable value for key stakeholders, and relies on the quality of the relationships it has with them. The Board's deliberations take into account the long-term interests of our stakeholders, along with the impact of our business and the balance of actions required to deliver sustainable growth.

Our approach

Mondi categorises its stakeholders into six key groups described in the preceding pages and reviews these annually. As part of the Board's responsibilities and as a methodology for maximising the effectiveness of their decisions, the directors debate stakeholder considerations in the short, medium and long term, taking account of four key principles:

1. Local and personal engagement

The Board has determined the most effective and scalable way of engaging stakeholders is to embed responsibilities throughout the organisation, while facilitating regular feedback from colleagues who maintain strong day-to-day relationships with our stakeholders. The Executive Committee and Sustainable Development Committee are important mechanisms for reporting these insights to the Board on a regular basis.

2. Informed decision-making

The Board seeks to understand the material issues relevant to stakeholders as they evolve. In addition to the regular feedback it receives from stakeholders and colleagues, the Group carries out an established materiality assessment, which is conducted every three years or more often if needed.

3. Long-term horizons

To grow and protect value, the Board maintains a long-term view that stretches beyond the projected tenure of the directors and considers impacts far into the future. This can be seen with the longer-term focus of our MAP2030 framework, the Group's investment pipeline and approach to acquisitions.

4. Two-way dialogue

Long-term decision-making, trade-offs and the nuances of local relationships mean it is important not only to take stakeholders into account at Board level, but to effectively communicate our actions to them. This is integral to how Mondi communicates and manages its reputation, supporting the Board's focus on promoting the strongest standards of business ethics and governance.

Two-way dialogue

Understanding the experience and views of employees and keeping them abreast of the latest business developments is a key area of focus for the Board.

Corporate governance report – Stakeholder engagement
Page 92-95

Mondi's biennial Employee Survey is the primary tool for the Board to gain cross-sectional, Company-wide insights on employee views and issues. This is supported by a number of engagement mechanisms at more regular touchpoints which include: employee forums, site visits, SpeakOut reports from the Group's anonymous whistleblowing and grievance platform, a rolling programme of Board presentations and safety reports. In addition to this, and to further facilitate engagement, independent non-executive director Sue Clark is responsible for leading employee engagement on behalf of the Board.

As an example of our approach, during the year Sue Clark participated in Mondi's European Communication Forum, a yearly event that includes employee representatives from across our plant network in Europe. Senior management gives presentations on key focus areas and answers colleagues' questions on the priorities and performance of the Group.

Topics of interest included the Group's:

- Russian operations (which were divested in 2023)
- Future growth prospects
- Focus on safety
- Approach to sustainability

Sue Clark attended the meeting to understand the views of employees, later sharing these insights with other non-executive directors to identify priority areas going forward. Ongoing meetings were held throughout the year to monitor developments and gauge progress.

Further details of how the Board approaches stakeholder engagement can be found on pages 92-95 of the Integrated report 2023 and on page 93 of the Sustainable Development report 2023.

Sue Clark's biography
Page 87

Pages 38-41 of this report aim to provide a snapshot of how this approach works and, in doing so, serve as a statement summarising how Mondi's directors have fulfilled their Section 172 duty in 2023. This includes a summary of who our key stakeholders are, how we engage with them and how we respond to their interests.

Supporting growth in Mondi's Americas paper bags business

What did the Board's decision entail?

In June 2023, the Mondi Board approved the acquisition of the 250,000 tonne per annum Hinton Pulp mill in Alberta, Canada, from West Fraser Timber Co. Ltd. The Group intends to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, expand the facility primarily with a new kraft paper machine which will integrate our paper bag operations in the Americas and support future growth.

What was the context for the decision?

- Mondi operates in structurally growing packaging markets underpinned by demand for sustainable packaging including industrial bags for building materials, cement and food products, and eCommerce MailerBAGs.
- Mondi is a global leader in the production of paper bags. In the Americas, the Group has a network of 10 paper bag plants which source kraft paper from the Group's European mill network and externally.
- Access to responsibly sourced and cost-competitive fibre is a key strategic focus for the Group to ensure it has security of supply and remains competitive.

Our strategy
Page 20-21

How did the decision account for stakeholder interests?

The Board based its decision on an in-depth review of the benefits expected:

- **Customers:** Increased security of supply from a reliable partner as well as shorter supply chains that reduce the carbon footprint of Mondi's packaging products in the region. Kraft paper produced at Hinton will have the highest quality and strength parameters, which, in combination with Mondi's expertise, helps meet customer demand for sustainable packaging solutions.
- **Employees:** The acquisition and intended investment provide employees and potential new hires with a clear strategic vision for the future, career development and training opportunities.
- **Investors:** The acquisition and intended investment will grow the business, deliver attractive mid-teen returns through the cycle and unlock growth opportunities for Mondi's paper bag operations in the Americas.
- **Communities:** As one of the largest employers in the region, the intended investment offers additional business and job opportunities.
- **Suppliers:** Benefit from the continued procurement of raw materials and services by the mill to support production.

What were the trade-offs?

- Investment at Hinton diverts capital from other potential projects due to the Board's assessment of the benefits.
- Consideration of changes in demand and supply market dynamics and their impact on prices.
- The intended investment will reduce the amount of market pulp that is sold to customers as the majority of pulp produced will be consumed in the production of kraft paper.
- The additional workload for employees and resources available to execute the project in a remote area.

What was the outcome of the decision?

The directors approved the acquisition of the Hinton pulp mill. The acquisition and intended investment secure Hinton's long-term future through capital investment, expanded capacity, enhanced product quality, and environmental improvements. These benefits will contribute positively to the Group's overall performance, and strengthen its position as the global leader in kraft paper and paper bags.

Mondi Action Plan 2030

Our sustainability framework

The Mondi Action Plan 2030 (MAP2030) sets out the actions, targets and milestones we need to achieve to meet our ambitious 2030 sustainability commitments. It is a framework built on our purpose of contributing to a better world by making innovative packaging and paper solutions that are sustainable by design.

Our approach

By concentrating on circular driven solutions, created by empowered people, taking action on climate we can have the most positive impact through our business.

These three action areas are supported by a set of responsible business practices covering human rights, communities, responsible procurement and environmental performance. Each area has commitments and targets for 2030, with some milestones set for 2025.

We engage with our stakeholders to ensure we remain focused on the most important topics, including through our materiality process.

We conducted our most recent materiality assessment in 2023, details of which can be found on the next page.

Circular Driven Solutions
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Empowered People
Page 48-50

Taking Action on Climate
Page 51-64

CIRCULAR DRIVEN SOLUTIONS

CREATED BY EMPOWERED PEOPLE

MAP 2030
Mondi Action Plan

TAKING ACTION ON CLIMATE

Built on responsible business practices
Human Rights | Communities | Procurement | Environmental Performance

We are recognised as a leader in sustainability by external corporate ratings and indices

CDP
A list, with double 'A' score for forests and water security and an 'A-' score for climate change

MSCI ESG Rating
Top 'AAA' score for strong resilience to environmental, social and governance risks

ISS ESG
'Prime' rating as the highest sector-specific score for ESG performance

Sustainalytics
Ranked #1 in Paper and Forestry industry out of 81 companies in the sector (September 2023)

FTSE4Good Index Series
Member of Index Series, demonstrating strong ESG practices

EcoVadis
Platinum status as one of the top 1% globally in EcoVadis Corporate Social Responsibility ratings

WBCSD's Reporting Matters
Included in 'Top performer' category since 2018 by WBCSD and Radley Yeldar

Transition Pathway Initiative
Highest climate change score in the paper sector

- Management Quality: Level 4 rating
- Carbon performance aligned with Paris Pledges

Our double materiality assessment

Focusing on what matters most
Our materiality approach helps us to gain insights on our stakeholders' views on key environmental, social and governance topics. We respond to and report on the most important sustainability risks and opportunities across our business.

In 2023, we conducted a double materiality assessment to prepare for the reporting requirements of the European Union's Corporate Sustainability Reporting Directive (CSRD). This new framework, based on the European Sustainability Reporting Standards (ESRS), significantly expands the scope of topics that companies must report on and aligns with our longstanding commitment to comprehensive and transparent disclosure.

We consider sustainability topics as material when they meet the criteria under the double materiality concept of being either or both:

- **Impact material:** our actual or potential impacts on people or the environment.
- **Financially material:** sustainability information, risks and opportunities which, if left out, misrepresented or hidden, could influence financial decisions.

Read more about our double materiality process in our 2023 Sustainable Development report
www.mondigroup.com/sd23

Methodology
The double materiality process involved compiling an issues list, conducting desk-based research, and engaging with stakeholders to validate topics.

This included interviews with external stakeholders and a survey with a 77% response rate from internal and external parties. We conducted a financial materiality assessment to identify material effects for each topic, considering impacts on our resources and relationships. Outcomes were reviewed with Mondi experts to ensure they are aligned with their understanding of our business.

Outcomes
Our material topics are relatively consistent with our 2021 assessment, but several have grown in importance, such as working conditions and human rights, and water.

We have identified 10 material topics: six are environmental; the remaining four are: working conditions and human rights; diversity, equity and inclusion; product safety and quality; and business conduct.

Environmental topics are highlighted in our outward impacts, given our reliance on natural resources and energy consumption in manufacturing. Climate change mitigation was the top priority, particularly for customers and investors paying close attention to our Net-Zero progress.

Circularity was most important topic for our customers. They see Mondi as a trusted supplier of fibre-based products and rely on our policies for responsible sourcing and human rights practices.

Material topics

Circular-Driven Solutions
- Circular economy
- Product quality and safety

Created by Empowered People
- Diversity, equity and inclusion
- Working conditions and human rights

Taking Action on Climate
- Climate change mitigation
- Climate change adaptation[1]
- Energy
- Biodiversity and fibre sourcing
- Water

Responsible Business Practices
- Business conduct[1]

1 Only financially material.

External assurance
Environmental Resources Management Certification and Verification Services (ERM CVS) provides assurance on selected information and KPIs, as well as checking that our Sustainable Development report is in accordance with the GRI Universal Standards (2021) and the SASB: Containers & Packaging Industry Standard, and that information included in our Integrated report is consistent and comparable.

The signed ERM CVS Independent Assurance Report will be found in our 2023 Sustainable Development report.

Our Sustainable Development reporting suite
Visit our website to find our full suite of detailed sustainability insights, including our 2023:

- Sustainable Development report
- Consolidated Performance data (pdf)
- Consolidated Performance data (spreadsheet)
- Sustainable Development Goals (SDGs) index
- GRI & SASB index
- GRI Biodiversity disclosures
- Stakeholder Engagement index

Sustainability reports and publications
www.mondigroup.com/sustainability/reports-and-publications

Mondi Action Plan 2030 continued
2023 performance at a glance

CIRCULAR DRIVEN SOLUTIONS

Innovative packaging and paper solutions that keep materials in circulation and prevent waste

2023 performance

Make our packaging and paper solutions reusable, recyclable or compostable

- 100% of our packaging and paper products are reusable, recyclable or compostable by 2025

Avoid waste by keeping materials in circulation

- Eliminate waste to landfill from our manufacturing processes

Work with others to eliminate unsustainable packaging

- Progress made through our partnerships and stakeholder engagement activities every year

Circular Driven Solutions
Page 45-47

CREATED BY EMPOWERED PEOPLE

An empowered and inclusive team that contributes to a better world

2023 performance

Build skills that support long-term employability

- Enable our employees to participate in upskilling programmes

Provide purposeful employment for all our employees in a diverse and inclusive workplace

- Achieve 90% Purpose Satisfaction score in our Employee Survey
- Achieve 90% Inclusiveness score in our Employee Survey
- Employ 30% women across Mondi

Create an environment that enables a positive work-life experience, valuing our safety, health and mental wellbeing

- Zero fatalities
- Zero life-altering injuries
- 15% reduction of Total Recordable Case Rate
- Support our employees in pursuit of a work-life experience that enhances their wellbeing
- Our operations drive awareness of and take measures to improve health and mental wellbeing

Empowered People
Page 48-50

TAKING ACTION ON CLIMATE

Climate resilience through our forests and operations for the future of the planet

2023 performance

Reduce our greenhouse gas emissions in line with science-based Net-Zero targets

- Reduce Scope 1 and 2 GHG emissions by 46.2% by 2030 from a 2019 baseline
- Reduce Scope 3 GHG emissions by 27.5% by 2030 from a 2019 baseline
- Reduce Scope 1, 2 and 3 GHG emissions by 90% by 2050 from a 2019 baseline

Maintain zero deforestation in our wood supply, sourcing from resilient forests

- Maintain 100% FSC™ certification in our own forest landholdings
- 100% responsibly sourced fibre with 75% FSC™- or PEFC-certified fibre procured by 2025 and the remainder meeting the FSC Controlled Wood standard
- Implement leading forestry measures to ensure productive and resilient forests

Safeguard biodiversity and water resources in our operations and beyond

- Conduct water stewardship assessments at our mills and forestry operations by 2025, and implement required actions to address the findings by 2030
- Conduct biodiversity assessments at our mills and forestry operations, introducing biodiversity action plans where necessary by 2025

Taking Action on Climate
Page 51-64

Key Completed On track Behind target Not on track

CIRCULAR DRIVEN SOLUTIONS

Our ambition is to keep materials in circulation, eliminate waste and support a regenerative, low-carbon circular economy. We innovate and design products that navigate the complexity of transitioning to sustainable packaging.

Commitment: Make our packaging and paper solutions reusable, recyclable or compostable

SASB

Target	Performance against baseline 2021	2022	2023	This year at a glance
100% of our packaging and paper products are reusable, recyclable or compostable by 2025				The percentage of reusable, recyclable or compostable products based on revenue has increased to 85%, up from 74% in 2020, our baseline year.

Sustainability is at the centre of our innovation and R&D. We develop packaging and paper solutions with a sustainable end-of-life to address the global challenges of climate change and plastic pollution by using natural resources wisely, keeping materials in circulation and eliminating waste.

SASB

As increasing regulation and customer demand accelerate the transition to circular solutions, we are doing everything in our power to support this evolution. We believe we can help drive a circular economy for packaging and maximise our impact by focusing on areas in our control.

In 2023, 85% of our products were reusable, recyclable or compostable, based on revenue (82% in 2022). Our focus is on our Flexible Packaging business, as our Corrugated Packaging and Uncoated Fine Paper businesses are already at 100%. By the end of 2023, we had a sustainable alternative in place, or identified and undergoing development, for 94% of our Flexible Packaging products based on revenue.

Nevertheless, several challenges remain, and the speed of conversion to more sustainable solutions in the market make it challenging to achieve our target in 2025. Contributing factors are: long qualification times, such as shelf life testing for food packaging, uncertainty related to evolving legislation slowing down the adoption of circular solutions and necessary investments or retrofits to update older packaging lines for circular alternatives are slow in the face of high inflation and slow economic growth.

For a Mondi product to be 'circular,' it must be designed with a sustainable end-of-life, and meet defined parameters. Our Sustainable Design Principles support our innovation.

Our Path to Circularity Scorecard measures our progress against our reusable, recyclable or compostable product commitment. We review and update the scorecard annually to reflect developments in technologies, industry guidelines and legislation. We also assess product impacts through our life cycle-based tools.

Products assessed in our Product Impact Assessment life cycle tool

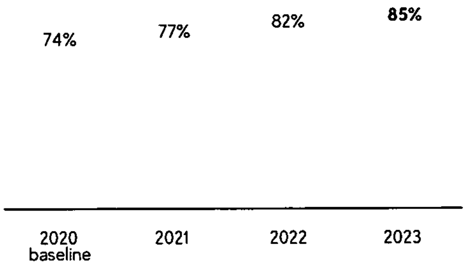
1,145

The 'European Green Deal' action plan, including the Packaging and Packaging Waste Regulation and the Eco-Design for Sustainable Products Regulation, aims to make sustainable goods, services and business models the norm. We believe that a harmonised legal framework levels the playing field and benefits companies whose strategies integrate sustainability into their business model, to create value in a resilient, low-carbon circular economy.

Key initiatives and progress in 2023

- In 2023, the percentage of reusable, recyclable or compostable products based on revenue increased to 85% (82% in 2022). Read more about our Scorecard on page 25 of our 2023 Sustainable Development report.

Reusable, recyclable or compostable products
(% of Group revenue)



Mondi Action Plan 2030
Circular Driven Solutions continued

Key initiatives and progress in 2023

- We are enhancing our life cycle-based tools to help our customers make sustainable packaging choices. In 2023, we conducted impact assessments (PIA) on 1,145 products and calculated 146 product carbon footprints (PCF), a significant increase to the previous year.
- In 2023, we engaged an independent third-party organisation to critically review our PCF and PIA tools, including our calculation, data sources and process approach. Our tools are confirmed to be in accordance with ISO 14040/44, ISO 14067 and the Greenhouse Gas Protocol Product. Life Cycle Accounting and Reporting Standard.
- We invested €21 million in research and development to improve our process technologies, energy and material efficiency. We also benefit from innovative research infrastructure and capabilities at the Mondi Labs Food Safety Laboratory and our in-house recyclability testing laboratory at Mondi Frantschach.
- In our 2023 Customer Survey, over 1,700 customers took part. Topics perceived as important included renewable materials, plastic reduction and recyclability. Among the reasons why customers value Mondi were quality, reliability, product performance and sustainability.
- We continue to support skills development through our sustainability-targeted training programme, with 1,624 participants (2022: 1,152) joining sustainability training sessions in the Sustainable Development Academy and the new Growth Gym initiative within Flexible Packaging. Our employees completed 3,141 hours of training (2022: 2,122) on topics such as recyclability of paper and plastic, assessing product impacts, human rights and our Net-Zero journey. Read more on page 27 in our Sustainable Development report.

Commitment: Avoid waste by keeping materials in circulation

Target	Performance against baseline			This year at a glance
	2021	2022	2023	
Eliminate waste to landfill from our manufacturing processes				In 2023, we achieved an exceptional performance to reduce our total waste to landfill by around 50,600 tonnes, a 44% reduction in specific waste to landfill since 2020.

We view waste disposed to landfill as a lost resource and have developed a sophisticated waste management system to avoid waste. This encompasses a review of how we design our products, to the selection of raw materials, to reuse or recycling of by-products.

We are making progress towards our ambition of eliminating waste to landfill from our manufacturing. In 2023, we achieved an exceptional performance and reduced our total waste to landfill by around 50,600 tonnes. Since 2020, we have achieved a reduction of specific waste to landfill of 44%, mainly by reusing the effluent fibre from our Richards Bay mill as landfill cover. We also adjusted our lime kiln and recovery process at our Ružomberok mill to avoid landfilling lime mud and instead allow reuse of the secondary raw material by a cement producer.

The reuse of waste generated in our production processes includes using secondary raw materials within our own organisation and through collaboration with our customers.

During production, we investigate how we can reuse secondary by-products as potential raw materials, rather than sending them to landfill and thus losing their value. For example, biomass-based chemicals such as tall oil (a by-product from the wood pulp manufacturing process) can be used as bio-based fuel for our own energy generation or sold to other industries. Tall oil is a renewable-based chemical for biodiesel for energy generation and can substitute fossil fuels.

We also explore and use alternatives for the disposal of waste to landfill, such as using ash from our bark boilers as a secondary raw material in the production of bricks.

In 2023, we completed our studies on alternative raw material sources from residues. Unfortunately, none of the new raw materials investigated offered equal or better performance with an improved environmental impact; however, we will continue our efforts to find ways to keep materials in circulation and avoid waste.

Key initiatives and progress in 2023

- Our R&D teams have worked on a new conversion technology to turn biogenic residues into process energy, replacing fossil fuels and reducing GHG emissions. In 2023, we conducted pilot trials to integrate this into a mill process.
- Reducing and eliminating green liquor dregs is an ongoing challenge at our mills. We have engineered calcium carbonate-free filtration technologies for two mills, which will reduce by half the amount of green liquor dregs produced.
- We reuse fibre residues from the wastewater treatment plant of our mill in Richards Bay (South Africa) as landfill cover and have found an alternative use for waste lime mud from our mill in Ružomberok (Slovakia) in the cement production process.

Reduction of specific waste to landfill from our manufacturing processes since 2020

44%

Environmental performance
Page 65

Commitment: Work with others to eliminate unsustainable packaging

	Performance against baseline			
Target	2021	2022	2023	This year at a glance
Progress made through our partnerships and stakeholder engagement activities every year				Collaborated in cross-value chain initiatives on design guidelines for circularity, and with our industry association partners on evolving legislation

Through collaboration with industry associations and cross-value chain alliances, we can drive progress at scale and support the development of a circular economy. We collaborate with customers and others across the value chain to support the transition to sustainable packaging.

We work together with our customers to create packaging solutions that are fit-for-purpose and sustainable by design, leading the way in resource efficiency, waste reduction and recyclability.

Eliminating food waste is key to this commitment, and we are developing suitable packaging to boost food shelf life without compromising packaging recyclability, preventing food from spoiling before it is consumed.

We support and participate in many external benchmarking initiatives to promote transparency and improve our performance. In 2023, Mondi was once again recognised on CDP's A List for leading practices in forestry and water security, and achieved an A- score in climate change. We also retained our platinum rating in the top 1% globally for EcoVadis.

Key initiatives and progress in 2023

- We are piloting a new collection and recycling system for used paper bags from construction sites in Spain. In November 2023, Mondi convened the first ever Roundtable for the Circularity of Paper Bags, with representatives from OHLA, Arpada, Saint Gobain, Alier and others.
- In 2023, the third year of our partnership with the World Food Programme (WFP), we developed a Life Cycle Decision Framework, which will help WFP to make packaging decisions based on both effectiveness and sustainability.
- We continued our active engagement with the 4evergreen cross-value chain alliance to boost the recyclability of fibre-based packaging, and supported the development of the updated Design for Circularity Guidelines and the guidance on improved collection and sorting. Learnings have informed our Path to Circularity Scorecard update and our work in our recyclability testing laboratory at Mondi Frantschach (Austria).
- The Confederation of European Paper Industries (Cepi) represents the forest fibre and paper industry. Our CEO is part of the Cepi Board and Mondi experts engage in Cepi's committees, issue groups and taskforce initiatives. In 2023, we fed into evolving legislative drafts and supported development of Cepi positioning papers for legislative engagement.
- FEFCO (European Federation of Corrugated Board Manufacturers) investigates and analyses economic, financial, technical and policy issues relevant to the corrugated packaging industry. In 2023, Mondi was an active member of the FEFCO Board, we joined FEFCO's Communications Committee and actively engaged with FEFCO on evolving the draft of the Packaging and Packaging Waste Regulation.
- We are a a member of the Ellen MacArthur Foundation and a signatory of The Global Commitment, working to eliminate plastic pollution and create 100% reusable, recyclable or compostable packaging by 2025. Under The Global Commitment we reported 29% (2022: 31%) of our plastic packaging (based on weight) as designed for recycling according to the CEFLEX design guideline and our Path to Circularity Scorecard.

What's next in Circular Driven Solutions?

- Work with our customers and across our value chain to accelerate the transition to more sustainable solutions with our wide portfolio of paper-based, flexible plastic and hybrid products.
- Ensure sustainable alternatives are in place for all packaging solutions that are not yet recyclable or compostable, using industry-wide Design for Circularity Guidelines.
- Explore ways to eliminate waste from production processes, improve recyclability of hybrid packaging solutions and valorise waste for secondary raw materials.
- Work with cross-value chain collaborators, industry associations and other partners to develop harmonised and improved collection, sorting and recycling.

Mondi Action Plan 2030 continued

CREATED BY EMPOWERED PEOPLE

Mondi employs 22,000 people working in more than 30 countries. We support our people in realising their full potential through upskilling programmes and career development opportunities, equipping them for our evolving industry and society.

Commitment: Build skills that support long-term employability

	Performance against baseline			
Target	**2021**	**2022**	**2023**	**This year at a glance**
Enable our employees to participate in upskilling programmes				Mondi colleagues participated in multiple people development initiatives, including Mondi Academy, talent and graduate programmes, and performance and development reviews

We aim to attract, develop and retain the right people for each job and make them feel respected, fairly treated and empowered to excel in their careers. Creating and providing lifelong learning opportunities is part of our responsibility as a global employer.

The Mondi Academy is our Group-wide learning hub, featuring expert communities, functional academies, internal trainers and mentors. To support our employees' job fulfilment and long-term employability, we provide access to tailored, on-demand learning in digital, hybrid and face-to-face formats, and upskilling opportunities with external education, on-site and on-the-job training.

Our learning and development opportunities cover product portfolios, business insights, people skills, innovation and sustainability and we are continuously increasing our pool of internal trainers and mentors and updating our learning offering. We are committed to offering consistent and fair training, career development and promotions, including for people with disabilities.

We create different career opportunities and targeted development programmes to everyone at Mondi, irrespective of position or career level.

As well as a range of development programmes for employees in the early stages of their career, we provide development opportunities for experienced specialists, targeted training to develop the required leadership skills for managers at all levels, and specialised customer engagement training.

We believe positive engagement, transparency, assessment and feedback are key to supporting personal development, and we encourage a feedback culture and proactive exchange with our employees on individual strengths and areas for improvement.

Performance and Development Reviews and 360° feedback enable our employees and their managers to reflect on individual performance, give structured feedback and set goals. There are a number of performance-related pay schemes that reward employees for the pursuits and achievement of business objectives, in which the majority of our employees participate.

Stakeholder engagement
Page 38-40

Key initiatives and progress in 2023

- Employees and contractors across Mondi completed 503,000 hours of training (2022: 443,000) with 45% of hours dedicated to safety.
- Our Sustainable Development Academy includes new deep-dive sessions and our Flexible Packaging business unit launched the 'Growth Gym' initiative, with sustainability as a core pillar.
- In 2023, 31% of our employees took part in the online Performance and Development Review process (2022: 31%).
- Strengthened our talent pipeline through a range of early career development programmes including our 18-month International Graduate Programme (IGP) and NEXGEN which aims to identify, connect, develop and inspire the next generation of Mondi leaders.
- The 12-month Leadership Expedition and Development Programme equips mid-level managers with the tools needed for new ways of working and to address the challenges of leadership.

Commitment: Provide purposeful employment for all our employees in a diverse and inclusive workplace

Target	Performance against baseline 2021	2022	2023	This year at a glance
Achieve 90% Purpose Satisfaction score in our Employee Survey				A 79% score on the Purposeful Workplace Index was achieved in our 2023 Employee Survey
Achieve 90% Inclusiveness score in our Employee Survey				A 77% score on the Inclusiveness Index was achieved in our 2023 Employee Survey
Employ 30% women across Mondi				22.6% women employed across Mondi, representing a small improvement since last year (2022: 22.1%)

At Mondi, a diverse and inclusive workplace includes understanding, accepting and valuing differences between people. We promote a diverse and inclusive work culture so our employees feel they belong.

We engage regularly with our employees, using formal and informal processes including our intranet, local engagement sessions, virtual events for all colleagues, management dialogues and pulse surveys. We redesigned our Group-wide Employee Survey to better capture employee views through more relatable questions and more effective measurement indices. We have a new baseline for our Purposeful Workplace Index, Inclusiveness Index and – for the first time – Wellbeing Index which support us in measuring our progress towards our MAP2030 commitments.

Our recruitment activities and our Diversity and Inclusion (D&I) Policy are aligned to promote diversity and maintain fair and non-discriminatory work practices for recruitment and succession planning. Recruitment is based on skills and future development potential, with conscious reflection on biases and hidden talents to give fair consideration to all applicants. We aim to offer opportunities for development that match individual aspirations and the future needs of our organisation.

There are significant variations in the percentage of female colleagues and rate of female hires across our different operations and functions. We are at the beginning of an ambitious journey to become a more attractive employer for women, and our initiatives will take time to show results.

Employee behaviour does not necessarily change with one global standardised approach, so we integrate D&I guidance and awareness raising into all aspects of work and encourage continuous learning for all employees. The momentum across Mondi to create a diverse workforce and inclusive culture needs to involve everyone, at every level.

Key initiatives and progress in 2023

- We achieved a 79% score in our Purposeful Workplace Index covering questions about development opportunities, recognition and personal accomplishment.
- Our Inclusiveness Index covers respect, fairness and trust and we achieved a score of 77%. The majority of employees confirm that we listen and care about what others have to say. However, fewer employees felt able to speak their minds or recognised for their efforts and achievements. We have identified psychological safety as a common theme which we will work on in 2024.
- We launched eight Employee Resource Groups in 2023. These are voluntary, employee-led groups based on shared identity, experiences, characteristics or interests, which aim to support people and be a positive resource at Mondi.
- The 'Curious Community' is an evolving online community that connects more than 350 members from 27 countries to learn, grow and discuss their shared interest in D&I.
- In 2023, we ran two workshops called 'Men Advocating Real Change'. The approach supports the principle that all genders benefit from more gender equity, while men in particular have an important role in making equality a reality.
- In 2023, we had 22.6% female employees (2022: 22.1%) and 28.4% of all new hires were women (2022: 30.9%). The female representation on our Executive Committee was 17% (2022: 25%). This percentage of women will increase to 29% with the new female Chief People Officer joining in April 2024. The percentage of female direct reports to the Executive Committee was 30% (2022: 25%) and we had 4 (40%) female directors on the Mondi Board (2022: 33%)

Nominations Committee
Page 105-109

Gender diversity 2023

	Male	%	Female	%	Other**	%
Directors	6	60.0%	4	40.0%	0	0%
Senior managers*	188	81.4%	43	18.6%	0	0%
Employees***	16,856	77.4%	4,917	22.6%	1	0%

* As at 31 December 2023. Senior managers as defined by Mondi and including directors of all subsidiaries in accordance with the definition set out in Section 414C of the UK Companies Act 2006.

** Not specified/prefer not to say.

*** Headcount of employees that are active or on leave as at 31 December 2023.

Mondi Action Plan 2030

Created by Empowered People continued

Commitment: Create an environment that enables a positive work-life experience, valuing our safety, health and mental wellbeing

Target	Performance against baseline 2021	2022	2023	This year at a glance
Zero fatalities				Sadly, a contractor was fatally injured at our Ružomberok mill (Slovakia) while operating mobile equipment
Zero life-altering injuries				We sadly had four life-altering injuries in 2023, with two in our Świecie Corrugated plant (Poland) and one each in our Ružomberok (Slovakia) and our Frantschach (Austria) mills
15% reduction of Total Recordable Case Rate				Among industry leaders with a 0.64 Total Recordable Case Rate performance, a 4% reduction compared with our 2020 baseline, but an increase of 2% since last year
Support our employees in pursuit of a work-life experience that enhances their wellbeing				A 77% score for our new Wellbeing Index in the 2023 Employee Survey, reflecting our focus on developing a culture where everyone feels safe to speak openly, and supporting a positive work-life experience
Our operations drive awareness of and take measures to improve health and mental wellbeing				Professional counselling accessible for 94% of our employees through our Employee Assistance Programme (EAP) and EAP-equivalent system for support and help

We prioritise a working environment that values safety, health and mental wellbeing, with clear targets to hold us accountable. Our operations involve high-risk activities, and keeping people safe and healthy is a moral and a business imperative for everyone who works for and on behalf of Mondi.

While we are one of the safety leaders in our industry, we sadly experienced a fatality of a contractor in our Ružomberok mill (Slovakia) in November 2023. Relevant details have been shared with all operations to prevent reoccurrences.

Many injuries at our operations are related to the unconscious mind of our employees and contractors. We continuously promote our 'Work safe. Home safe. Everybody, every day.' slogan and strive to bring the unconscious to the conscious – thinking about the work we do before starting, so that it is done safely.

To drive continuous improvement in our culture and safety performance, we are shifting our traditional safety approach (based on controls) to the Social Psychology of Risk (SPoR), which includes psychological and cultural elements.

In 2023, we conducted 29,485 safety audits to identify areas for safety improvements. All our mills have scheduled annual maintenance shuts when we maintain and upgrade machinery and equipment. Our learning and skills development programmes cover safety and health in different formats, from formal to on-the-job training to engagement sessions, and also feature relevant experts.

Our aim is to build the best possible working environment, processes and structures to enhance people safety and wellbeing. We are developing flexible working models and offer employees access to assistance programmes and support, with a strong focus on mental wellbeing.

If an employee suffers a life-altering injury at work, we facilitate appropriate medical treatment and ongoing rehabilitation, and support their continued employment by finding alternative equivalent jobs for them, where required.

Key initiatives and progress in 2023

- We had 200 total recordable cases: 143 related to employees and 57 to contractors (2022: 189; 132 related to employees and 57 to contractors).
- Our new Engagement Board is a platform for our employees and contractors to discuss safety and health issues, including high-risk activities conducted by contractors during annual shuts, and major safety and health projects.
- In 2023, we had an average of 12,411 contractors across the Group (2022: 11,629). We are deepening our engagement with contractors to eliminate fatalities and life-altering injuries.
- At Mondi Bags Ukraine, we are prioritising the physical and mental safety of our colleagues, including regular check-ins and communication about safety, so our employees feel supported, connected and involved in a purposeful and engaging environment.

What's next in Empowered People?

- Encourage an inclusive leadership approach and a sense of shared ownership.
- Share good practices and guidance for inclusive recruitment and retention of women.
- Invest in activities to attract, retain and develop employees, focusing on expert career development, and opportunities to learn and exchange.
- Focus on shaping a culture where employees feel it is safe to speak up.
- Continue industry-leading Social Psychology of Risk approach, run training programmes and build on modular safety and health learning programme.

TAKING ACTION ON CLIMATE

With the rise in average global temperature, companies play a key role in delivering tangible plans to phase out fossil fuels, cut greenhouse gas (GHG) emissions, modernise operations and invest in energy efficiency.

TCFD
Page 55-64

Commitment: Reduce our greenhouse gas emissions in line with science-based Net-Zero targets

Targets*	Performance against baseline 2021	2022	2023	This year at a glance
Reduce our Scope 1 and 2 GHG emissions by 46.2% by 2030 from a 2019 baseline				Absolute Scope 1 and 2 emissions decreased by 22% compared with our 2019 baseline, and 4% since last year
Reduce Scope 3 GHG emissions by 27.5% by 2030 from a 2019 baseline				Absolute Scope 3 emissions decreased by 21% compared with our 2019 baseline, and 9% since last year
Reduce Scope 1, 2 and 3 emissions by 90% by 2050 from a 2019 baseline				Absolute Scope 1, 2 and 3 emissions decreased by 21% compared with our 2019 baseline, and 7% since last year

* We are updating our Net-Zero targets following the disposal of our Russian operations and including recent acquisitions.

SASB

We have ambitious Net-Zero targets to drive down GHG emissions throughout our operations and our supply chain. We were one of the first packaging and paper companies with validated Net-Zero targets and compared to our 2019 baseline we have reduced our absolute Scope 1, 2 and 3 GHG emissions by 21%.

Our Scope 1 GHG emissions occur through the combustion of fuels to generate energy required for our manufacturing processes, while our Scope 2 GHG emissions are related to energy we purchase. Our Scope 3 indirect GHG emissions mainly arise from purchased raw materials and logistics.

Our MAP2030 Climate and Environment Working Groups have developed a roadmap of action plans to deliver on our Net-Zero targets. They keep track of projects that support our transition to a low-carbon economy and reduce GHG emissions from our energy and manufacturing facilities. We consider the potential consequences of climate change on nature by including biodiversity and water stewardship in our action plans.

Actions to reduce our GHG emissions

Scope 1 and 2

- Continue to invest in our operational infrastructure.
- Invest in energy and process efficiency projects across our production sites. Key projects that will contribute towards meeting our GHG emissions reduction targets include the installation of a new recovery boiler at Richards Bay (South Africa); an energy efficiency project at Merebank (South Africa); a new heat exchanger at Ružomberok (Slovakia); and a modernisation project at Dynäs (Sweden).
- Increase the share of renewables used for energy generation and purchase electricity from green energy providers.

Scope 3

- Collaborate with key suppliers on decarbonisation and support them in addressing their GHG reduction targets and Net-Zero transition plans through workshops and one-to-one meetings.
- Focus on raw material and fuel suppliers, as well as logistics partners, to replace carbon-intensive practices and materials with innovative solutions.
- By increasing primary GHG emissions data from our suppliers, improve the quality and accuracy of our Scope 3 GHG emissions reporting.
- Promote the role of sustainable working forests for carbon sequestration and provision of renewable raw materials, in line with our commitment to zero deforestation.

Key initiatives and progress in 2023

- At Mondi Corrugated Turkey, we installed a new gas turbine and co-generation plant, operating from 2022. The site is now 100% energy self-sufficient, significantly reducing costs.
- We are continuing to reduce our GHG emissions through energy efficiency. A new back-pressure turbine at Merebank will reduce Scope 2 GHG emissions on site by 24% and effectively double power generation.
- Our first Supplier Virtual Event welcomed key suppliers and highlighted their pivotal role in supporting us to deliver against our Net-Zero targets. We are intensifying our supply chain collaboration on GHG reduction targets and increasing the share of primary GHG emissions data from our suppliers.

Mondi Action Plan 2030

Taking Action on Climate continued

In 2023, our performance included:

- GHG emissions increase of Scope 1 by 0.03 million tonnes and reduction of Scope 2 by 0.11 million tonnes compared to 2022. This is a 4% decrease in absolute Scope 1 and 2 GHG emissions and a 22% reduction since a 2019 baseline. Since 2004, we have reduced our absolute Scope 1 and Scope 2 GHG emissions by 2.57 million tonnes CO_2e, a 55% reduction.
- We reduced the Group's Scope 3 emissions by around 260,000 tonnes CO_2e, which is a reduction of 9% against last year and a 21% reduction against the 2019 baseline. The reduction is mainly due to market-related lower production volumes requiring fewer raw materials. We recognise that making progress in our Scope 3 emissions will be a challenge. We will continue to work with our suppliers to identify opportunities to reduce GHG emissions in our supply chain.
- As a member of the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group, we contributed to the development of a catalogue of decarbonisation actions for the forest sector.

TCFD
Page 55-64

GHG emissions of our pulp and paper mills

SASB

	2023	2022	% change 2022-2023
Absolute Scope 1 emissions (million tonnes CO_2e)	1.63	1.59	3%
Absolute Scope 2 emissions (million tonnes CO_2e)	0.29	0.33	-12%
Specific GHG emissions (tonnes CO_2e per tonne of saleable production)*	0.39	0.36	8%
Specific Scope 1 emissions (tonnes CO_2e per tonne of saleable production)	0.33	0.30	10%
Specific Scope 2 emissions (tonnes CO_2e per tonne of saleable production)	0.06	0.06	–%

We report our GHG emissions according to the Greenhouse Gas Protocol, published by the WBCSD and the WRI, and have reported our Scope 1 and 2 GHG data in compliance with ISO 14064:1-2006. ERM CVS has assured, to a reasonable level of assurance, our 2023 absolute Scope 1 and absolute Scope 2 GHG emissions data, in accordance with ISO 14064-3.

* The specific GHG emissions of our mills per tonne of saleable production includes GHG emissions related to manufacturing (0.36 t/t) and to energy sales (0.03 t/t).

Energy consumption of our pulp and paper mills

	2023	2022	% change 2022-2023
Energy consumed by pulp and paper core processes in the form of heat and electricity at our operations (billion kWh)	18.45	19.72	-6%
Energy purchased by our mills from external sources (billion kWh)	1.18	1.15	3%
Total electricity requirements for producing pulp and paper (billion kWh)	3.93	4.24	-7%
Total heat requirements for producing pulp and paper (billion kWh)	14.52	15.48	-6%
Energy sold to the local grids (billion kWh)	0.44	0.52	-15%
Total energy sales including green fuel sales (billion kWh)	0.72	0.84	-14%
Our mills' electricity self-sufficiency**	78%	81%	-3%

** Including energy generated for sale.

Energy consumption of Group (including converting plants and mills)‡

	2023		2022	
	Mondi Group	UK operations†	Mondi Group	UK operations†
Total energy use (billion kWh)	27.15	–	29.05	–
Energy purchased (billion kWh)	1.58	–	1.61	–
Scope 1 emissions (million tonnes CO_2e)	1.75	–	1.72	–
Scope 2 emissions (million tonnes CO_2e)	0.35	–	0.46	–

† The Group did not own or operate any production sites in the UK in 2022 and 2023.

‡ This table fulfils the Group's Streamlined Energy and Carbon Reporting (SECR) disclosure requirements.

Commitment: Maintain zero deforestation in our wood supply, sourcing from resilient forests

Target	Performance against baseline 2021	2022	2023	This year at a glance
Maintain 100% FSC™ certification in our own forest landholdings				Maintained all certifications in our South African forestry landholdings
Procure 100% responsibly sourced fibre with 75% FSC- or PEFC-certified fibre procured by 2025 and the remainder meeting the FSC Controlled Wood standard				The share of certified wood for all mills was 75%, with the remainder being FSC Controlled Wood
Implement leading forestry measures to ensure productive and resilient forests				Continued implementation of best management practices in our plantation forests to support improved growth and minimise disturbances

Resilient forests are vital as a key source of renewable, recyclable and compostable material, and home to the vast majority of the planet's terrestrial biodiversity, while absorbing carbon.

Wood fibre is our most important raw material for producing our paper and packaging solutions. We believe that the active and sustainable management of forests, and increasing the use of wood-based products, will have a fundamental role in addressing the climate crisis and in securing long-term benefits for society.

In 2023, 100% of our wood fibre was responsibly sourced, with 75% FSC* (Forest Stewardship Council™) or PEFC (Programme for the Endorsement of Forest Certification) certified, and the remainder meeting the FSC Controlled Wood standard. We source over 90% of our wood fibre from countries where our pulp and paper mills are located and aim to make the best use of certified wood from domestic markets.

We enable the uptake of sustainable forest management practices and development of resilient forest landscapes by collaborating with partners, engaging with suppliers and forest owners, and scaling up development of forest certification. With significant debate about the long-term forest strategy for mitigating climate change and reversing nature loss, between policymakers, the forest sector, NGOs and scientific organisations, we believe scientific research is crucial to inform effective policies and management practices in the EU and globally.

SASB

Key initiatives and progress in 2023

- Forest certification schemes, such as PEFC and FSC, aim to increase availability of sustainable fibre sources and address emerging challenges in forestry. We are enhancing certification in our own forestry operations and in our global wood fibre sourcing, as well as proactively sharing our insights with suppliers and partners in the forest products value chain.
- The main threat to our forest landholdings is from wildfires, which can occur as frequent, high-intensity, small-scale fires in South Africa. We mitigate the risk of large-scale fires with a robust fire prevention and management system. We have developed a comprehensive tree improvement programme, as well as silviculture techniques, to maintain healthy, resilient and productive tree plantations.
- TEAMING UP 4 FORESTS, a platform founded by the International Union for Forest Research Organizations (IUFRO) and Mondi, is now a professional network of 100+ scientists, business representatives and policymakers along the forest sector. We aim to translate scientific findings into practical solutions for the sustainable provision of wood-based products. In 2023, the preliminary results of an IUFRO-Mondi synthesis study were presented at the latest Think Tank meeting. The study explores ecological, policy, socio-economic and technological drivers for the future supply of fibre and other forest goods and services.

SASB

Mondi's total wood consumption

12.8 million m³

Procurement
Page 66-68

* The license number of Mondi Paper Sales GmbH – Fibre Packaging/Paper is FSC-C012179 and Mondi Paper Sales – Uncoated Fine Paper is FSC-C015522.

Mondi Action Plan 2030
Taking Action on Climate continued

Commitment: Safeguard biodiversity and water resources in our operations and beyond

	Performance against baseline			
Target	**2021**	**2022**	**2023**	**This year at a glance**
Conduct water stewardship assessments at our mills and forestry operations by 2025, and implement required actions to address the findings by 2030				Completed assessments for 54% of our mills and forestry operations, up from 38% in 2022
Conduct biodiversity assessments at our mills and forestry operations, introducing biodiversity action plans where necessary by 2025				With all assessments finalised in 2021, we have developed action plans for 54% of our mills and forestry operations, up from 46% in 2022

We depend on well-functioning terrestrial and freshwater ecosystems to operate effectively. As part of our manufacturing processes, we require access to natural resources including wood and water. Within our MAP2030 framework, we have a comprehensive approach to climate action and conserving natural resources.

In the forest sector, the most significant biodiversity and water impacts and dependencies occur upstream in forestry landscapes and primary processing facilities. We are committed to improving our approach to biodiversity and water management in our forestry operations and mills, to limit our impacts and manage our dependencies on natural resources.

We are conducting biodiversity status reviews for all our pulp and paper mills and forestry operations. Supported by external experts, we have identified important biodiversity sites around our operations and evaluated environmental aspects that potentially have an impact on biodiversity.

We aim to manage water cycles effectively and maintain the resilience of freshwater ecosystems, especially in water-stressed and water-scarce regions. Our Group Water Stewardship Standard lists all requirements related to our water stewardship policy, plans and strategy, as well as in relation to water, sanitation and hygiene.

We collaborate with local environmental NGOs and scientific institutions to increase access to best available knowledge on ecosystem stewardship, as well as to promote communication and implementation of effective science-based approaches to manage biodiversity and natural capital in our operational landscapes.

Key initiatives and progress in 2023

- We are collaborating with our partners to implement biodiversity action plans (by 2025) and water impact assessments (by 2030), developing context-specific measures to address the most material aspects in our operations, depending on geographic location and value chain position. In 2023, we conducted water stewardship assessments for Mondi mills in Tire (Türkiye) and Stambolijski (Bulgaria). We have also assessed our biodiversity impacts at Mondi mills and have worked to develop action plans, for example at Mondi Dynäs (Sweden).
- As a member and co-chair of the World Business Council for Sustainable Development's Forest Solutions Group, we engage with major nature-related frameworks, including the Taskforce on Nature-related Financial Disclosures (TNFD) and Science Based Targets Network. In 2023, we engaged on the development of the TNFD Additional Forest Sector Guidance. The guidance, which includes proposed disclosure metrics, will support forest companies in implementing the TNFD recommendations.
- Mondi South Africa's three-year partnership with the Endangered Wildlife Trust aims to map biodiversity footprints in our South African forestry operations. We conducted 'Species Field Days' to track species using the 'iNaturalist' app as one of the first partnership activities. We also conducted a desk-based pilot assessment of the biodiversity footprint of our South African forestry landholdings.

GRI Biodiversity disclosure
www.mondigroup.com/en/sustainability

What's next in Taking Action on Climate?

- Continue to develop and implement our biodiversity action plans and water stewardship assessments across our operations.
- Continue to develop metrics to measure our impacts on biodiversity and ecosystems.
- Invest in projects that help to achieve our science-based Net-Zero GHG reduction targets and improve our sustainability performance.
- Scale up our engagement with our suppliers and service providers, such as logistics companies, to drive progress on Scope 3 GHG emissions.

Mondi Action Plan 2030
Taking Action on Climate: TCFD

We continue to make progress against our commitment to reduce carbon emissions.

Our TCFD journey

We invest to drive more responsible and sustainable practices and our ambitious targets have paved the way for our success over a number of years and set a platform for our future plans and investments as we continue our drive to transition to a circular economy and further reduce our emissions.

We recognise that the impact of climate change gives rise to physical and transition risks. We also recognise clear opportunities for our business to drive value accretive growth with sustainability at the centre of our strategy.

At Mondi, we are striving to reduce our emissions in line with a 1.5°C scenario by committing to achieve Net-Zero greenhouse gas (GHG) emissions reduction targets by 2050. In 2022, the Science Based Targets initiative (SBTi) validated our targets as science-based Scope 1, 2 and 3 Net-Zero targets. We are updating our Net-Zero targets following the sale of our Russian operations.

The Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) recommendations facilitate clear disclosure of our governance, strategy, risk management and metrics and targets in relation to our climate change-related risks and opportunities, enabling transparent disclosure on how we are taking action on climate.

The Group's focus remains on risk management and mitigation of our climate change-related risks and maximising our opportunities.

The timeline below shows how we have integrated the TCFD recommendations into our journey of taking action on climate, and how we continue to reduce our emissions since setting our first Group-wide GHG reduction target in 2005 against a 2004 baseline.

Taking Action on Climate

2005
- First Group-wide GHG emissions reduction target set in 2005 against a 2004 baseline

2018
- Voluntary disclosure in line with TCFD recommendations

2019
- Approval of science-based GHG reduction targets by SBTi, aligned with a below 2.0°C scenario
- Climate change risks identified as a standalone Group principal risk

2020
- 'Triple A' CDP score (Climate, Forest, Water)

2021
- First Sustainability-Linked Loan signed
- 'Triple A' CDP score (Climate, Forest, Water)

2022
- Approval of science-based Net-Zero targets by the SBTi in line with a 1.5°C scenario
- CDP's 'A List' (A score for Water and Forest and A- score for Climate)

2023
- Expanded supplier engagement to support our Scope 3 emissions reduction
- Launched our Sustainability-Linked Bond Framework
- CDP's 'A List' (A score for Water and Forest and A-score for Climate)

2030
- **Science-based Net-Zero targets:** Reduce our Scope 1 and 2 emissions by 46.2% by 2030 from a 2019 baseline
- Reduce Scope 3 emissions by 27.5% by 2030 from a 2019 baseline

2050
- **Science-based Net-Zero target:** Reduce Scope 1, 2 and 3 emissions by 90.0% by 2050 from a 2019 baseline

2.57 million tonnes of CO_2e reduction of absolute Scope 1 and 2 emissions (2004 baseline)[1]

Long term: Reduce absolute Scope 1, 2 and 3 by 90% by 2050

1 The absolute Scope 1 and 2 emissions exclude the impact of our disposed Russian operations.

Consistency statement

In line with the UK Listing Rules, we confirm that the disclosures included in the Integrated report and financial statements 2023 are consistent with the four TCFD recommendations and 11 recommended disclosures and all-sector guidance. The table on the following page contains the relevant disclosure locations.

Mondi Action Plan 2030

Taking Action on Climate: TCFD continued

TCFD recommendations and recommended disclosures	Disclosure location	Further information
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities	Page 57	**Corporate governance report** Page 90-121
b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 57	**Taking Action on Climate** Page 51-64
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Page 59-62	**Principal risks** Page 69-79
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Page 58-59	**Our strategy** Page 20-21 **Taking Action on Climate** Page 51-64
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 58-59	**Our strategy** Page 20-21 **Taking Action on Climate** Page 51-64
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 63	**Principal risks** Page 69-79
b) Describe the organisation's processes for managing climate-related risks	Page 63	**Principal risks** Page 69-79
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Page 63	**Principal risks** Page 69-79
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 64	**Key performance indicators** Page 22-23 **Taking Action on Climate** Page 51-64 **Environmental performance** Page 65
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks	Page 52	**Taking Action on Climate** Page 51-64
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 51	**Taking Action on Climate** Page 51-64 **Remuneration report** Page 122-149

Governance

The Board

While the Board as a whole has responsibility for overseeing our approach to sustainability, the Sustainable Development Committee (SD Committee), on behalf of the Board, oversees and monitors our sustainable development policies, practices and progress against our MAP2030 commitments and targets. It provides guidance in relation to sustainability matters, including climate change-related issues, and reviews updates of the Group's framework of sustainability policies and strategies, taking into account global best practice. The Board considers the impact of climate change-related matters as part of its decision-making in relation to major capital expenditure, acquisitions and disposals.

The relevant Board committees

The SD Committee met seven times during 2023, with climate change-related matters discussed by the committee at all of these meetings. Every Board member normally attends each meeting of the SD Committee, even if they are not a member of the committee, providing context for Board discussions.

The Chair of the SD Committee also reports back to the Board after every meeting. Read our Board members' biographies for more information on their sustainability skills and experience on pages 86-87.

Progress against our sustainability commitments and targets, outlined in MAP2030, was an integral part of the SD Committee's agenda throughout the year, with each of the key action areas reviewed and focus given not only to the current status of each commitment, but also to the actions being taken towards achieving these commitments.

Further details of our performance in this regard can be found on pages 51-54.

Alongside this, the SD Committee also spent time considering the climate change-related risks and opportunities facing the Group in the context of the TCFD recommendations.

Each risk and opportunity was reviewed and discussed, considering in particular the potential impact in each case. The SD Committee acknowledges that this is an iterative process, with the quantification of the financial impact and the methodologies applied being continually refined, and that these discussions support the development of the committee's understanding of these risks and opportunities and provide context not only for Mondi's plans for addressing climate change, but also for its wider decision-making.

Our Sustainability Governance Framework

Consisting of management frameworks, including the Sustainable Development Management System, Corporate Governance Code and other management systems, policies and standards

Mondi Board

Relevant Board committees

Chaired by independent non-executive directors

Executive Committee

Chaired by the Group CEO

	SD Committee	Audit Committee	Remuneration Committee	Executive Committee
Purpose	Oversees the Group's sustainability approach, policies, performance and commitments	Oversees the Group's corporate financial reporting, the internal control system, risk management and the relationship with the external auditor	Responsible for recommending overall remuneration policy and setting of executive and senior management remuneration	Management responsibility for sustainability performance within operations guided by the SD Committee
Responsibilities	Responsible for the governance of matters related to environment, **climate change**, labour, human rights, biodiversity and product stewardship Ensures alignment with global best practice	Oversees the Group's corporate financial reporting and the risk assessment process, including sustainability risks Monitors the effectiveness of the internal control systems, including the SpeakOut platform	Responsible for remuneration being appropriately aligned to our MAP2030 commitments	Ensures that business unit line management holds primary responsibility and accountability for sustainability performance

Group functions and expert networks

Provide expert insights and support to business on topics such as sustainable development, legal, human resources, communications, procurement and internal audit

Networks: Safety and occupational health; Social sustainability; Energy; Fire safety; Environment; Product stewardship; Kraft recovery boiler; and Wood supply

Business unit and operational level responsibilities

Mondi Action Plan 2030
Taking Action on Climate: TCFD continued

Governance continued

During 2023, the SD Committee also addressed a number of other key matters including safety performance and serious incidents, sustainable development governance and risks, stakeholder relationships, environmental performance and climate change, forestry, product stewardship, responsible procurement and people development and diversity. Further details on the key matters considered by the SD Committee during the year can be found on page 121. Additional governance oversight is provided by the Audit Committee and Remuneration Committee. The Audit Committee oversees the Group's corporate financial reporting, annual planning process and the Group's risk assessment process, which includes climate change risks. Details on the key matters considered by the Audit Committee during the year can be found on page 112. The Remuneration Committee is responsible for ensuring that our incentive arrangements drive the appropriate behaviours that deliver our strategy, including the alignment of remuneration to performance against our MAP2030 focus areas. Details on the key matters considered by the Remuneration Committee during the year can be found on page 126.

The Executive Committee

The Executive Committee, chaired by the Group CEO, and operational management teams consisting of senior executives from across the Group monitor our approach to sustainability. The Executive Committee regularly reviews progress against our sustainability commitments and targets. In addition, all papers and updates prepared for the SD Committee, including those relating to climate change, are reviewed and discussed by the Executive Committee, prior to submission to the SD Committee, allowing the Executive Committee to develop its understanding and awareness of sustainability matters and to provide relevant input.

The Group Technical & Sustainability Director and the Group Head of Sustainable Development are responsible for coordinating actions related to the Group's climate change-related risks and opportunities and providing reports to the Executive Committee to enable it to discharge its responsibility.

Strategy

Sustainability is at the core of Mondi's strategy and values and we have a long-standing focus on reducing greenhouse gas emissions. Since 2004, the baseline year for our first Group-wide GHG target, we have reduced our absolute GHG emissions by 2.57 million tonnes CO_2e, which is a 55% reduction. This has been achieved through targeted investments to reduce our reliance on fossil fuels and a focus on improving energy efficiency across our operations.

We believe that we have the right strategy, including our climate transition plan to Net-Zero by 2050, to address the challenges and opportunities arising from climate change.

We recognise that there are many uncertainties around the potential impacts of climate change and continue to enhance the quality of our scenario modelling to further understand these impacts. We consider that, based on our current understanding, our strategy is resilient.

The Group's climate change-related risks and opportunities are routinely considered in our strategic and financial planning, our capital allocation decisions and our operational management. Climate change risks have been identified as one of our strategic principal risks and are reflected in our accounting policies and financial reporting.

Climate change in our financial statements

The impact of climate change is considered in the estimates of future cash flows used in the impairment assessment of goodwill, as detailed on pages 186-187. Climate change is, as detailed on page 188, included as a factor that impacts the conversion factor used in the assumptions for valuation of the Group's forestry assets and as a factor incorporated into the risk premium applied to mature and immature timber. Climate change was considered in the assessment of fair value of assets and liabilities acquired in business combinations, as detailed on page 202.

The Group accounting policies reflect the impact of climate change considerations in relation to the assessment of the residual values and estimated useful economic lives of property, plant and equipment, as detailed on pages 220-221, and in relation to the accounting policy applied for the valuation of forestry assets and the assessment of goodwill for impairment.

Sustainability-linked financing

The Group's €750 million five-year revolving multi-currency credit facility agreement (RCF), entered into in 2021, incorporates key sustainability targets linked to MAP2030, classifying the facility as a Sustainability-Linked Loan. Linking our access to capital to our sustainability performance reflects our commitment to meeting our strategic sustainability targets. During 2023, the Group launched its Sustainability-Linked Bond Framework (the SLB Framework). The SLB Framework supports the future issuance of Sustainability-Linked Bond transactions and aligns bonds issued under it with our ambitious sustainability targets which are:

- reduce absolute Scope 1 and 2 GHG emissions by 46.2% in aggregate by 2030 compared to 2019; and
- reduce absolute Scope 3 GHG emissions by 27.5% by 2030 compared to 2019.

Capital investments

Energy-related investments can drive decarbonisation and enhance our asset base. Since 2019, we have invested in and approved around €500 million in energy and process efficiency, including a new stand-by boiler at Świecie (Poland), the installation of a new recovery boiler and power boiler at Richards Bay (South Africa), an energy efficiency project at Merebank (South Africa), a new heat exchanger at Ružomberok (Slovakia) and a modernisation project at Dynäs (Sweden). Our investments aim to optimise energy and process efficiency and replace fossil fuel-based energy with renewable sources. Our current commitments, outlined in MAP2030, build on the progress we have achieved so far and set ambitious near- and long-term Net-Zero targets into the future.

Our risks and opportunities

We identified seven climate change-related risks and three climate change-related opportunities that we have assessed as material to our business. Materiality considers both financial impacts and other considerations such as the importance of key climate change-related topics to internal and external stakeholders.

Further details on how the Group defines what is material are detailed on page 43.

We evaluate and report on our short- (up to three years), medium- (three to seven years) and long-term (more than seven years) climate-related transition and physical risks and opportunities, and their financial implications.

Transition risks may occur when moving towards a less polluting, low-carbon economy. Such transitions could mean that some sectors of the economy face big shifts in asset values or higher costs of doing business. Climate change means we may face more frequent or severe weather events like flooding, droughts and storms. These events bring physical risks that impact our business and society directly and have the potential to affect the economy.

The TCFD recommends applying widely used reference scenarios that are publicly available and peer reviewed. For 2023, our assessment of the financial implications of our climate change-related risks and opportunities was prepared considering 1.5°C, 2°C and business-as-usual (BAU) scenarios[1, 2, 3].

Physical risks and opportunities are considered more severe under the BAU scenario, as under this scenario, physical climate change-related events will be more frequent and severe with an increased likelihood of impact on our business. Under the 1.5°C and 2°C scenarios we still observe some impacts of physical climate risks. Our mitigation measures are designed to reduce the impact of these risks under the three presented scenarios.

In contrast to physical risks, transition risks and opportunities increase in likelihood under the 2°C scenario compared with BAU, with earlier policy action and a more aggressive transition, and are further amplified under the 1.5°C scenario. This is driven by an increase in stricter regulations around carbon and energy as well as the increased scrutiny of target achievements through increased market and customer pressure.

Given the nature of transition risks, the likelihood of occurrence is lower under the BAU scenario, as there is limited change projected to current regulation and litigation pressures.

During the year, we assessed our climate change-related risks and opportunities and have specified the estimated financial impact, outlining a potential reduction in operating profit for risks and a potential increase in operating profit for opportunities, as disclosed in the tables below and on pages 60-62, taking into consideration mitigation measures implemented by the Group. These risks and opportunities only reflect our climate change-related risks and opportunities and reflect an update of the risks and opportunities presented in our 2022 Integrated report and our 2023 CDP submission. For an overview of all our Group principal risks, please refer to page 72.

1 The IPCC's most optimistic scenario describes a world where global CO_2 emissions are cut to Net-Zero by around 2050. The scenario meets the Paris Agreement's goal of keeping global warming to around 1.5°C above pre-industrial temperatures, with warming hitting 1.5°C but then dipping back down and stabilising around 1.4°C by the end of the century.

2 The International Energy Agency's 2°C scenario is based on limiting global temperature rise to below 2°C above pre-industrial levels under an emissions trajectory that allows CO_2 emissions to be reduced by almost 60% by 2050 compared with 2013. Under this scenario emissions are projected to decline from 2020 and they continue their decline after 2050 to reach carbon neutrality.

3 The Representative Concentration Pathway's 8.5 (RCP8.5) scenario is a business-as-usual (BAU) scenario, which projects the global mean temperature to rise by 2.6°C to 4.8°C and the global mean sea level to rise by 0.45 metres to 0.82 metres by the late 21st century.

Climate change-related risks and opportunities

Climate change-related risks		Estimated financial impact (€m)	Timeframe			Scenario sensitivity		
			Short	Medium	Long	1.5°C	2°C	BAU
Physical risks	1. Higher wood procurement costs	90-180						
	2. Risk of flooding	15-85						
	3. South African plantation yield loss	15-20						
	4. Chronic changes in precipitation	10-15						
Transition risks	5. Energy supply costs	60-150						
	6. GHG emissions regulatory changes (net impact)	30-85						
	7. Asset impairment risk	10-30						
Total climate change-related risks		230-565						

Climate change-related opportunities							
1. Changing customer behaviour	120-240						
2. Reduced operating costs through energy efficiency	15-25						
3. Sale of by-products	15-20						
Total climate change-related opportunities	150-285						

Anticipated onset of risk or opportunity

Estimated full impact of risk or opportunity

High likelihood

Low likelihood

Mondi Action Plan 2030
Taking Action on Climate: TCFD continued

Climate change-related risks: Physical risks

Risk	Risk description	How we manage and mitigate this risk	Estimated financial impact (€m)
1. Higher wood procurement costs **Timeframe:** Long term	Temperature increase, changes in rainfall patterns and windstorms can result in large-scale forest damage. In Europe, at lower altitudes, fibre losses from pests (e.g. bark beetles) and diseases are expected to continue unless precipitation increases. A reduction in the cutting capacity of the sawmilling industry due to a lack of spruce saw logs could lead to a change in the mix of available pulpwood and sawmill chips. Increasing competition for wood is being driven by demand for renewable raw materials and timber for green energy generation to achieve EU GHG reduction and Net-Zero targets. At the same time, there is a call to increase forest areas set aside for conservation, which is reflected in the 2030 EU Forest Strategy.	In mountainous regions, we expect an increase in yearly forest growth due to rising temperatures. At lower altitudes, spruce will be mainly replaced with other softwood species. We are investigating alternatives to support flexibility in species mix for our future pulp production. We invest in research and development projects and are building strategic partnerships with forest owners and industries, NGOs and scientific institutions to foster sustainable forest management. This is supported by the sustainable working forest model and fit-for-purpose certification concepts, which we developed and promote with our partners. We have started to explore approaches to climate-fit forestry to enhance forest ecosystems' resilience. We also promote the cascading use of wood nationally and via Cepi on a European level.	90-180
2. Risk of flooding **Timeframe:** Long term	Our mills are often located close to rivers which provide the water needed for our operations. Climate change may increase the frequency and extent of flooding events through surface water flooding (e.g. after extreme rainfall or rapid snow melting) or flooding of low-lying coastal regions (due to sea level rise) which may cause damage to our operations. While taking into account the investments we have made at our operations to mitigate the potential impact of flooding, our risk quantification considers mill downtime due to wider local infrastructure damage in the event of a significant flooding event.	Our operations regularly review their flood prevention plans, collaborate with governments and hydropower energy providers in the regions where we operate and invest in flood protection solutions where necessary. Our current flooding assessments show the measures implemented are generally sufficient to mitigate this risk to an acceptable level, with only a few additional measures required such as the elevation of motors and vulnerable equipment, additional pumps and water-level sensors. Our geographic diversification enables operational flexibility to meet customer orders if flooding were to occur at a mill.	15-85
3. South African plantation yield loss **Timeframe:** Medium term	Increased severity and frequency of extreme weather events may result in disruptions and decreased harvesting capacity of our managed plantation forests. Extreme weather conditions may impact plantations through sustained higher temperatures, which can lead to stronger winds and increased windfalls. Plantations may be vulnerable to changes in rainfall patterns and erosion. Higher temperatures may increase vulnerability of trees to pests and diseases. Fire remains a challenge for our South African plantations, exacerbated in years when drought conditions occur.	Our tree improvement programme aims to produce stronger, more robust trees that can resist disturbances such as drought, pests and diseases. We mitigate fire risks with naturally vegetated open corridors acting as fire-breaks between forest plantations, under canopy biomass management and investment in a modern firefighting fleet and professional firefighters. We have improved pre- and post-burning assessments at harvesting sites. These aim to mitigate the risks of erosion and nutrient loss after prescribed burning to ensure healthy soils, which are critical for productive plantation forests.	15-20
4. Chronic changes in precipitation **Timeframe:** Long term	Water is a key natural resource used in our production process. Extended water shortages are a concern as they could disrupt production at our operations. This is especially relevant in water scarce regions and locations dependent on small catchment areas. Water supply is identified as a risk at our Richards Bay (South Africa), Frantschach (Austria) and Stambolijski (Bulgaria) mills. Our risk quantification considers mitigation measures in place at the mills and is based on lower production at the mills as a result of water shortages.	We conduct water stewardship assessments and develop methods to significantly reduce water use by implementing closed loops and recycling water used in our processes. We continue to investigate cost-effective improvements to local water management systems. We work with local authorities and other industries to identify solutions to enhance water stewardship around our mills.	10-15

Climate change-related risks: Transition risks

Risk	Risk description	How we manage and mitigate this risk	Estimated financial impact (€m)
5. Energy supply costs **Timeframe:** Medium term	Due to increasing regulation on fossil-based energy sources, increased demand for renewable energy and the shifting energy supply mix, the Group estimates that our total energy costs could increase in the medium term, estimated by up to 10-20%. In the medium to long term, the energy supply mix transition in Europe includes the closing of coal-fired power plants, selective closure of nuclear power capacity and increased reliance on renewable sources of energy such as onshore and offshore wind, solar and biomass. Wind and solar energy supply can be inconsistent due to weather patterns leading to reliance on fossil fuels during the energy transition period. The energy supply costs risk quantification uses the Group's energy cost structure as a basis for calculation.	We continue to focus on energy efficiency and to deliver incremental improvements through operational enhancements and our ongoing capital investment programme. Biomass accounts for around 78% of our mills' fuel needs, with only around 10% of our fuel sourced from natural gas. This has been made possible through significant investments over a number of years in making our facilities more energy efficient and increasing backward integration, primarily into biomass-based energy generation. Investment in improvements to our sourcing of energy and increased electricity self-sufficiency, including the use of renewable energy sources, strengthens the energy efficiency of our operations while reducing operating costs. Where we generate electricity surplus to our own requirements, we may sell such surplus.	60-150
6. GHG emissions regulatory changes (net impact) **Timeframe:** Medium term SASB	10 of Mondi's 13 pulp and paper mills fall under the EU Emissions Trading Scheme (EU ETS). Some of our mills have sufficient EU ETS allowances, while there is potential that five will face a deficit in the medium term, resulting in the potential for the Group to be in a net deficit position. There is a South African carbon tax on emissions from fossil fuels, which includes fossil fuel combustion at our Richards Bay and Merebank operations. The South African carbon tax is currently offset by our forestry-related sequestration allowance; however, a small cost is anticipated from 2025 onwards. Our risk quantification considered an EU ETS carbon price range of €50 to €150 per tonne CO_2 and includes the anticipated South African carbon tax.	We collect detailed information on GHG emissions from our mills and consider the cost of carbon when making investment decisions. Our ongoing investments reduce our reliance on fossil fuels, improve energy efficiency and help to mitigate the risk of insufficient CO_2 allowances for our EU-based operations, and reduce CO_2 emissions for our South African operations.	30-85
7. Asset impairment risk **Timeframe:** Long term	Driven by evolving regulation, there is a risk that certain of the Group's assets may be susceptible to impairment if regulations require fossil-based energy plants to be decommissioned by a certain date. Our risk quantification considers the estimated carrying value of fossil fuel-based energy plants in our mills based within the EU at 2030 and their potential impairment. An impairment is a one-off write-down of an asset. The mill's remaining carrying value is excluded from our quantification as our medium- to long-term capital investment programme aims to replace fossil fuel-based energy with renewable sources.	The Group aims to keep abreast of new and evolving regulation and takes actions to mitigate the impact of changes either in our own operations or through participation in cross-value chain partnerships. We also have the resources and capacity to accelerate low-carbon energy-related investments to achieve base load capacity in the instance of regulatory and/or other required changes.	10-30
Total estimated financial impact of climate change-related risks			**230-565**

Mondi Action Plan 2030
Taking Action on Climate: TCFD continued

Climate change-related opportunities

Opportunity	Opportunity description	How we realise this opportunity	Estimated financial impact (€m)
1. Changing customer behaviour **Timeframe:** Short to long term	The growing demand for sustainable packaging is driving investment, collaboration and innovation to meet evolving customer needs. Paper-based packaging is renewable and generally recyclable making it an ideal alternative to less sustainable solutions. Where certain barriers are required, flexible plastic packaging can be a better alternative when manufactured, used and disposed of appropriately. Leveraging our unique portfolio of paper-based, hybrid and flexible plastic solutions, we see an opportunity to meet the demand for more sustainable products, using our leading corrugated packaging and flexible packaging footprint and increasing the focus on recyclability and the amount of recycled content used within our solutions. While we continue to enhance our understanding around this opportunity, our estimated quantification is based on revenue growth of 1-2% per annum for our packaging businesses in the long term.	As a leading packaging producer, Mondi is well positioned to leverage the Group's innovation capabilities, leading market positions and strong customer base. We actively collaborate with our customers to develop innovative solutions that are sustainable by design, taking industry-wide design for circularity guidelines into consideration. We are also investing in our asset base to increase our cost-advantaged packaging capacity to meet growing demand. We are leveraging strong partnerships to bring about positive change and drive the transition to a circular economy.	120-240
2. Reduced operating costs through energy efficiency **Timeframe:** Medium term	The production of pulp, paper and packaging is energy intensive and energy generation is the major source of our GHG emissions. By improving the efficiency of our energy plants and manufacturing operations, we have the opportunity to realise cost savings.	Investing in optimising energy and process efficiencies in our operations has been a long-standing focus. The Group's current capital investment programme continues to prioritise investments in energy efficiency measures and in increasing biomass-based energy in our mills. Further investment projects are planned to meet our science-based Net-Zero GHG emission reduction targets over the coming years, which is also expected to reduce our specific energy costs and improve energy efficiency.	15-25
3. Sale of by-products **Timeframe:** Short term	Renewable by-products of the kraft pulping process include products such as tall oil. Renewable by-products are highly valued as substitutes for fossil fuel-based materials. They can be used internally for energy generation or extracted, purified and sold as higher value secondary raw materials. We are investigating additional opportunities to use other by-products (e.g. lignin from black liquor and eucalyptol extraction) to create additional revenue streams in the future.	The extraction and sale of renewable by-products from the kraft pulping process is part of our circular economy approach. We continue to invest in our mills to realise this opportunity, which is dependent on the existing infrastructure.	15-20
Total estimated financial impact of climate change-related opportunities			**150-285**

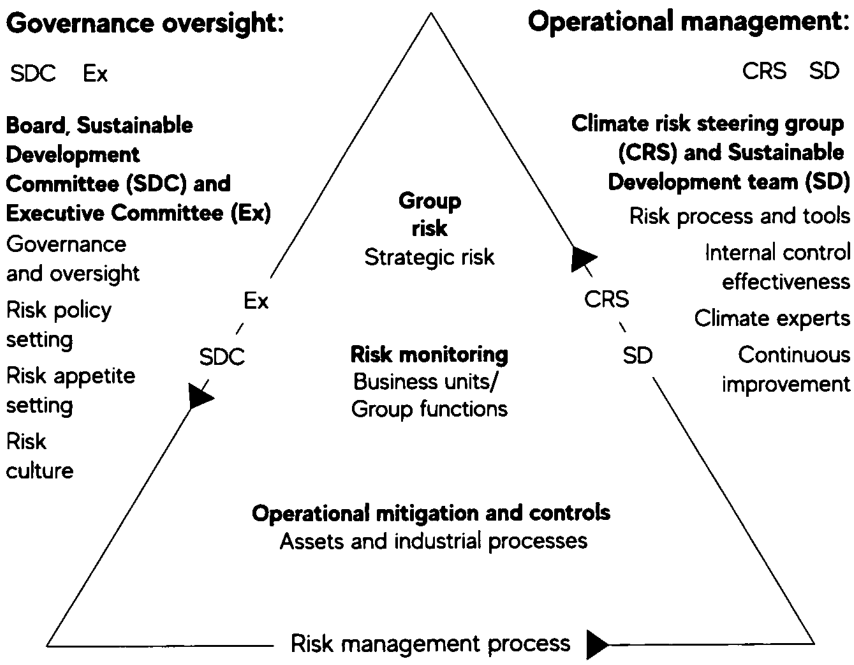
Risk management

Climate change is specifically identified as a standalone Group principal risk, as detailed on page 75. Climate change risks, and the related mitigating actions, are reviewed and updated annually using the input of the content reviewed by the SD Committee and presented to the Audit Committee along with all Group principal risks. Read about the Group's risk management framework on pages 69-70.

A cross-functional climate risk team identifies and assesses our material climate change-related risks and opportunities through an iterative continuous improvement process. The annual review considers the breadth of our business, across operating locations and our product portfolio, including consultations with internal and external technical subject experts and senior operational management. Our climate change-related risks and opportunities are reviewed and approved by the Executive Committee and the SD Committee annually.

Climate change-related risks and opportunities are managed and where possible mitigated by our operational management team and through our capital investment programme. The climate change-related risks and opportunities are considered in the preparation of, and integrated in, the Group's three-year 2024-2026 plan (budget period).

Climate-related risk integration into our risk management framework



Group risk

- Climate change is specifically identified as a standalone Group principal risk
- Detailed annual risk assessments performed across the Group
- Regular review of climate change-related matters by the SDC

Risk monitoring

- Monitor progress against our science-based Net-Zero targets for Scope 1, 2 and 3 emissions based on a 1.5°C global warming scenario
- Review of climate change-related risks and opportunities impact on budget planning

Operational mitigation and controls

- Invest to optimise energy and process efficiency and replace fossil fuel-based energy with renewable sources
- Risk mitigation tools such as detailed flood management plans

Risk management framework
Page 69-70

Mondi Action Plan 2030
Taking Action on Climate: TCFD continued

Metrics and targets

The Group uses a variety of metrics to measure the current and potential impact of our climate change-related risks and opportunities, including GHG emissions, sustainable fibre metrics, waste to landfill, NOx emissions, water use and effluent load (COD) in waste water.

The targets covering GHG emissions from Mondi's operations and value chain (Scope 1, 2 and 3) are consistent with a reduction required to keep global warming to 1.5°C by 2050 and prevent the most damaging effects of climate change according to the latest climate science.

> **Given the strategic importance of sustainability, the Group's executive directors' and the wider senior management's remuneration is linked to their contribution to the overall success of MAP2030, including our GHG reduction targets.**

Direct GHG emissions are from our energy plants through combustion of fuels to generate the energy required for our manufacturing (Scope 1). We also purchase energy from the grid (Scope 2) and have indirect GHG emissions throughout the value chain, mainly as a result of our purchase of raw materials, fuel and transportation, which together make up more than 95% of our total Scope 3 emissions. We are acting across all three Scopes and working closely with our partners to reduce GHG emissions for our business and our value chain.

Our science-based Net-Zero targets include both short-term and long-term GHG emissions reduction targets and are approved by the SBTi. Our existing Scope 1, Scope 2 and Scope 3 science-based targets are ambitious and in line with a 1.5°C scenario.

We remain committed to zero deforestation in our wood fibre supply chains and to maintaining carbon sinks in forestry through implementation of best forest management and silviculture practices.

Taking Action on Climate
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We report our GHG emissions according to the Greenhouse Gas Protocol, published by the WBCSD and the WRI, and have reported our Scope 1, 2 and 3 GHG data in compliance with ISO 14064:1-2006. ERM CVS has assured, to a reasonable level of assurance, our 2023 absolute Scope 1 and absolute Scope 2 GHG emissions data, in accordance with ISO 14064-3, and to a limited level of assurance our Scope 3 GHG data.

Given the strategic importance of sustainability, the Group's executive directors' and the wider senior management's remuneration is linked to their contribution to the overall success of MAP2030, including our GHG reduction targets. 20% of the annual bonus awarded to members of the Executive Committee, which includes the Group CEO and the Group CFO, and more than 3,000 employees across the Group, is linked to sustainability objectives.

Remuneration report
Page 122-149

We are developing our climate-related metrics in accordance with the revised guidance provided by the TCFD in October 2021. The table below describes these metrics in more detail.

Cross-industry, climate-related metric category	Our approach	Climate-related risk/opportunity	Further information
GHG emissions	We report our performance against Scope 1, 2 and 3 emissions	**Risk 6**	Page 61
Transition risks	We report the potential financial impact for three transition risks, as well as the mitigation measures in place	**Risks 5, 6, 7**	Page 61
Physical risks	We report the potential financial impact for four physical risks, as well as the mitigation measures in place	**Risks 1, 2, 3, 4**	Page 60
Climate-related opportunities	We report the potential financial impact for three opportunities arising from climate change, including the impact on demand for our products	**Opportunities 1, 2, 3**	Page 62
Capital deployment	We discuss our capital investment strategy deployed to mitigate the impact of climate change	**Risks 2, 5, 6, 7**	Page 58-61
Internal carbon prices	We consider the impact and cost of the Group's GHG emissions when evaluating our capital investment projects	**Risk 6**	Page 61
Remuneration	Annual bonus incentives include a proportion associated with GHG emissions		Page 64

Responsible business practices

Delivering on responsible business commitments

Our responsible business practices encompass environmental performance, human rights, community and responsible procurement. Each area has its own commitments and targets to guide our actions.

Environmental performance

Commitment: We will continually work on improving the environmental performance of our operations to minimise environmental impacts

Target	Performance against baseline 2021	2022	2023	This year at a glance
Reduce specific contact water consumption by 10% by 2030 from a 2020 baseline				Specific contact water consumption decreased by 4% compared with our 2020 baseline. We reported a slight 1% decrease against 2022
Reduce specific effluent load (measure COD) by 15% by 2030 from a 2020 baseline				Specific COD emissions increased by 2% compared with our 2020 baseline, and increased by 10% since last year, due to operational challenges at the wastewater treatment plants of two mills
Reduce specific NOx emissions from our pulp and paper mills by 10% by 2030 from a 2020 baseline				Our specific NOx emissions were 10% lower compared with our 2020 baseline, and 5% lower than last year. This is mainly due to investments in energy efficiency and modernisation of our energy plants at our mills
Reduce specific waste to landfill by 30% by 2030 from a 2020 baseline				Specific waste to landfill decreased by 44% compared with our 2020 baseline, and 39% compared to last year, mainly due to projects in Richards Bay (South Africa) and Ružomberok (Slovakia)
100% of our operations will be certified according to globally accepted environmental standards equivalent to ISO 14001 by 2025				100% of our pulp and paper mills and 76% of our converting operations are ISO 14001 certified. This is an increase from 74% in 2022 to 79% across the Group

Human rights

Commitment: Strengthen governance systems to prevent human rights violations and remedy any adverse impacts

Target	Performance against baseline 2021	2022	2023	This year at a glance
Develop the due diligence and risk assessment methodology and guidance with the support of the Danish Institute for Human Rights (DIHR) by the end of 2021				Completed this target in 2021 and continuously integrate the learnings from the due diligence process to improve our methodology
100% of operations with a completed Human Rights Due Diligence and risk assessment and action plan in place to address findings by 2025				Implementation of the Human Rights Due Diligence approach initiated in all our operations, through detailed risk identification as a baseline for our action plan and roadmap going forward
100% of operations to have addressed their human rights impacts (investigate, prevent future occurrences and remedy adverse impacts) by 2030				No adverse impacts identified in our operations. We will continue to work on the improvement areas defined to further mitigate our human rights risks

Key Completed On track Behind target Not on track In development

Responsible business practices

Delivering on responsible business commitments continued

Communities

Commitment: Maintain social investments in our communities to support sustainable development aligned with local needs

	Performance against baseline			
Target	**2021**	**2022**	**2023**	**This year at a glance**
Report on our total social investment annually				In 2023 we spent €7.3 million on social investments

Procurement

Commitment: We mitigate risks and create greater transparency in our supply chains through our Responsible Procurement process

	Performance against baseline			
Target	**2021**	**2022**	**2023**	**This year at a glance**
We will minimise the supplier risk ratio* year-on-year				We introduced a robust third-party sustainability rating tool, improving transparency and risk management in our supply chain and strengthening our Responsible Procurement process for scale up across our supply chain. At year end, 1.1% of the 460 supplier production sites screened in the pilot remain potential high-risk with clear actions for risk mitigation defined.

Commitment: Ensure that all our wood fibre (round wood, wood chips and market pulp) is sourced solely from credible wood sources

	Performance against baseline			
Target	**2021**	**2022**	**2023**	**This year at a glance**
Maintain 100% of wood fibre compliant with credible standards (FSC, PEFC, or controlled wood)				Achieved in 2023
For high-risk countries, maintain 100% FSC-certified fibre sourcing or implement additional risk mitigation measures				Achieved in 2023
100% PEFC- or FSC-certified market pulp				Achieved in 2023
100% PEFC or FSC Chain-of-Custody certification for our pulp and paper mills				Achieved in 2023
We will continue to work with certification bodies to ensure credibility of the certification and controlled wood systems				Mondi participated in the PEFC/SFI Joint Conference in Canada, where members approved the PEFC strategy

* Total number of residual high-risk suppliers divided by the total number of suppliers screened.

BUILT ON RESPONSIBLE BUSINESS PRACTICES

MAP2030, our sustainability framework, is built on a foundation of responsible business practices and created around our purpose of contributing to a better world by making innovative paper and packaging solutions that are sustainable by design.

Environmental performance

Our manufacturing processes depend on natural resources, with environmental impacts primarily from our pulp and paper mills. We generate most of the energy we use from biomass-based by-products, in pulp manufacturing and from fossil fuels, which result in greenhouse gases and other air emissions. Our manufacturing processes also use significant amounts of water and generate waste.

By investing in our operations, efficiently using water resources, working towards zero waste and reducing air emissions, we reduce our environmental impacts and prevent environmental degradation.

We are implementing best available techniques, modernising our energy sources and manufacturing facilities to reduce our water and air emissions. In turn, this is helping us to run resource-efficient operations, avoid disturbances and protect the rights of our stakeholders. We engage with external stakeholders to reduce our environmental impacts, finding alternative solutions in collaboration with industry partners and innovating together to support a circular economy.

Our Environment Policy outlines the requirement for cleaner production and the drivers for our commitments. Our Sustainable Development Management System has environmental management systems that support us to: meet environmental protection standards; comply with legislation; improve reporting and transparency; and adhere to the principles of resource efficiency.

Water

We aim to reduce our water consumption and increase water recycling in our operations. Managing water resources in an efficient and sustainable way, and investing in up-to-date water infrastructure, is a priority - particularly in regions with high water-related risks. In 2023, we reduced our specific contact water consumption by 4% from our 2020 baseline.

We monitor the water we withdraw by source and report on water use in our manufacturing and energy generation. In 2023, we conducted water stewardship assessments, focused on regions with higher water risk. We have a focus at each mill to tackle water consumption, supported by experts in our Group Technical & Sustainability teams.

Air emissions

Our main source of air emissions is on-site energy generation in our boilers and lime kilns. Air emissions associated with combustion of fuels for energy production include nitrogen oxide (NOx) emissions, generated by fossil fuels and biomass incineration. These substances can damage forests, crops and other vegetation by acidification of soils. We regularly monitor SO_2, NOx, total reduced sulphides (TRS) and dust, and we calculate our GHG emissions based on fuel consumption. We strictly adhere to permitted limits and are continuously investing in our operations to minimise our air emissions.

For more information on our air emissions, please see our GRI & SASB Index and Consolidated Performance data documents, available on our website.

Sustainability reports and publications
www.mondigroup.com/sustainability/reports-and-publications

Waste

To reduce our waste sent to landfill and increase the circularity of our material flows, we are exploring alternative solutions involving recycling and reuse.

We monitor the volume of our operational waste (by waste type and waste routes) across all operations and are investigating alternative routes to divert unavoidable waste from going to landfill. In 2023, we generated about 0.8 million tonnes of waste in our manufacturing operations, of which 74% was brought back into value creation processes by recycling and reuse of secondary raw materials. We disposed of 65,000 tonnes of waste to landfill (2022: 116,000 tonnes). Approximately 2% of our total waste streams is hazardous waste and in 2023, we sent around 600 tonnes of hazardous waste to landfill - approximately 1% of our total waste to landfill (2022: 4%).

Human rights

We respect human rights in our operations and across our supply chain, and our human rights approach is embedded into our relevant practices and policies. We report against the ten principles of the United Nations Global Compact and publish a Human Trafficking and Modern Slavery Statement according to the UK Modern Slavery Act annually. We have robust internal processes and tools to facilitate the reporting, investigation and resolution of potential human rights violations.

Our priority human rights risk areas are determined by and take into consideration any inherent geographical risk, as well as business processes, industry risks and legislative requirements. We focus on the most significant topics: fair working conditions, freedom of association and collective bargaining, indigenous and land rights, modern slavery, child labour and safeguarding our environment.

Responsible business practices

Delivering on responsible business commitments continued

Our Human Rights Due Diligence approach is a continuous management process, and we review our operational impacts through regular stakeholder engagement, collaborating with external human rights experts, and engaging with our partners and in our communities. We conducted in-depth risk assessments across all operations in 2023, reflecting our prioritised human rights risk focus areas and highlighting areas to improve. The established baseline of identified risk areas and mitigation processes sets the foundation for our human rights action plan and roadmap.

Through our anonymous whistleblowing and grievance platform SpeakOut and other channels, we received messages relating to 90 incidents (2022: 47 incidents). Topics encompassed allegations concerning work-related harassment and unfair treatment, labour rights and safety and health matters.

Communities

We aim to maximise our positive impact in local communities by supporting their sustainable development. We engage with our local stakeholders to understand the needs of our communities and how we impact them.

In 2023, we conducted Stakeholder Engagement Conversations in our Ružomberok (Slovakia) mill. These open dialogues with a variety of stakeholders, facilitated by an independent third party inform our understanding and actions in relation to our local impact.

Our voluntary investments include contributions where we can make the greatest difference, as well as employees sharing their skills, time and networks. We focus on initiatives related to education, environmental protection, enterprise support and job creation, as well as support for community health care and infrastructure development. Our social investments in 2023 were €7.3 million (2022: €8.9 million).

In times of crisis we provide special donations to credible NGOs and aid organisations to help their efforts.

Procurement

Continuously improving transparency and sustainability in our supply chain is an essential part of our responsible business practice. We collaborate with our suppliers to support responsible procurement, manage supply chain risk and enhance our suppliers' own sustainability practices.

In 2023, our global supply chain included around 12,000 suppliers in 69 countries. We procured €6.2 billion worth of goods and services from these suppliers (2022: €7 billion), with 57% sourced locally (2022: 58%).

To address specific wood and pulp procurement requirements, our dedicated Due Diligence Management System (DDMS) verifies that we purchase all our wood fibre from responsible sources in line with our commitment to zero deforestation. In 2023, 100% of our wood fibre was compliant with FSC, PEFC or Controlled Wood requirements.

For all other materials and services, we identify sustainability risks and assess supplier performance through our Responsible Procurement process, which improves transparency and supports supplier engagement. In 2023, we began collaborating with the global sustainability rating company EcoVadis with a selected pilot group of 460 Mondi suppliers: 36 suppliers with high sustainability risk were invited to participate in an individual assessment. From this, 5 suppliers were unresponsive or declined our assessment invitation and remain potential high-risk (1.1%).

Sustainable Development report 2023
www.mondigroup.com/sd23

Sustainability governance

The Board is responsible for sustainability governance and delegates different areas of responsibility to specific committees and functions, including the Sustainable Development Committee, Audit Committee, Remuneration Committee, Executive Committee, Operational Management team as well as different Group functions and networks. Our Sustainable Development Management System (SDMS) guides effective governance of our activities and the implementation of policies. Our Business Code of Ethics supports high ethical standards across our organisation. The Business Integrity Policy outlines Mondi's zero tolerance of bribery and corruption. It forms part of the annual Group risk assessment process and outcomes are reviewed by the Audit Committee and the Board. All relevant employees must complete mandatory business integrity training each year, which covers anti-corruption topics. We follow strict guidelines and procedures to ensure compliance with applicable laws and regulations.

Read online
www.mondigroup.com/sustainability/approach/governance

Sustainability-related performance in remuneration

20% of the annual bonus awarded to members of the Executive Committee, which includes the Group CEO and the Group CFO, and more than 3,000 employees across the Group, is linked to sustainability targets. The sustainability KPIs cover all three MAP2030 action areas: reduction of specific GHG emissions (5%); reduction of specific waste to landfill (5%); and safety (10%).

Remuneration report
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Principal risks
Managing our risks

Our Group risk management framework and internal control environment are designed to address the risks that could undermine our business model and ability to execute our strategy into the future.

Our risk management framework

The Board has overall responsibility for setting the Group's strategy and is responsible for monitoring and maintaining the effectiveness of the Group's risk management activities and internal control processes. The Board has put in place procedures for identifying, evaluating and managing the risks faced by the Group.

The Board has determined the Group's residual risk exposure and related risk appetite, using a risk rating matrix which takes into consideration both the likelihood of the risk event occurring and the magnitude of the impact in the event that the risk event occurs. The risk rating matrix is based on the residual risk that the Group faces after taking into consideration the internal control environment and related mitigating actions and controls. The Board has established specific appetite levels for each principal risk, ensuring that our risk exposure remains appropriate at all times. The Board considers changes in principal risks and reviews emerging risks during the year.

The Audit Committee performs an annual review of the Group's principal risks and related mitigation, including consideration of acceptable risk appetite levels for the Group. Each of the Group's principal and emerging risks is reviewed in detail by either the Board, the Audit Committee or the Sustainable Development Committee through the course of the year, considering the detailed risk description, the controls and mitigating actions in place, the level of internal and external assurance obtained, and the resultant residual risk exposure.

Business units are required to conduct an annual, detailed review of their risks and compile a risk register which is reviewed and approved by the business unit operating committees. The risk management process ensures that the various business unit operating committees review the principal and emerging risks in their respective businesses and identify the actions and controls to mitigate these risks. Management assurance is provided on both a formal and informal basis. Risk management is embedded in all decision-making processes and captured in our policies, procedures and delegated authorities, with ongoing review by the Board and risk assessments forming part of all investment decisions.

In combination with the Audit Committee, the Board conducted, over the course of the year, a robust assessment of the Group's principal and emerging risks to which Mondi is exposed and it is satisfied that the Group has effective systems and controls in place to manage these risks within the risk appetite levels established.

Our internal control environment

Our internal controls aim to provide reasonable assurance as to the accuracy, reliability and integrity of our financial information and non-financial disclosures and the Group's compliance with applicable laws, regulations and internal policies, as well as the effectiveness of internal processes.

Through our structured approach, the control environment is subject to regular monitoring and review to reduce the likelihood of any significant deficiencies arising, control weaknesses are identified and addressed, and new or emerging risks are identified early and monitored regularly.

The Group's internal control systems have been in place for the year under review and up to the date of approval of the Integrated report and financial statements 2023 and are in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council.

No significant failings or weaknesses were identified in the internal control systems for the year under review.

The Board and its committees have approved the Group's financial, business conduct, operating and administrative policies, including those relating to delegation of signing authorities and information security. The policies provide a framework for the Group's internal control environment and outline required standards of behaviour. Business units are required to ensure that they adhere to approved Group policies and that they have implemented their own supporting policies where appropriate. In line with the approved delegation of authorities, specific matters are reserved for Executive Committee or Board approval, including the approval of major capital investments, acquisitions and disposals.

Management is responsible for regularly reviewing the Group's financial performance, and it is the responsibility of management at all operational levels to ensure that risks are appropriately managed and a proper internal control environment is in place to anticipate and respond to risks. The Group's financial reporting process includes the monthly results and management reports, an annual three-year plan (budget period), and three updates to the first budget year during the course of that budget year. Detailed monthly management reports and variance analyses comparing actual with planned results are prepared. In-depth reviews of business units and market developments are performed regularly, and are designed to ensure ongoing monitoring of financial and sustainability performance and early identification of potential issues and/or emerging risks. In addition, the Board reviews the Integrated report and financial statements to ensure it is fair, balanced and understandable, and the Audit Committee reviews and approves the accounting policies for each financial year.

Principal risks continued

Our risk management framework and internal control environment

External audit
External assurance is provided through external audit which is designed to detect material errors and material irregularities that impact the financial statements

Board

Overall responsibility for the Group's strategy and risk management

Determines risk appetite in line with Group strategy, and approves the Group's risk management framework

Approves the annual three-year plan

Sustainable Development Committee

Monitors and reviews material safety, health, environmental and other sustainable development risks, including climate change risks and opportunities

Audit Committee

Reviews and monitors the adequacy and effectiveness of the Group's internal control and risk management processes

Ongoing review of the principal risks through the course of the year

Approves the annual internal audit plan

Internal audit
The Group has a centrally coordinated Internal Audit function that reports directly to the Audit Committee and is mandated to perform Group-wide reviews of key processes, projects and systems, based on the Group's strategy and principal risks

Executive Committee

Formulates risk management policies in terms of the approved risk management framework to ensure risks are managed considering established risk appetite levels

Assesses and monitors risks on an ongoing basis

Business units

Hold the ownership, responsibility and accountability for assessing and mitigating risks as well as implementing risk management policies and procedures

Group functions

Responsible for oversight of adherence to the Group's policies, procedures and controls; facilitation of the implementation of risk management practices; and management of specific risk areas that benefit from central coordination (e.g. controlling, information technology, legal, procurement, safety and health, sustainable development, tax and treasury)

Work closely with the business units to manage and monitor these risk areas

The three levels of assurance in our internal control environment

Operational management

- Key policies and procedures covering all main areas of business conduct are approved by the Board and each business unit and Group function is required to adhere to these overall Group policies.
- Management is responsible for regularly reviewing its entity's operating, financial and sustainability performance and for preparing and reviewing monthly management accounts and business reports as appropriate.
- Twice a year, all financial managers are required to complete an internal control assessment and provide written confirmation of compliance with Group policies and procedures. This formal confirmation highlights any control weaknesses or deficiencies identified.

Management review

- Management is responsible for regularly reviewing the Group's operating, financial and sustainability performance, including monthly management accounts, and the progress of significant capital investment projects.
- Management at Group level and, in more depth, at business unit level is responsible for a detailed assessment of current market conditions.
- The Group functions (controlling, information technology, safety and health, sustainable development, tax and treasury) each have Board-approved policies in place against which conduct is regularly assessed.

Independent assurance

- Internal and external audit.
- Regular reviews and vetting by external regulatory and non-regulatory parties, as required and as part of our operational management, including ISO certification, Sustainable Development report assurance and information security programmes.
- The Group sustainable development key performance indicators are externally verified.

Sustainable Development report
www.mondigroup.com/sd23

Risk management process

Continuous improvement
strengthens our processes in line with our risk management framework

Identify → Assess → Mitigate → Monitor

Identify: principal and emerging risks

Assess: risk appetite, likelihood and impact

Mitigate: through risk owners using detailed action plans

Monitor: controls and risks environment

Review

Principal risks in 2023

Over the course of the past year, the Board and the Audit Committee have reviewed the Group's principal and emerging risks. In evaluating the Group's risk management and internal control processes, the Audit Committee has considered both internal and external audit reports and received confirmation from the finance directors of the business units that the Group's control frameworks have operated satisfactorily. The sustainable development risks considered throughout our business have been reviewed by the Sustainable Development Committee during the year. Sustainable development risks that are considered to be principal risks are reviewed by the Audit Committee as part of the annual review process.

A detailed risk assurance map is used to present our principal risks to the Board, Audit Committee and Sustainable Development Committee, facilitating comprehensive discussions on risk. The Group remains committed to the continuous improvement of risk assessment, risk management and risk reporting.

Key changes in the year

The Group's most significant risks are long term in nature. The assessment of the principal risks is updated annually to reflect the developments in our strategic priorities and Board discussions on principal and emerging risks.

The pandemic risk has been removed as a separate Group principal risk and incorporated as part of the employee and contractor health and safety risk, though it is part of the risk consideration embedded in all the principal risks.

The Group is making progress towards our MAP2030 commitments. Further details of our performance in this regard can be found on page 44. Consequently, the climate change risk was derated due to the assessed impact on Mondi after climate mitigation and adaptation initiatives are considered. The assessment is supported by the Group's capital investment programme which is focused on growing capacity through more sustainable means of production and is designed to help us meet our science-based Net-Zero targets.

The tax risk was derated with an assessed decrease in both impact and likelihood. The assessed derating is supported by initiatives taken in recent years to reduce complexity in our legal structure and the Group's risk occurrence track record.

During the year, the risk to energy security and related input costs was derated with an assessed decrease in both impact and likelihood. Stabilisation of European energy markets, which are adapting to the impact of the war in Ukraine and a high inflationary environment, and a proven operational and financial performance through a period of energy price and supply volatility in 2022 and 2023 support confidence in the Group's risk mitigating and planning activities. Additionally, during the year the Group implemented initiatives to further reduce dependence on natural gas to operate our mills.

Emerging risks

The Board continues to highlight the execution of major capital expenditure projects as an emerging risk. The emerging risk is managed through mitigating activities, such that the residual risk exposure is not considered significant.

All capital expenditure projects are planned in detail with contingency plans in place in order to avoid cost overruns and design and building defects, and to ensure employee and contractor safety. Post-investment reviews are conducted on major capital expenditure projects to evaluate the project execution against the original plan and identify lessons learnt. We will continue to monitor potential risks relating to executing major capital expenditure projects in the year ahead.

Risk appetite

A review of the Group's approach to the assessment of risk appetite was performed during the year. The review considered various risk appetite methodologies and settled on an optimal approach which enables risk owners to use and own the risk appetite in a practical manner. The Group utilises a four-point risk appetite rating scale against which the residual risk of each principal risk can be considered. Where a difference is identified between the risk appetite and residual risk rating, the risk owner provides an explanation for and a chosen approach to address the differential to the Executive Committee and the Board.

The Board, in combination with the Audit Committee, is satisfied that the review performed has enhanced the Group's approach to risk management.

Principal risks continued

Our principal risks

			Risk owner	Link to strategy
Strategic	1	Industry productive capacity	Executive Committee	
	2	Product substitution	Executive Committee	
	3	Fluctuations and variability in selling prices or gross margins	Executive Committee	
	4	Country risk	Executive Committee	
	5	Climate change risks	Group Head of Sustainable Development	
Financial	6	Capital structure	Group CFO	
	7	Currency risk	Group Treasurer	
	8	Tax risk	Group Head of Tax	
Operational	9	Cost and availability of raw materials	Executive Committee	
	10	Energy security and related input costs	Group Head of Operations	
	11	Technical integrity of our operating assets	Group Head of Operations	
	12	Environmental impact	Group Head of Sustainable Development	
	13	Employment and contractor health and safety	Group Head of Safety & Health	
	14	Attraction and retention of key skills and talent	Group HR Director	
	15	Cyber security risk	Chief Information Officer	
Compliance	16	Reputational risk	Executive Committee	

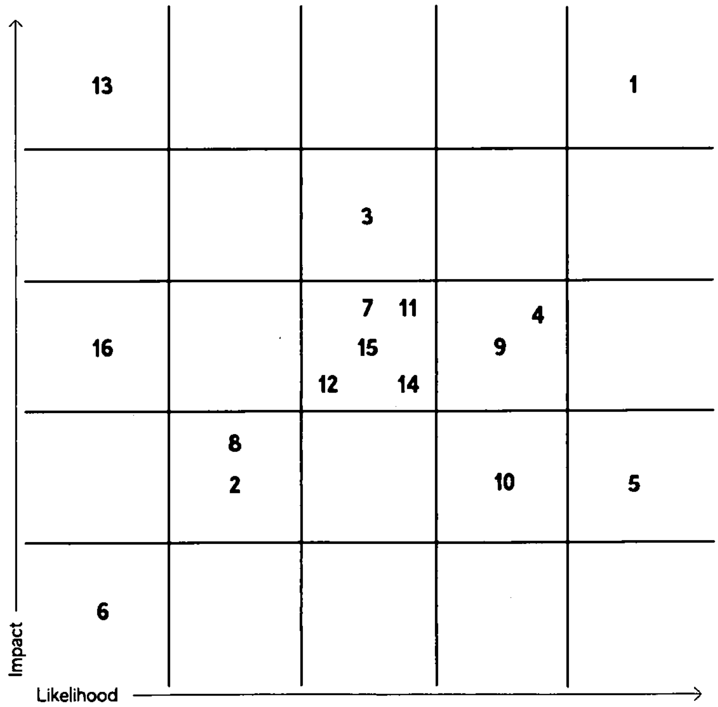
Link to strategy
Our principal risks, independently or in combination, may impact the Group's ability to deliver on its strategy. The above table indicates the components of our strategy that are most likely to be impacted as a result of each principal risk and are defined below:

- Drive value accretive growth, sustainably
- Drive performance along the value chain
- Invest in assets with cost advantage
- Inspire our people
- Partner with customers for innovation

Group risk map

The risk map presents our principal risks based on a risk exposure score which assigns a higher weighting to the impact of a risk event than to the perceived likelihood. This emphasises the prioritisation and escalation of risks that could have the greatest impact to our business. The principal risks reflected on the risk map are updated annually, with the movement of risks reflecting changes to principal risks during the year.

Risk movement in the year:
5 8 10



Strategy key

Driving value accretive growth, sustainably

Drive performance along the value chain

Invest in assets with cost advantage

Inspire our people

Partner with customers for innovation

Risk trend key

Increased

No change

Decreased

Strategic risks

1 Industry productive capacity

Description

- Market supply/demand balance is impacted by large incremental new capacity additions.
- Unless market growth exceeds capacity additions, excess capacity may lead to lower selling prices.
- Plant utilisation levels are the main driver of profitability in paper mills.
- Investments in newer technology may lower operating costs and provide increased product functionality, particularly relevant in the converting businesses, which can increase competition and impact margins.

Key mitigation

- Monitor industry developments in terms of changes in capacity and utilisation levels both short and long term, as well as market trends and trade flows in our product markets, enabling us to establish target capacity utilisation levels in the short term and to evaluate capital investment projects in the long term.
- Strategic focus on owning cost-advantaged assets, with consistent investment to secure our competitiveness, coupled with increasing our exposure to structurally growing packaging markets.
- Partnering with our customers for innovation, developing sustainable and responsibly produced products.
- Continuous focus on operational performance, quality, customer relationships and service, including developing and applying digital platforms to drive performance in our operations and improve customer reach.
- Maintaining strong relationships with machine suppliers to identify current market developments and technologies, coupled with a routine review of our asset portfolio and capacity utilisation levels to identify underperforming assets and take decisive action to drive performance.

Risk owner

Executive Committee (oversight CEO)

Risk trend

Link to strategy

2 Product substitution

Description

- Changes in consumer preferences and socio-economic and demographic trends can affect the demand for packaging and paper products in general, and demand for specific grades of our products in particular.
- Substitution can be to a different packaging or paper substrate or to a different solution meeting the same need.
- With increased public awareness of sustainability challenges and our customers' focus on sustainable packaging, on balance, our business faces more opportunities than risks, underpinned by the transition to more sustainable solutions, although there could be pressures on certain areas of our portfolio.
- Product substitution trends, many of which benefit Mondi, are, for example: replacing plastic-based with paper-based packaging, moving to mono-material recyclable plastic packaging solutions, lighter weighting of products, increasing the recycled content in packaging, demand for certified and responsibly produced materials and the impact of digital media on uncoated fine paper demand.
- The EU's Packaging and Packaging Waste Regulation (PPWR) might further influence product substitution.

Key mitigation

- A wide portfolio of paper-based and flexible plastic-based solutions provides protection from the effects of substitution.
- Engagement with customers and consumers to help understand and drive a more sustainable approach to their packaging requirements.
- Development of sustainable, competitive and cost-effective products.
- Continuous focus on products enjoying positive substitution dynamics and growing regional markets.
- Regular monitoring of trends and new developments in our product markets.
- Continued collaboration with stakeholders across the value chain such as the Ellen MacArthur Foundation, CEFLEX and Cepi.
- Providing product impact and life cycle analysis insights to customers through our Product Impact Assessment tool, product carbon footprints and other expert analysis on trade-offs.

Risk owner

Executive Committee (oversight CEO)

Risk trend

Link to strategy

Principal risks continued

Strategic risks continued

3 Fluctuations and variability in selling prices or gross margins

Description

- Price fluctuations in our key paper products can have material profit and cash flow implications.
- Selling prices are determined by changes in capacity and demand for our products, which are, in turn, influenced by macroeconomic conditions, competitive behaviour, consumer spending preferences and inventory levels maintained by our customers.
- Changes in prices differ between products and geographic regions, and the timing and magnitude of such changes have varied significantly over time.
- Gross margins in our converting operations are impacted by fluctuations in key input costs, such as paper, which cannot be passed on to customers in all cases.

Key mitigation

- Strategic focus on higher growth markets and products where we enjoy a competitive advantage through innovation, proximity or production cost.
- Continued investment in our high-quality, cost-advantaged asset base, ensuring we maintain our competitive cost position while developing businesses in higher growth markets with better long-term fundamentals.
- Exposure to price volatility of key input costs is reduced by our high levels of vertical integration.
- Financial policies and contract structures take the inherent price volatility of the markets in which we operate into consideration.
- Ongoing monitoring of current market fundamentals, market demand trends and market prices, enabling evaluation of price expectations in the short term and increased understanding of long-term trends.
- Continuous monitoring of our order intake to identify changing trends and developments in our own product markets.
- Frequent review of gross margin development in order to monitor price pass through to customers.

Risk owner

Executive Committee (oversight CEO)

Risk trend

Link to strategy

4 Country risk

Description

- The Group operates in a number of countries with differing political, economic and legal systems. In some countries, such systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, changes in laws, nationalisation, or expropriation of assets may have a material effect on our operations in those countries.
- The current macroeconomic environment is impacted by a number of uncertainties, including the effects of increased protectionism, use of trade tariffs and economic sanctions.
- In South Africa, the Group is subject to land claims and could face adverse land claim rulings.
- Sustained higher inflation is evident in many economies. Türkiye is experiencing a hyperinflationary economic environment.
- In Egypt, foreign currency is prioritised to pay for essential goods resulting in difficulties to source foreign currency to pay our foreign suppliers.

Key mitigation

- Our geographic diversification and decentralised management structure reduce our exposure to any specific jurisdiction. Our operational management teams have strong localised operational experience.
- Capital and debt are structured in each country based on assessed risks and exposures in order to mitigate the effect of country specific risks.
- Regular review of our sales strategies to ensure compliance with trade restrictions and sanctions and to mitigate export risk in countries with less predictable environments and, where possible, obtaining credit insurance.
- Country specific risk premiums are approved by the Board to be added to the required returns on investment projects in those countries where risks are deemed to be higher; new investments are subject to rigorous strategic and commercial evaluation.
- Maintain a permanent internal audit presence and operate asset protection units in large operations in higher risk locations.
- In South Africa, we continue to engage with government on land matters and monitor how the expropriation bill will be implemented. The Group has settled a number of land claims structured as sale and leaseback arrangements, which provide a framework for settling future land claims.
- Regular formal and informal interaction with government officials, local communities and business partners helps us to remain abreast of changes and new developments.

Risk owner

Executive Committee (oversight CEO)

Risk trend

Link to strategy

Strategic risks continued

5 Climate change risks

Description

- Climate change risks will likely impact our business in the medium and long term.
- The energy we require to manufacture our products results in Scope 1 and Scope 2 greenhouse gas (GHG) emissions. Our value chain emissions contribute to our Scope 3 emissions.
- Fibre is the main raw material for our products and forests are an important carbon store, with sustainably managed forests supporting a circular bioeconomy.
- Customers and consumers are concerned about the consequences of climate change and are looking for solutions produced from renewable materials and reduced carbon footprints. Investors are increasingly focused on the climate impact of their portfolios.
- Our climate change risks include transition and physical risks. Transition risks include regulatory risks, for example GHG emissions, regulatory changes and energy supply cost volatility due to changes in future energy supply mix. Physical risks include the impact of water shortages due to drought or changing precipitation patterns and increased costs driven by a shortage of wood supply in the long term due to physical impacts such as droughts, pests and diseases.

Key mitigation

- Reducing our GHG emissions through a combination of capital investment and ongoing efficiency programmes to improve our energy efficiency, increasing the use of biomass-based fuels and decreasing carbon-intensive energy sources.
- Sourcing our wood from diverse regions and forest types mitigates the potential impacts of climate change on our wood fibre raw material, particularly in Europe. In South Africa, we continue to investigate and select trees which require less water and are more resistant to pests and disease.
- Monitoring and measuring our impact on climate change, reporting and having our GHG emissions and energy usage independently assured.
- Committing to transition to Net-Zero in line with a 1.5°C scenario by 2050 and working on reducing our emissions in line with our approved SBTi targets across Scope 1, 2 and 3 emissions.
- Investigating and reporting on climate change risks and opportunities in adherence to internationally accepted recommendations, such as those published by the FSB's TCFD.

TCFD
Pages 55-64

Risk owner
Group Head of Sustainable Development

Risk trend

Link to strategy

Financial risks

6 Capital structure

Description

- A strong and stable financial position enables strategic flexibility and provides the ability to take advantage of opportunities.
- Our ability to raise debt and/or equity financing is significantly influenced by general economic conditions, developments in credit markets, equity market volatility and our credit rating.
- Failure to obtain financing at reasonable rates could prevent us from realising our strategy and have a negative impact on our competitive position.

Key mitigation

- Maintaining strong investment grade credit metrics provides access to global debt capital markets.
- Our central Treasury function operates under a Board-approved treasury policy, targeting investment grade credit ratings and with access to diverse sources of funding with varying maturities.
- The majority of our external debt is issued centrally.
- Regular reporting to the Board on our treasury management policies.
- Compliance with treasury policies is monitored and we engage external advisers to review the Treasury function at regular intervals.

Risk owner
Group CFO

Risk trend

Link to strategy

7 Currency risk

Description

- We are exposed to the effect of changes in foreign currency rates; the impact of currency fluctuations affects us because of mismatches between the currencies in which our operating costs are incurred and those in which revenues are received.
- Key operating cost currencies that are not fully offset by local currency denominated revenues include the South African rand, Polish zloty, Czech koruna and Swedish krona, while the fluctuations in the US dollar, British pound and Turkish lira can also have a material impact as our revenues in these currencies are greater than operating costs incurred.
- Appreciation of the euro compared with the currencies of the other key paper-producing regions or paper pricing currencies, notably the US dollar, reduces the competitiveness of Mondi products in Europe compared with imports, which can result in lower revenues and earnings.

Key mitigation

- Hedging is utilised for balance sheet exposures and material forecasted capital expenditures upon identification.
- Diversification of the Group's currency exposure creates natural hedges, and as such we do not hedge our exposure to projected future sales or operating costs and our businesses respond to adverse currency fluctuations by increasing selling prices or increasing exports where competitiveness improves as operating currencies weaken; entities also borrow in their local currencies to minimise translation risk.
- Continuous monitoring of exchange rate movements and sensitivities, and evaluation of the impact of exchange variances on our results.
- Regular review of our prices and monitoring of import and export trade flows.

Risk owner
Group Treasurer

Risk trend

Link to strategy

Principal risks continued

Financial risks continued

8 Tax risk

Description

- There is an increasing disclosure compliance burden in the international tax environment, requiring increasing transparency and reporting and in-depth scrutiny of the tax affairs of multinational companies, such as the Global Reporting Initiative's tax reporting standard.
- We make significant intra-group charges, the basis for which is subject to review during tax audits.

Key mitigation

- A Board-approved Group tax strategy is reviewed annually.
- Appropriate and attentive management of our affairs, with operations structured tax efficiently to benefit from available incentives and exemptions.
- Dedicated tax resources throughout the Group supported by a centralised Group tax team.
- Arm's length principles are applied in the pricing of all intra-group transactions in accordance with Organisation for Economic Co-operation and Development (OECD) guidelines.
- External advisory opinions are obtained where relevant, including major projects such as acquisitions and restructuring activities.
- Regular engagement with external advisers to stay up to date with changes in tax legislation and tax practice.

Risk owner

Group Head of Tax

Risk trend

Link to strategy

Operational risks

9 Cost and availability of raw materials

Description

- We use significant amounts of wood, pulp, paper for recycling, polymers and chemicals in our production processes, meaning access to these raw materials is essential to our operations.
- The prices for many raw material inputs fluctuate in correlation with global commodity cycles.
- Wood prices and availability may be adversely affected by reduced quantities of available suitable wood supply due to increased frequency of severe weather events, changes in rainfall, increased pest and disease outbreaks, increased use of wood as biofuel, alternative use of wood for heating and changes in demand for wood as a building material.
- Climate change will create long-term structural changes to the pricing and availability of wood, with temperature and precipitation changes resulting in a geographic shift of optimal forest growth areas, and an impact from forest-related legislative policies, particularly in the EU.
- Force majeure events can influence raw material supply and pricing, directly affecting the market production and supply balance.

Key mitigation

- We are committed to acquiring our raw materials from responsible sources and avoiding the use of any controversial or illegal supply. Our Responsible Procurement process helps us to assess and evaluate the performance of our suppliers and their adherence to our policies.
- Multi-stakeholder processes address challenges in meeting demand for sustainable fibre; we encourage legislation for the local collection of recycled materials.
- Our operations use multiple suppliers and a centralised procurement team works closely with our operations in actively pursuing longer-term agreements with strategic suppliers; in Europe, wood is sourced from diverse regions and forest types to mitigate the potential supply impacts of unforeseen events. We source wood from our own managed forests in South Africa.
- Strong relationships with suppliers of critical raw materials enable higher volume allocation in times of shortages, and a safety stock programme facilitates exchange of raw materials within our plant network.
- Where relevant, indexation clauses in revenue contracts allow the pass-through of major raw material price movements.
- Wood and pulp suppliers are assessed as part of our Due Diligence Management System which addresses the main legal and sustainability risks.
- In South Africa, we have tree improvement programmes to produce stronger trees; fire prevention and firefighting capacity are integrated into a fire management system with local Fire Protection Associations and neighbouring operations.

Risk owner

Executive Committee (oversight CEO)

Risk trend

Link to strategy

Operational risks continued

10 Energy security and related input costs

Description

- Availability of sufficient and reliable energy supply is a key focus area; as the transition to cleaner energy sources accelerates, accompanied by increased regulation, the energy supply portfolio is undergoing long-term changes, such as an increase in demand for renewable energy and an increase in carbon taxes, which increases the risk of more volatile pricing as well as potential for severe energy interruptions.
- Security of supply of gas is subject to political pressures and could be intermittent, while renewable energy sources, such as wind and solar, are subject to unpredictable physical weather patterns. Competition for sources of renewable energy, such as biomass, causes cost and availability pressures.
- Rapid increases in fuel and energy costs represent higher direct costs to the Group as well as for our suppliers, which in turn may seek to increase prices which may be difficult to pass on to customers and could cause a contraction of gross margins.
- Income from the sale of renewable energy, either from sales of certificates, subsidies or sales of renewable energy to the grid, represents a source of income for various pulp and paper mills and is subject to both volatility in price and regulatory changes.
- Availability of sufficient and reliable electricity supply in South Africa remains a concern and above inflationary increases are virtually certain.

Key mitigation

- Investment in improvements to our energy profile and increased electricity self-sufficiency, including the use of renewable energy sources, strengthens the energy efficiency of our operations while reducing ongoing operating costs and carbon emission levels.
- Where we generate electricity surplus to our own requirements, we may sell such surplus externally; we also generate income from the sale of green energy credits in certain of our operations at prices determined in the open market.
- Optimised use of biomass-based fuels enables reduced use of fossil-based energy sources, such as carbon-intensive coal.
- Energy costs are closely monitored and benchmarked against external sources and we monitor our electricity usage, carbon emission levels and use of renewable energy; most of our larger operations have high levels of electricity self-sufficiency.
- Monitoring of renewable energy market fundamentals and changes in legislation supported by contact with local energy regulators.
- Detailed compliance assessments regarding Industry Emissions and Energy Efficiency Directives to determine future investment requirements.

Risk owner

Group Head of Operations

Risk trend

Link to strategy

11 Technical integrity of our operating assets

Description

- Our four major mills, Świecie (Poland), Štětí (Czech Republic), Ružomberok (Slovakia) and Richards Bay (South Africa), account for approximately 70% of our total pulp and paper production capacity. If operations at any of these key facilities are interrupted for any significant length of time, it could have a material effect on our financial position or performance. Our converting operations are spread over a considerably larger number of plants, providing risk diversification.
- Incidents such as fires, explosions or large machinery breakdowns, or the inability of our assets to perform the required function effectively and efficiently while protecting our people, the business, the environment and stakeholders, could result in property damage, loss of production, reputational damage, and/or safety and environmental incidents.
- Regular maintenance and project-related shuts can experience delays in start-up and ramp-up due to reliance on external suppliers and contractors for engineering services and equipment supplies.

Key mitigation

- A capital investment programme supports the replacement of older equipment to improve both reliability and integrity, and our proactive repair and maintenance approach is designed to improve production reliability and minimise breakdown risks.
- Detailed risk assessments of high-priority equipment are conducted with specific processes and procedures in place for the ongoing management and maintenance of such equipment.
- Production optimisation throughout the organisation by learning from our best performing operations and identifying emerging issues early.
- Digital initiatives utilising advanced analytics, machine sensors and process automation enable improved operational efficiency and asset utilisation.
- All incidents are actively monitored with a formal reporting process which allows us to share lessons learned across our operations, identify emerging issues, conduct benchmarking, and evaluate the effectiveness of our risk reduction activities.
- External experts perform technical integrity assessments at our major sites and enhance our engineering and loss prevention competencies and capabilities.
- A Fire Protection programme supported by external experts and independent loss prevention audits with property insurance cover for key risks.

Risk owner

Group Head of Operations

Risk trend

Link to strategy

Principal risks continued

Operational risks continued

12 Environmental impact

Description

- Our operations require water and energy and generate emissions to air, water and land. We are subject to a wide range of environmental laws and regulations, as well as the requirements of our customers and expectations of our broader stakeholders. Costs to meet compliance requirements, such as Best Available Techniques (BAT), potential restoration and soil and groundwater clean-up activities, and increasing costs from the effects of emissions could have an adverse impact on our profitability.
- The availability of water in water scarce and stressed areas could pose a risk to continuing to operate our production facilities to their full potential.
- As we purchase significant amounts of wood and fibre on the market and manage plantation forestry landholdings in South Africa, a decline in ecosystem functions and loss of biodiversity could impact the natural resources that we rely on.

Key mitigation

- Compliance with all applicable environmental requirements where we operate and with our own policies and procedures, at or above local policy requirements, supported by externally accredited environmental management systems.
- A clean production philosophy to address the impact from emissions, discharge and waste.
- Conducting water stewardship assessments to address risks related to water scarcity, and promotion of equitable use of water resources among local stakeholders wherever we operate.
- Specialist internal networks share best practices and comprehensively report and investigate major environmental incidents to avoid reoccurrence.
- Monitoring and reporting of our environmental performance indicators against our targets, with our Scope 1 and 2 GHG emissions independently assured to a reasonable assurance level and Scope 3 receiving limited assurance.
- Biodiversity assessments at our manufacturing and forestry operations to evaluate our impact on biodiversity and ecosystems, and action plans to manage impacts.

Risk owner

Group Head of Sustainable Development

Risk trend

Link to strategy

13 Employee and contractor health and safety

Description

- Accidents, incidents and exposure to occupational health hazards, such as noise and stress, may cause injury or harm to employees and contractors, property damage, lost production time, and/or harm to our reputation.
- Risks include fatalities, serious injuries, occupational diseases, substance abuse and instances of violent crime in some jurisdictions.
- General health and mental health risks were heightened by the pandemic.

Key mitigation

- Continuous improvement of safety standards through monitoring incidents, major close calls and recordable case rates to transfer learnings across our operations with the goal of sending everybody home safely every day.
- Embedded safety management systems including, among others, risk assessments, safety procedures and controls.
- Continuous focus on improving our 24-hour safety mindset and developing the desired safety culture as well as focusing on the Social Psychology of Risk.
- An Employee Assistance Programme and wellness initiatives are offered across the countries in which the Group operates in order to help employees with general health and mental health concerns.
- Continuously engineer out the most significant risks in our operations, supported by robust controls and procedures for operating those assets and conducting related tasks.
- Our Permit to Work methodology across the Group supports us to achieve our safety targets.
- Extensive training to ensure that performance standards and practice notes are communicated and understood and our incentives are impacted by the non-achievement of safety milestones (lag indicators) as well as achievement of lead indicators.
- We apply externally accredited safety management systems, with continuous benchmarking against global safety standards, and conduct regular audits of our operations to ensure our facilities remain fit-for-purpose.

Risk owner

Group Head of Safety & Health

Risk trend

Link to strategy

Operational risks continued

14 Attraction and retention of key skills and talent

Description

- Access to the right skills, particularly management and technical skills, is critical to support the performance and growth of our business.
- Operations in remote locations or highly competitive markets make attracting and retaining skilled employees challenging.
- Losing skills or failing to attract new talent to our business has the potential to undermine our ability to drive performance and deliver on our strategic objectives.
- The economies of Western Europe and the United States are seeing an ageing workforce which could present challenges in the future. Socio-political issues in South Africa result in skilled workers looking to emigrate.

Key mitigation

- Our culture and values play a key role in empowering and inspiring our people throughout our operations.
- We have a zero tolerance policy towards discrimination and we provide equal opportunities for all employees.
- The setting of ambitious sustainability commitments which supports our reputation and which assists in attracting and retaining our people.
- Investment in employer branding, fair and transparent recruitment practices and having diversity and inclusion, labour and human rights policies in place.
- Competitive compensation levels are maintained through benchmarking and we continue to support and invest in Group-wide as well as local training programmes.
- Implemented measures to monitor and manage succession planning, staff turnover, internal placements and training.
- Performed 360° feedback at a management level and regularly conduct performance and development reviews at a local level.
- A Group-wide Employee Survey approximately every two years and regular pulse surveys provide employee engagement and feedback.
- Through a confidential reporting platform, SpeakOut, employees and external stakeholders can raise concerns about conduct that may be contrary to our values.

Risk owner

Group HR Director

Risk trend

Link to strategy

15 Cyber security risk

Description

- The Group could experience targeted and untargeted cyber-attacks as cybercrime continues to increase and attempts are increasingly sophisticated.
- More employees are working remotely, placing pressure and further reliance on our IT systems, increasing data processing requirements and providing new channels for cyber-attacks.
- The consequences of successful attacks include compromised data, financial fraud and system shutdowns.

Key mitigation

- A comprehensive IT Security Policy approved by the Board.
- Extensive training and awareness programmes are provided for all our users.
- IT infrastructure is regularly tested and our systems are based on well-proven products.
- Regular threat assessments utilising external providers.
- The Group's core IT services are ISO 27001 certified.
- Established incident response and business contingency plans are in place.

Risk owner

Chief Information Officer

Risk trend

Link to strategy

Compliance risk

16 Reputational risk

Description

- Non-compliance with the legal and governance requirements and globally established responsible business conduct in any of the jurisdictions in which we operate and within our supply chain could expose us to significant risk if not actively managed.
- Failure to successfully manage relationships with our stakeholders could disrupt our operations and adversely impact the Group's reputation.
- Fines imposed by authorities for non-compliance are severe and, in some cases, legislation can result in criminal sanction for entities and individuals found guilty.
- Areas of weaker governance present the challenge of addressing potential human rights issues in our operations and supply chain; human rights legislation further highlights the need to identify and address potential risks of child labour, forced or bonded labour, modern slavery, human trafficking and other human rights risks in our supply chain.

Key mitigation

- A comprehensive training and compliance programme, supported by self-certification and reporting, with personal sanction for failure to comply with Group policies.
- Engagement with local stakeholders through formal and informal processes.
- Perform screening of our suppliers for sustainability risk in accordance with our Code of Conduct for Suppliers to better align with our risk criteria.
- Continuous assessment of our governance of human rights issues and any potential risks in our operations and supply chain.
- Compliance committees are established at a Group level to monitor the risk relating to trade controls, data protection, competition compliance and business integrity – chaired by the Group CFO with representatives from across the business. Our legal and governance compliance is supported by a centralised legal compliance team and is subject to regular internal audit review.
- We have a confidential reporting platform (SpeakOut), enabling employees, customers, suppliers, communities and other stakeholders to raise concerns about conduct that may be contrary to our values.

Risk owner

Executive Committee (oversight CEO)

Risk trend

Link to strategy

Viability statement

As part of the approval of this Integrated report, the Board has assessed the Group's prospects and viability.

Factors in assessing long-term prospects

The Group's business model and strategy are described in detail on pages 14-19 and 20-21 respectively. Our strategy is to deliver value accretive growth sustainably. We do this by building on the competitive advantages we enjoy today, setting a clear roadmap for investment and operational decisions into the future. Our performance against our strategic objectives is discussed in more detail on pages 22-29.

Mondi's geographical footprint, with around 100 production sites across more than 30 countries, and broad product range help mitigate potential risks of customer or supplier liquidity issues. With our scale, quality asset base, integrated operations and excellent customer proposition, we create value for our stakeholders in line with the Mondi Way.

The Group's financial position, cash flows, liquidity position and borrowing facilities are described in the financial statements. At 31 December 2023, the Group had €754 million of undrawn, committed debt facilities. The weighted average maturity of the Group's committed debt facilities was 2.8 years. The principal loan arrangements are disclosed in note 20 of the financial statements. In addition, the Group had €1,592 million of cash and cash equivalents available, which include proceeds from the disposal of discontinued operations of €806 million.

Assessment of viability

The Board believes that the three years to December 2026 is an appropriate period over which a reasonable expectation of the Group's longer-term viability can be evaluated. In coming to this view, the Board has considered the inherent volatility in selling prices, input costs and exchange rates, the time taken for new investments in pulp and paper production capacity to be introduced into the market, typical new product development cycles, and the Group's capital structure. Given our principal risks, the Board believes that the ability to assess the Group's longer-term viability beyond this period becomes increasingly reduced. For these reasons, three years also represents the period of the Group's formal planning horizon.

The assessment of viability has been based on the Group's continuing operations. Any impact from discontinued operations or proceeds from disposal are fully excluded from the assessment. The net proceeds from the sale of the Group's Russian assets have been returned to the shareholders by way of a special dividend on 13 February 2024 and are hence excluded from the viability assessment.

The Board has considered the Group's current financial position, strategy and plans for the next three years.

The Group's principal risks identified on pages 69-79 have been assessed for their potential impact on the Group's viability over the next three years as part of the risk assessment. Our structurally growing packaging markets are described in more detail on pages 12-13.

The Group's three-year 2024-2026 plan ("budget period") has been tested for severe but plausible downside scenarios. These are summarised in the table at the bottom of this page.

While linked to the Group's principal risks, the scenarios detailed in the table below are hypothetical and designed to test the ability of the Group to withstand such severe outcomes. In an event that a scenario partly or fully takes place, the Group has various options available to maintain liquidity and continue operations. The scenarios modelled are linked to those principal risks which are most likely to occur and have the most significant impact.

The sales volume compression scenario (Scenario 1) was calculated with assumed reductions of up to 11% depending on the relevant product compared with the assumptions in each year of the budget period.

The margin compression scenario (Scenario 2) was calculated with assumed reductions of up to 3% depending on the relevant product compared with the assumptions in each year of the budget period.

Both margin and volume sensitivities have been modelled considering current and potential future market developments.

Wood, gas and electricity prices in our major European operations have been tested in Scenario 3, based on internal management assumptions. The impact of the other input costs, which are usually passed on through higher sales prices in the converting operations, have been excluded from the downside sensitivities, similar to prior years.

Furthermore, in Scenario 4 the currency risk was tested as the wide geographic spread exposes the Group to the potential impact of exchange rate fluctuations. We have evaluated the impact of a weaker US dollar and Turkish lira exchange rates, and stronger other emerging market currencies including the South African rand, relative to the euro. These currencies were chosen as the Group has a significant exposure in them. A 10% weakening and a 10% strengthening of the respective currencies against the euro was applied, based on historical exchange rate developments.

Scenario testing

Scenario modelled		Link to principal risks	
Scenario 1	**Volume compression** Sales volume reduction across pulp and paper mills and converting operations	1 2 11	Industry productive capacity Product substitution Technical integrity of our operating assets
Scenario 2	**Margin compression** Sales prices reduction in pulp and paper mills and gross margin reduction in converting operations	3	Fluctuations and variability in selling prices or gross margins
Scenario 3	**Input costs inflation** Increase in materials, energy, consumables used and variable selling expenses	9 10	Costs and availability of raw materials Energy security and related input costs
Scenario 4	**Currency risk** Volatility in foreign exchange rates	7	Currency risk

While the assumptions we have applied in all four scenarios are possible, they do not represent our view of the likely outcome. Testing was performed for Scenarios 1 and 2 individually and in combination for a duration of three years, as these two scenarios are the ones we consider are most likely to happen in combination. The likelihood of other scenarios happening in combination is considered remote.

We have assessed the impact of these assumptions on the Group's key financial metrics over the assessment period, including profitability, net debt, and net debt to underlying EBITDA.

Based on the results of these scenarios individually and in combination for Scenarios 1 and 2, the Board is satisfied that the Group would be able to respond to such circumstances through various means which could include a reduction and deferral of capital expenditure and further rationalisation and/or restructuring of operations, to ensure that the Group continues to meet its ongoing obligations.

The Group meets its funding requirements from a variety of sources, as more fully described in the financial statements in note 20. The Board is satisfied that the Group will have sufficient liquidity to meet its needs over the Group's formal planning horizon. Testing compliance with financial covenants continues not to be needed as none of the Group's loan agreements has a financial covenant.

While the Group's going concern assessment (as set out below) takes what the directors consider to be a very cautious approach in not assuming any renewal of the Group's Eurobond maturing in April 2024, in part in the context of the short timeframe for that going concern assessment, the Board notes that the Group has a track record of successfully accessing both the bank and debt capital markets for funding, and the Group's management is expecting to be able to refinance the facilities maturing during the viability assessment period. The Board believes that the strong and stable financial position of the Group, supported by a continued strong investment grade credit rating from both Moody's Investors Service (Baa1, outlook stable) and Standard & Poor's (A-, outlook stable), ensures the Group has access to funding through the business cycle. For this reason, for the purposes of assessing viability over a longer period, the assessment was carried out against the Group's committed debt facilities on the assumption that the Group's €500 million Eurobond maturing in April 2024 and €600 million Eurobond maturing in April 2026 will be refinanced.

Taking into account the Group's strategy, principal risks and the results of the downside scenario assessments, and on the assumption that over the extended viability assessment the Group will continue to be able to successfully refinance its debt as it has done it historically, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the viability assessment.

Going concern

The directors have reviewed the Group's budget and considered the assumptions contained in the budget, including consideration of the principal risks which may impact the Group's performance in the 18 months following the balance sheet date and considerations of the period immediately thereafter.

The assessment of going concern has been based on the Group's continuing operations. Any impact from discontinued operations or proceeds from disposal are fully excluded from the assessment. The net proceeds from the sale of the Group's Russian assets have been returned to shareholders by way of a special dividend on 13 February 2024 and are hence excluded from the going concern assessment.

The Group has a strong balance sheet. At 31 December 2023, the Group had a liquidity position of €2,346 million, comprising €754 million of undrawn committed debt facilities and cash and cash equivalents of €1,592 million available, which included proceeds from the disposal of discontinued operations of €806 million. As the Group's debt facilities and loan agreements contain no financial covenants, in performing its going concern assessment the directors have focused on liquidity, which was adjusted to exclude the net proceeds from the disposal of discontinued operations, given that these were distributed to shareholders by way of a special dividend in February 2024.

The current and possible future impact from the macroeconomic environment on the Group's activities and performance has been considered by the Board in preparing its going concern assessment. The base case forecasts for the Group, being those arising over the 18 month going concern assessment period as reflected in the Group's 2024-2026 plan, were sensitised to reflect a severe but plausible downside scenario on Group performance.

The scenario testing assumed severe but plausible volume and margin reductions happening in combination (consistent with the sensitivities described in Scenarios 1 and 2 in the viability statement) and was carried out against Mondi's current committed debt facilities, and on the assumption that the Group's €500 million Eurobond maturing in April 2024 will not be refinanced. However, the Group has a track record of successfully accessing both the bank and debt capital markets for funding and is expecting to be able to refinance the facilities if needed (which is consistent with the assumption applied in the longer-term viability assessment).

In the severe but plausible downside scenario, including no assumed refinancing of the Group's debt, the Group has sufficient liquidity headroom through the whole period covered by the going concern assessment.

In addition to its modelled downside going concern scenario, the Board has reverse stress tested the model to determine the extent of downturn which would result in no liquidity headroom. A decline of 48% to the planned underlying EBITDA in the period until 30 June 2025, well in excess of that contemplated in the severe but plausible downside scenario, would need to persist throughout the observed period to result in no liquidity headroom, which is considered very unlikely. This reverse stress test also does not incorporate mitigating actions such as reductions and deferrals of capital and operational expenditure or cash preservation responses, which the Group would implement in the event of a severe and extended revenue decline.

Following its assessment, the directors have formed a judgement, at the time of approving the Integrated report and consolidated financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the Integrated report and financial statements 2023.

Chair's introduction

How has our governance framework supported our progress in 2023?

Governance

Dear fellow shareholder

This report provides you with a more detailed look at our approach to governance, how it facilitates the achievement of our purpose and strategy, and the Board's key focus areas during the year.

While 2023 was a year of ongoing economic and geopolitical uncertainty, Mondi's well-established and robust governance framework continued to support the Board in its decision-making, allowing it to lead the Group with integrity and to keep our purpose and values at the forefront, addressing the challenges this uncertainty presented.

Effective governance and a culture of transparency, openness and respect among Board members and senior managers continued to provide the foundation for discussions and decision-making in the boardroom. They remain key to ensuring the long-term sustainable success of our business, ensuring that the Board operates effectively and that the voices of our stakeholders are heard during the Board's deliberations.

Board composition

Ensuring that the composition of the Board continues to give us the breadth and diversity of knowledge, skills and experience we need to achieve our purpose and deliver our strategy is crucial and remains under the constant scrutiny of the Nominations Committee.

As outlined in last year's report, I am pleased to confirm that Anke Groth joined the Board as an independent non-executive director in April 2023. Anke's appointment followed a search focused on strengthening the level of relevant financial experience on the Audit Committee, and it is already clear that Anke has been a strong addition to the Board, bringing new perspectives and insight.

The Nominations Committee continues to focus on succession planning, not only at Board level, but also at senior management level, assessing the critical skills required by the Group and how we prepare for succession to key roles. More information on the Nominations Committee's work in this respect can be found on page 106.

Effective governance and a culture of transparency, openness and respect remain key to ensuring the long-term, sustainable success of our business.

Philip Yea
Chair

Our people

The safety and health of our workforce continues to be a priority for the Board and is always high on the agenda at every meeting. While Mondi's strong safety culture is deeply embedded across the organisation, we were deeply saddened by the fatality of a contractor at our Ružomberok mill (Slovakia) during the second half of the year, and the four life-altering injuries we experienced in our operations.

Our thoughts go out to those involved, and to their families, friends and work colleagues. Every effort is made to understand the circumstances, identify root causes and implement actions to minimise the risk of a reoccurrence of such tragic incidents. We also look to ensure that all the necessary support is provided following any serious safety incident, whether that be support to the families and work colleagues of those affected, or to enable those injured to return to work.

Acknowledging the role that mindset and culture play in many of the safety incidents that occur, our approach to safety is increasingly focused on the Social Psychology of Risk, and the measures we can take to drive continuous improvement in our safety performance. This is a key focus for the Sustainable Development Committee, and it is pleasing to hear that safety is regularly raised by employees as a topic for discussion during the employee engagement meetings undertaken by Sue Clark, our nominated Board member for employee engagement, underlining the prominence given to safe behaviour across the business. More information regarding the actions we are taking to improve safety can be found on page 50.

More broadly, the Board continued in its efforts to further its understanding of the views of Mondi's employees, taking the opportunity to engage with a cross-section of employees during site visits, and using the results of our latest Group-wide Employee Survey to give us insight into current sentiment across the organisation.

Sue continued to undertake engagement in a variety of formats, using these opportunities to discuss a wide range of issues, including safety, culture, innovation, talent development and retention. The insights we get from such face-to-face engagement with employees are valuable and we will continue to focus on offering transparent and open forums in which employees can express their views. More information relating to engagement undertaken during the year can be found on pages 92-93.

Details of our engagement with our key stakeholders more broadly, and how we consider their interests during decision-making, recognising the responsibility we have as a Board in this respect, can be found on pages 38-41 in our Section 172 statement.

How we comply with the UK Corporate Governance Code

Mondi aims to comply with the principles and provisions of the July 2018 edition of the UK Corporate Governance Code issued by the Financial Reporting Council (available at www.frc.org.uk).

It is the view of the Board that Mondi has applied the principles, and complied with the provisions, of the UK Corporate Governance Code throughout the year.

The Governance report is structured according to the sections of the UK Corporate Governance Code 2018 in order to clearly demonstrate how we have applied the principles.

The Board notes the publication of revisions to the UK Corporate Governance Code in January 2024. Consideration is being given to the revisions and any changes to our practices required as a result.

Chair's introduction continued

SpeakOut

The Group has an anonymous whistleblowing and grievance platform called 'SpeakOut', operated by an independent third party.

SpeakOut, monitored by the Internal Audit function and overseen by the Board and Audit Committee, is a simple, accessible and confidential platform through which our employees, customers, suppliers and other stakeholders can raise concerns about any unethical practices and conduct contrary to Mondi's values. The service is fundamental to ensuring the confidence of our employees and other stakeholders in our culture and values.

Any type of concern can be raised via SpeakOut. The Board and Audit Committee receive regular reports of SpeakOut messages received and ensure that appropriate investigation into each message has been undertaken and responses given, with actions taken where any allegation proves to have some foundation.

The reports allow the Board to identify any particular trends and common issues, with messages classified into categories including HR-related concerns, business integrity issues and environmental and safety topics, and to consider whether any changes to Mondi's risk management processes are required as a result.

The effectiveness of the SpeakOut platform is kept under regular review. More information about SpeakOut and Mondi's approach to anti-bribery and corruption in particular can be found on page 68.

Strategy and long-term sustainability

The long-term sustainability of Mondi's strategy and the ability to achieve our purpose continued to provide the central tenets of the Board's discussions during the year. The strategy is regularly challenged, particularly during times of uncertainty, to ensure it remains appropriate for our stakeholders and is achievable in the long term. We are conscious that our strategy needs to evolve as external conditions change and our understanding of the impacts of our business is refined.

The Board's annual in-depth review of Mondi's strategy was undertaken in this context, with discussions focusing on key drivers, including changing demand for sustainable packaging and eCommerce solutions. There was also particular focus on our growth capital investment programme, with the Board closely monitoring the progress of a number of our large capital expenditure projects during the year, more details of which can be found on page 26.

Sustainability remains at the centre of Mondi's strategy and so these discussions were undertaken with this in mind. During the year, the Sustainable Development Committee, on behalf of the Board, spent time considering a wide range of issues, including safety, diversity and inclusion, climate-related risks and opportunities, our progress towards science-based greenhouse gas emissions reduction targets, product stewardship and our Responsible Procurement process.

The work being undertaken across the organisation aimed at understanding and managing these issues is extensive, and a thorough understanding of this at Board level is central to good decision-making.

The deliberations of the Sustainable Development Committee, the meetings of which are normally attended by every Board member, provide the Board with valuable insight, and ensure the Board is in the best position possible to take decisions that may affect our broad range of stakeholders.

Further information on the strategy review can be found on page 99, and details of the work of the Sustainable Development Committee can be found on pages 119-121.

Looking forward

As we go into 2024, it is clear that the external challenges facing businesses will continue, and that scrutiny of the impact we have on our environment and society will only increase. The duty we have as a Board to ensure that we take action to manage these impacts therefore remains as important as ever. I am confident that Mondi has the right governance framework and culture in place to meet this duty, while, at the same time, supporting the achievement of our strategy and purpose, to enable our stakeholders to achieve their ambitions, and to secure the long-term sustainable success of the business.

I would like to thank everyone across the organisation for their work during 2023, and I look forward to discussions and engagement with our stakeholders during 2024.

Philip Yea
Chair

Board of directors

The directors holding office at the date of this report, together with their biographical details and an explanation of the skills and experience they bring to the Board, are set out below.

See biographies
Page 86

Composition of the Board

Chair	10 %
Executive directors	20 %
Independent non-executive directors	70 %

Diversity of the Board

Male	60 %
Female	40 %

Independent non-executive director tenure

0-3 years	5
3-6 years	1
6-9 years	1

Nationalities represented on the Board

South African	2
British	5
German	1
French	1
Norwegian	1

Board of directors continued

1 Philip Yea
Chair

Appointed to the Board
April 2020 and as Chair in May 2020

Independent
Yes (on appointment)

Committee memberships
Nominations (Chair), Remuneration

Qualifications
Graduated with an MA in Modern Languages from Oxford University, Fellow of the Chartered Institute of Management Accountants (UK)

Skills and experience
Philip has extensive listed company experience, both as an executive and non-executive director, across a range of sectors. His broad industry background and knowledge of operating within large, international corporates, as well as his significant leadership experience, bring valuable insight to the Board and are relevant to the future growth and development of Mondi.

Philip's experience and knowledge of UK listed companies underpins the Board's commitment to delivering best practice corporate governance.

Philip started his career as a graduate trainee at Perkins Engines before holding a range of finance roles at companies including Mars Ltd and Guinness plc, becoming Group Finance Director of Diageo plc on its creation in 1997. He was a managing director at Investcorp from 1999 to 2004, leaving to become CEO of 3i Group plc, a role he held until 2009.

He has held a number of non-executive roles, including Chair at Equiniti Group plc, Greene King plc and bwin.party digital entertainment plc; Senior Independent Director at Vodafone Group plc, Manchester United plc and Computacenter plc; and non-executive director at Marshall of Cambridge (Holdings) Ltd, Aberdeen Standard Asia Focus plc, Rocket Internet SE and HBOS plc.

Current external appointments
None.

2 Andrew King
Group CEO

Appointed to the Board
October 2008 and as Group CEO in April 2020

Independent
No

Committee memberships
Executive (Chair), Sustainable Development

Qualifications
Graduated in Commerce from the University of Cape Town, Chartered Accountant (South Africa)

Skills and experience
Andrew has more than 20 years' experience with Mondi in various strategy, business development and leadership roles, giving him a detailed understanding of Mondi's strategy, capital allocation priorities, financial structure and the environment in which the Group operates. He has played a key role in defining the Group's strategic direction and re-shaping the capital structure since listing. Andrew's long and varied experience with Mondi brings extensive knowledge of the markets and conditions in which the Group operates, providing a key contribution in developing and executing Mondi's strategy to enhance competitiveness and deliver sustainably into the future.

Andrew completed articles with Deloitte & Touche in Johannesburg in 1994. In 1995 he joined Minorco, part of Anglo American, as a financial analyst, before assuming responsibility for the group's investment management activities, and transferring to its corporate finance department in 1998. He worked on a number of group M&A activities before being appointed a vice president of Anglo American Corporate Finance in 1999.

He was appointed Mondi's Vice President of Business Development in 2002 and Corporate Development Director in 2004. He served as CFO of Mondi from June 2005 to May 2006. He was then appointed as Group Strategy and Business Development Director before becoming the CFO of the Mondi Group in 2008.

Andrew was appointed CEO of the Mondi Group on 1 April 2020.

Current external appointments
None.

3 Mike Powell
Group CFO

Appointed to the Board
November 2020

Independent
No

Committee membership
Executive

Qualifications
Graduated in Computer Science & Accounting from the University of Manchester, member of the Chartered Institute of Management Accountants (UK)

Skills and experience
Mike has significant financial and strategic experience and extensive experience leading finance teams, having been chief financial officer and an executive director of a number of large international listed companies.

He brings a clear operational focus, strong leadership experience and knowledge of operating in large industrial groups across a variety of geographies. The strategic financial insight Mike brings drives Mondi's strong financial performance and culture of continuous improvement.

Mike started his career at Pilkington plc, spending 15 years in a variety of finance and operational roles. He went on to become Chief Financial Officer at Nippon Sheet Glass and then AZ Electronic Materials plc.

He was subsequently appointed Group Finance Director at BBA Aviation plc, before being appointed Group Chief Financial Officer at Ferguson plc, a multinational distributor of plumbing and heating products. Mike also served as a non-executive director of Low & Bonar from December 2016 to May 2020.

Mike joined Mondi as Group CFO in November 2020.

Current external appointments
None.

4 Dominique Reiniche
Senior Independent Director

Appointed to the Board
October 2015

Independent
Yes

Committee memberships
Nominations, Remuneration, Sustainable Development (Chair)

Qualifications
MBA from ESSEC Business School in Paris

Skills and experience
Dominique's extensive experience in senior business leadership positions in Europe, as well as in international strategic consumer marketing and innovation, provides valuable insight to the Board. Her global leadership exposure brings rounded insight to Mondi's sustainability goals and drives progress to meet the Group's ambitious targets.

Her career began with Procter & Gamble before moving to Kraft Jacobs Suchard as Director of Marketing and Strategy and a member of its executive committee. After helping Jacobs Suchard through its acquisition by Kraft-Mondelez, Dominique joined The Coca-Cola System in 1992 as Marketing and Sales Director and then held various roles of increasing responsibility up to General Manager France. From 2002 to early 2005, she was CEO Europe for Coca-Cola Enterprises and subsequently CEO Europe for the Coca-Cola Company, then Chair from 2013 until stepping down in 2014.

Dominique was a non-executive director of Peugeot-Citroen SA between 2012 and 2015, AXA SA between 2005 and 2017 and Severn Trent Plc between 2016 and 2021. She was also Chair of Eurostar International Limited from July 2019 until April 2022.

Current external appointments
Non-executive director and Chair of Chr. Hansen Holding A/S and a non-executive director of Deliveroo plc and PayPal (Europe).

5 Svein Richard Brandtzaeg
Non-executive director

Appointed to the Board
April 2021

Independent
Yes

Committee memberships
Audit, Nominations, Sustainable Development

Qualifications
PhD in Chemical Engineering from the Norwegian University of Science and Technology

Skills and experience
Svein Richard has a strong commercial and strategic background as a former chief executive of Norsk Hydro ASA and more recently as a non-executive director on a number of boards.
His experience of leading a global industrial group brings valuable insight to the Board's strategic planning and driving growth in key geographies.
His leadership experience in developing business synergies and harnessing sustainable opportunities is a valuable addition to Board discussions.

He started his career at Ardal og Sunndal Verk AS, the Norwegian state-owned aluminium business, before it merged with Norsk Hydro ASA. Svein Richard went on to hold a variety of management roles at Norsk Hydro, leading a number of its businesses, before being appointed chief executive in 2009, a position he held until retiring in 2019. Svein Richard was also Chair of Veidekke ASA from 2019 until May 2022, Vice Chair of Den Norske Bank ASA until April 2023 and Vice Chair of Swiss Steel Holding AG until October 2023.

Current external appointments
Chair of dormakaba Holding AG and non-executive director of Eramet Norway.

6 Sue Clark

Non-executive director

Appointed to the Board
April 2021

Independent
Yes

Committee memberships
Audit, Nominations, Remuneration

Qualifications
BSc in Biological Sciences from the University of Manchester and an MBA from Heriot Watt University

Skills and experience
Sue brings to the Board significant commercial and strategic experience gained across a range of industries, with exposure to a broad range of stakeholders in both an executive and non-executive capacity. Sue has significant experience in the consumer goods sector and understands the challenges of changing customer and consumer preferences and the need to build and protect the Group's reputation with all its stakeholders.

Sue started her career with the Central Electricity Generating Board before holding a variety of communication roles at National Power plc. She went on to join Scottish Power plc, where she became Director of Corporate Affairs. In 2000, Sue joined Railtrack Group plc, before moving to SABMiller plc in 2003, where she was a member of the executive management team, and Director of Corporate Affairs until 2012 and then Managing Director, Europe, until the business was acquired in 2016.

Sue was a non-executive director of Bakkavor Group plc until 2020 and Tulchan Communications LLP, until 2023, and a member of the Supervisory Board of AkzoNobel NV until April 2021.

Sue is the non-executive director responsible for understanding the views of employees.

Current external appointments
Senior Independent Director at Imperial Brands plc and easyJet plc, and a non-executive director of Britvic plc.

7 Anke Groth

Non-executive director

Appointed to the Board
April 2023

Independent
Yes

Committee memberships
Audit, Nominations

Qualifications
Degree in Business Economics from the University of Dortmund

Skills and experience
Anke has a strong financial and commercial background and extensive leadership experience. Her experience operating in large international listed companies covering energy and industrial sectors, and her strategic and operationally focused knowledge bring valuable insight and perspective to the Board.

Anke began her career in the energy industry, initially in business development and mergers and acquisitions in two regional energy companies, before working for E.ON SE from 2001 to 2018. Her roles at E.ON SE included Vice President of Mergers & Acquisitions; Chief Financial Officer, Spain; Senior Vice President Investor Relations; and, from 2016 to 2018, Chief Financial Officer of E.ON UK plc. In 2018 Anke decided to join KION Group AG, active in the capital goods sector and publicly listed on the German stock exchange, as Group Chief Financial Officer & HR Director, a role she held until stepping down in 2022.

Current external appointments
Member of the Supervisory Board at E.ON SE and the Administrative Board at DKV Mobility Group SE.

8 Saki Macozoma

Non-executive director

Appointed to the Board
May 2022

Independent
Yes

Committee memberships
Audit, Nominations

Qualifications
BA in Economics and Politics from the University of South Africa

Skills and experience
Saki has a strong track record as a chair and non-executive director across a number of listed and private entities and brings to the Board significant experience from a range of industries. He also brings extensive insight into the South African business environment, including into key regulatory and sustainability considerations for Mondi's operations in South Africa.

From 1993 to 1994, Saki worked for South African Breweries as Business Development Manager, before being elected a member of South African Parliament in 1994, a position he held until 1996. Saki went on to be appointed a managing director at Transnet Limited, the company responsible at that time for South Africa's rail network and harbours and South African Airways.

In 2001, he joined New African Investments Limited, a publicly listed investment company, as Chief Executive Officer, a role he held until 2004. He was also previously chair of MTN Group Limited and a non-executive director of Standard Bank Group Limited, Liberty Holdings and Murray and Roberts Holdings Limited.

Current external appointments
Chair of Vodacom Group Limited, Safika Holdings (Pty) Ltd, Tshipi é Ntle Manganese Mining (Pty) Ltd and Ntsimbintle Mining (Pty) Ltd.

9 Dame Angela Strank

Non-executive director

Appointed to the Board
April 2021

Independent
Yes

Committee memberships
Nominations, Remuneration (Chair), Sustainable Development

Qualifications
BSc and PhD in Geology from the University of Manchester and a Chartered Engineer

Skills and experience
Angela has extensive experience of operating in large, international companies in both executive and non-executive roles, with expertise including operations, technology and sustainability. Her valuable knowledge of combining technology, sustainability and low-carbon energy brings key insight into innovation for circular driven solutions and business growth, and her experience of international executive leadership in the UK listed environment enables her to bring guidance and challenge to her role as Remuneration Committee Chair.

Angela started her career with the Institute of Geological Sciences before joining BP plc in 1982, where she held various international senior leadership and strategic technology/engineering-focused roles. She was appointed BP Chief Scientist and Head of Downstream Technology in 2014 and was appointed to the group executive committee in 2018, a position she held until her retirement in 2020. Angela was honoured with a Damehood (DBE) in 2017, and is a Fellow of the Royal Society, the Royal Academy of Engineers and the Institute of Chemical Engineers, as well as an honorary Fellow of the UK Energy Institute.

Angela holds honorary DSc degrees from Royal Holloway University and the University of Bradford, and is an honorary professor of the University of Manchester.

Angela was also a non-executive director of Severn Trent plc until March 2022.

Current external appointments
Non-executive director of SSE plc and Rolls-Royce Holdings plc.

10 Stephen Young

Non-executive director

Appointed to the Board
May 2018

Independent
Yes

Committee memberships
Audit (Chair), Nominations, Sustainable Development

Qualifications
Graduated in Mathematics from Southampton University, member of the Chartered Institute of Management Accountants (UK)

Skills and experience
Stephen brings a strong financial and general management background to the Board with experience gained internationally across a variety of sectors, including industrial and engineering. Stephen's experience brings crucial insight to maintaining and developing Mondi's robust risk management system and allows him to act as an experienced sounding board for executive management.

He spent his early career in commercial accounting and finance roles at companies including Ford Motor Company, Mars, Inc and Grand Metropolitan plc (now Diageo plc).

He was Group Finance Director of the Automobile Association until its acquisition by Centrica in 2000 before becoming Group Finance Director at Thistle Hotels plc.

In 2004 Stephen was appointed Group Finance Director at Meggitt plc, an international engineering business specialising in aerospace equipment. He held this role for nine years, before being appointed CEO in 2013. Stephen stepped down from the board of Meggitt plc on 31 December 2017. He was also a non-executive director of Derwent London plc from 2010 until May 2019.

Stephen was appointed as Senior Independent Director of Mondi plc on 6 May 2021, a role he relinquished in 2023 to support Mondi's compliance with new diversity requirements in the UK Listing Rules.

Current external appointments
Non-executive director and Audit Committee Chair at Weir Group plc.

Executive Committee and Company Secretary

Andrew King biography
Page 86

Mike Powell biography
Page 86

Diversity of the Executive Committee

Male	**83%**
Female	**17%**

Nationalities represented on the Executive Committee

South African	**2**
British	**1**
Austrian	**1**
German	**1**
Swiss	**1**

3 Markus Gärtner

CEO, Corrugated Packaging

Appointed to the Executive Committee
October 2018

Qualifications
Doctorate of Technical Sciences from ETH Zürich and a Master of Science in Electrical Engineering from Stanford University

Skills and experience
Markus has significant industrial and international business experience. He started his career at McKinsey & Company, working on numerous operational and strategic projects across a variety of industries.

Markus went on to join Novelis AG, a leading producer of rolled aluminium products, where he held various roles in strategy and sales with growing responsibility, until he eventually became the head of one of Novelis' three businesses as Vice President & General Manager Specialities. In this capacity, he was responsible for a diverse range of applications, including consumer packaging solutions and industrial products.

Markus joined Mondi in September 2018 as CEO, Fibre Packaging/Paper and was appointed to the Executive Committee in October that year. He subsequently became CEO, Corrugated Packaging in October 2019.

Current external appointments
None.

4 Lars Mallasch

Group Technical & Sustainability Director

Appointed to the Executive Committee
September 2020

Qualifications
Graduated in Paper Technology from the University of Applied Science in Munich

Skills and experience
Lars has extensive experience in the pulp and paper industry, having worked in the industry for over 25 years.

Lars began his career with a paper making apprenticeship and then studied Paper Technology in Munich. He joined Voith, the global technology company, in 1997 as Commissioning Engineer for Capital Projects. Lars subsequently held a variety of management roles in Voith Paper's board and packaging division, gaining a wide range of experience and working internationally in a number of different countries.

After 14 years with Voith, Lars joined Mondi in 2011 as Group Head of Capital Expenditure, a role he held for six years.

Alongside this, he held the role of Technical Director Containerboard between 2012 and 2014 and Technical Director Packaging Paper from 2014 until 2018. He also held the role of Operations Director at Mondi's Štětí mill between 2017 and 2019.

In 2019, Lars was appointed as Mondi's Corrugated Packaging Technology and Capex Director, and alongside this, was appointed as Director of Containerboard Operations at Mondi's Syktyvkar and Richards Bay mills in February 2020.

Lars was appointed to his current role, and as a member of the Executive Committee, in September 2020.

Current external appointments
None.

5 Vivien McMenamin

CEO, Uncoated Fine Paper & South Africa

Appointed to the Executive Committee
October 2017

Qualifications
MSc in Economics from the University of London and Advanced High Performance Leadership Certificate from IMD Switzerland

Skills and experience
Viv has over 20 years' experience in the pulp and paper industry, having held executive responsibility in Mondi South Africa for marketing and sales, human resources, corporate affairs and transformation. Viv's roles have included Mondi Group Head of Sustainable Development and Director Land and Forestry, giving her significant sustainability experience and insight. In October 2017, she was appointed CEO of Mondi South Africa and in October 2023, she was appointed CEO, Uncoated Fine Paper.

Viv was instrumental in the establishment of Mondi Zimele, Mondi's small business development organisation, and crafting Mondi's innovative approach to land reform.

Prior to Mondi, Viv worked in government and the anti-apartheid movement in South Africa, serving Nelson Mandela as a member of the President's Task Force on Local Economic Development and as a member of President Thabo Mbeki's Economic Advisory Panel.

Viv previously served on the boards of SiyaQhubeka Forests, the South African Association for Marine Biological Research (SAAMBR) and Durban Girls College.

Current external appointments
Non-executive director of KAP Industrial Holdings Limited and of Business Leadership South Africa.

6 Thomas Ott

CEO, Flexible Packaging

Appointed to the Executive Committee
January 2022

Qualifications
Graduated in Business Administration from the WU-Vienna business school

Skills and experience
Thomas has extensive experience in the industrial bags and consumer packaging industries, having held a variety of roles with Mondi for more than 25 years, building Mondi's Industrial Bags business and shaping Mondi's portfolio in Europe.

Thomas started his career with Deloitte & Touche in 1992, before joining Mondi in 1995 as a financial controller.

He went on to hold a number of leadership roles within Mondi before becoming COO Industrial Bags in 2012, a role he held until 2019. During this time, he successfully restructured Western Europe and supported Mondi's growth in North America, the Middle East and Africa.

Thomas briefly moved to Amcor EMEA, focusing on consumer packaging as a member of the EMEA executive team in the role VP Food, Snacks and Confectionery, before returning to Mondi in March 2021 as COO Kraft Paper & Paper Bags.

In January 2022, he was appointed CEO of Mondi's Flexible Packaging business.

Current external appointments
None.

7 Jenny Hampshire

Company Secretary

Skills and experience
Jenny, a fellow of the Chartered Governance Institute, joined Mondi in May 2007 and has held various roles in the company secretariat, including five years as Assistant Company Secretary. She was appointed Company Secretary of Mondi plc in December 2016. Prior to joining Mondi, Jenny worked for The BOC Group plc in its company secretariat.

Corporate governance report
Board leadership and company purpose

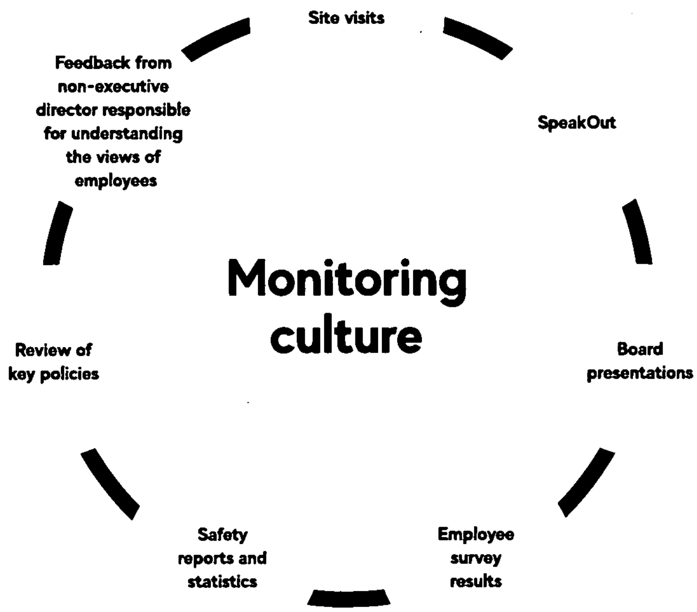
Promoting long-term sustainable success

The role businesses play in society remained firmly in focus during the year, with continued scrutiny of the impacts they have on the environment in which they operate and on wider stakeholders, and the measures companies are taking to manage and mitigate these impacts. Having an effective board in place, consisting of directors with the necessary skills, knowledge and integrity, is crucial in understanding and managing these impacts, and ensuring that Mondi operates both understanding and fulfilling its responsibility to society. The Board provides leadership to the Group, establishing its strategy with the aim of achieving long-term sustainable success for the Group, our shareholders and our other stakeholders. The biographies for Mondi's Board members, setting out the competencies we believe they bring to the Board and the skills and experience that allow them to contribute to the long-term success of Mondi, can be found on pages 86-87.

Mondi's purpose, strategy and culture define The Mondi Way and how we run our business. This is illustrated in our business model, set out on pages 14-19, which explains how we achieve our purpose and deliver value for stakeholders while ensuring sustainability is at the centre of everything we do. Strong, ethical leadership, supported by a robust corporate governance framework, is crucial to the achievement of our purpose and strategy in a way that balances the interests of our key stakeholders while creating long-term sustainable value.

Supported by its committees, the Board has responsibility for setting and overseeing the implementation of the Group's strategy, ensuring the implementation of an appropriate risk management framework and overseeing sustainable financial performance. Mondi's governance framework and our culture of transparency ensure that the Board has the information it needs to assess the risks and opportunities facing the Group and the sustainability of the business model.

The structure of the Board and its committees, the division of responsibilities and the policies and procedures in place to facilitate the effective operation of the Board are detailed on pages 96-97.



How the Board monitors culture

Mondi's culture defines our behaviour and the way we do business, across the Group, within our operations and in the boardroom. It is critical to fulfilling our purpose and achieving long-term sustainable success. The Mondi Way sets out the key values that form the foundation of our culture, reinforced by our Code of Business Ethics which comprises the principles governing the way we behave and conduct business – legal compliance, behaving with honesty and integrity, respect for human rights, consideration of stakeholders and sustainability. The Board's responsibility for assessing and monitoring the culture of the Group is embedded in the Matters Reserved for the Board.

There are a number of ways in which the Board monitors and assesses culture, with the insight acquired used as context for discussions and decision-making, including:

Site visits

The directors are encouraged to visit Mondi's key assets and operations so that they can get a more in-depth understanding of the business. Such visits offer directors the opportunity to see for themselves how our safety and sustainability culture is working in practice, to talk to local management and employees and to see how Mondi's values are communicated at a local level. During 2023, in addition to visits to sites by individual directors, the Board visited Mondi's mill in Świecie (Poland), more details of which can be found on page 94.

Corporate governance report
Pages 90-121

SpeakOut

Mondi has an anonymous whistleblowing and grievance platform called 'SpeakOut' operated by an independent third party. Any type of concern can be raised via SpeakOut, and the Board and Audit Committee receive regular reports of the messages received. These reports provide insight into matters of concern to our employees and other stakeholders and draw out behaviour that is contrary to Mondi's values. More information relating to SpeakOut can be found on page 84.

SpeakOut
Page 84

Board presentations

The Board has in place a rolling programme of presentations from members of the Executive Committee and other senior management. These presentations give the directors direct exposure to members of senior management beyond the executive directors, allowing directors the opportunity to ask questions and hear their views. The directors also gain valuable additional insight helpful to succession planning discussions. Presenters and members of local management are also invited to attend Board dinners, which offer a more informal setting for discussion. More information can be found on page 100.

Division of responsibilities
Page 96-101

Employee Survey response rate
80%

Inclusiveness Index
77%

Purposeful Workplace Index
79%

Employee Survey results

The Board receives regular reports on the results of our Employee Surveys, the issues raised and the follow-up actions being taken, giving the Board an insight into how employees feel about the culture of the Group and particular areas that may need addressing. Our global Employee Surveys also help us to measure progress towards our MAP2030 Created by Empowered People commitments. The last Group-wide survey, undertaken in the first half of 2023, achieved an 80% response rate, with more than 16,800 employees participating. The results were used to calculate our Purposeful Workplace Index, Inclusiveness Index and Wellbeing scores, which provide the Board with an objective way to assess employee views in relation to, among other things, respect, fairness, trust, recognition, the working environment and mental wellbeing. These indices also give us a way of directly measuring and monitoring aspects of culture over time, with targets in respect of the Purposeful Workplace Index and Inclusiveness Index scores forming part of our MAP2030 Created by Empowered People commitments. More information can be found on pages 48-50.

Empowered People
Page 48-50

Safety reports and statistics

The Board reviews safety statistics and key safety focus areas at every meeting. Caring for our employees is fundamental to Mondi's culture and this includes ensuring safe behaviour. Reviewing the safety reports highlights to the Board any concerns around the approach to safety specifically or indications of wider leadership issues at particular plants or mills.

Review of key policies

The Board undertakes an annual review of Mondi's key policies. This gives the Board the opportunity to assess whether policies remain suitable for Mondi, reflect the Group's culture and values and support its long-term sustainable success. While there were no material changes to Mondi's policies as a result of this review during 2023, the opportunity was taken to update Mondi's Diversity & Inclusion Policy to align with current practice.

Feedback from non-executive director responsible for understanding the views of employees

During 2021, Sue Clark was appointed as the independent non-executive director responsible for understanding and feeding back to the Board the views and concerns of our employees. Sue's engagement with our employees provides the Board with valuable insight into how groups of our employees are feeling about Mondi and any matters of concern to them, giving the Board helpful information concerning how well the Group's culture is embedded across the organisation and any issues that might need greater attention. Information relating to the outcomes of this engagement during 2023 can be found on pages 92-93.

Corporate governance report
Page 90-121

Corporate governance report
Board leadership and company purpose continued

Stakeholder engagement

Understanding the impact of our business on our key stakeholders, and the environment in which we operate, is central to the Board's deliberations and decision-making. This is reflected in Mondi's Code of Business Ethics, recognising the fact that engagement and collaboration with our stakeholders is essential if we are to fulfil our purpose, deliver our strategy and create long-term, sustainable value for our shareholders in a manner that reflects our high standards of business conduct. Understanding what matters most to all our stakeholders allows us to make balanced judgements.

While the Board undertakes a level of direct engagement, there is also a significant amount of indirect engagement that takes place across the Group. Through our delegation framework, the output from this engagement is relayed to the Board, through the Executive and other committees of the Board, members of senior management and those closest to the stakeholders in question. Details of our key stakeholders, engagement activities undertaken during the year and the outcome of these activities can be found in our Section 172 statement on pages 38-41.

The information provided over the next few pages and in our Section 172 statement explains how the feedback from this engagement influences the Board's decision-making.

Information enabling the Board to assess and understand the views and priorities of our key stakeholders comes from a number of different sources, including:

- presentations from the CEO of each business unit, and other members of senior management, highlighting those stakeholder issues that are of specific relevance to their business or area of responsibility, including the views of our customers and how these influence product development and key sustainability considerations (see page 100 for more information);
- updates on the global initiatives Mondi participates in, primarily related to sustainability matters, and collaboration with external bodies;
- regular environmental performance reviews, including metrics on our greenhouse gas emissions, given at meetings of the Sustainable Development Committee, which all Board members usually attend;
- the outcome of the double materiality assessment undertaken during the year, which, among other things, identified the sustainability issues of greatest importance to our stakeholders. The results were driven by inputs from a range of sources, including surveys and interviews with both internal and external stakeholders, and will be used to guide our key focus areas in the coming years. Further details can be found on page 43;
- detailed review of the results of the latest customer satisfaction survey; and
- updates and briefings in relation to matters impacting the environment in which we operate, including regulatory changes and market developments. In 2023, these included a briefing on Mondi's approach to public affairs, the key regulatory developments currently impacting our customers and how we engage in this respect, both directly and via trade associations.

On the following pages, we focus more specifically on how we have engaged with employees and investors.

How does the Board consider our stakeholders when taking decisions?

Understanding the views and issues raised by our stakeholders through the engagement methods highlighted forms a key part of the Board's decision-making process. The regular flow of information to the Board provides context and ensures that the directors are made aware of the issues that matter most to our stakeholders when directors consider the Group's strategy and take decisions.

To assist the Board, all papers requiring material decisions include clear explanation as to the expected impact on those stakeholders relevant to the decision, whether positive or negative. For capital expenditure decisions in particular, a more comprehensive review of the impact on our stakeholders is part of the established process we have for developing the necessary business case.

Examples of the ways in which stakeholder interests and views have influenced the Board's decision-making during the year can be found on pages 92-95.

How the Board has engaged with employees

Our employees are core to Mondi's long-term sustainable success, and as a global employer, employing around 22,000 people across more than 30 countries, we have a responsibility to provide a safe and healthy working environment, to operate with integrity and to instil a culture that supports our people in fulfilling their potential. Understanding the experiences and views of our employees, and the issues that matter most to them, is an area of focus for the Board, with this insight allowing the directors to assess the impact of their decisions on our workforce. Rather than use only one method to engage with employees, we use a combination of different methods. Some of our people are office-based but many work in our production facilities and so no single method is suitable. By using a range of methods, we aim to reach as many people as we can, engaging with them in the manner most suitable for them.

In 2021, the Board agreed that Sue Clark, an independent non-executive director, would be responsible for undertaking engagement with Mondi's employees on behalf of the Board and for understanding and feeding back their views and concerns. Sue's exposure to a broad range of stakeholders in both an executive and non-executive capacity and her previous communication-focused roles mean she is well positioned to take on this responsibility. Each year, Sue undertakes a number of engagements with a broad range of employees, the format of which varies depending upon the location and audience to ensure the sessions are as productive and valuable as possible. The subject matter is usually driven by the employees and can cover topics ranging from safety and strategy, to sustainability and remuneration. Sue reports back to the Board on the matters raised and the themes emerging during these engagements.

As an example, in February 2023 during a visit to Mondi's Richards Bay mill (South Africa), Sue facilitated a roundtable session with a cross-section of employees, offering a forum for an open, two-way discussion in relation to a broad range of topics including safety, culture, innovation, talent development and retention, diversity and inclusivity. Particular insight was given into the perceived barriers to increasing diversity, within Mondi and across the industry more broadly. The session was also attended by Philip Yea, Chair of the Board, Dame Angela Strank, Chair of the Remuneration Committee, and Saki Macozoma, a non-executive director, giving attendees the opportunity to engage directly with a number of Board members. The discussions reinforced, among other things, the need for the Board to continue its focus on the promotion of diversity and inclusion across the organisation and the challenges faced in attracting and retaining critical skills, matters that will continue to form part of the Board's, and its committees', agendas during the coming year.

The level of engagement and open and honest dialogue during these meetings results in valuable feedback for the Board, and the topics discussed and views expressed provide important context for Board discussions and key decisions. The output reaffirmed that the desired culture is felt throughout the organisation and that leadership in this regard is effective.

Alongside this, Mondi has a European Communication Forum, a formally constituted body designed to facilitate communication between Mondi and its employees. At least once a year, employee representatives from plants across Europe attend the Forum, at which a number of presentations are given by senior management. The meetings offer employee representatives an opportunity to hear about developments across the business, while also providing an open forum for employees to ask questions and to express their views directly to members of senior management. The meetings are usually attended by the Group CEO and other Executive Committee members and members of senior management as appropriate.

The last meeting of the European Communication Forum was held in October 2023. The meeting was attended by representatives from across Mondi's European operations, as well as the Group CEO, the Group Head of Safety & Health and senior representatives from the Group HR and Legal functions. Sue Clark also attended the meeting, further reinforcing the value of these meetings and providing employee representatives with a direct channel of communication to the non-executive members of the Board. The meeting consisted of presentations relating to matters including financial performance, HR initiatives and safety and health, providing attendees with a wide range of information on the operation of the business. The formal presentations were followed by a question and answer session, allowing participants to openly engage and to raise questions and comments on a broad range of topics. Of particular focus for participants were the divestment of Mondi's Russian operations; future growth prospects; safety; and Mondi's approach to sustainability. Matters raised during these meetings are subject to subsequent follow-up where appropriate, with further information provided to participants where required.

A dinner was also held for participants, allowing further opportunity for more informal engagement outside of the meeting.

In addition to the above, the full Board undertook visits to Mondi's Świecie mill (Poland) and the Group office in Vienna (Austria) in June 2023 and January 2024 respectively, more details of which can be found on page 94.

The Board also uses the following mechanisms to ensure it has a broad view of the issues affecting our employees and their views on key matters:

- regular presentations from the Group HR function, providing detailed updates on engagement activities undertaken, the views expressed by employees and any actions being taken in response;
- feedback from the CEO and other Executive Committee members, who are in regular contact with a wide spectrum of employees from across the Group;
- results of global and local Employee Surveys, providing insight into the issues that matter most to our employees and how they feel about working for Mondi, guiding decisions that might impact employees and allowing the Board to identify areas for future focus. A number of the questions are also designed to test the culture in the organisation and to allow the Board to judge how well the desired culture is embedded;
- leadership forums, incorporating the Mondi Diamond Awards, usually attended by the Chair of the Board and held approximately every two years, providing the opportunity for engagement with a wider range of senior employees from across all areas of the business;
- SpeakOut reports, which are presented to the Audit Committee and Board at meetings throughout the year. The reports provide details of the messages received via our whistleblowing and grievance platform, SpeakOut, giving the Board insight into specific issues affecting our employees and allowing the Board to identify any trends. Further details on SpeakOut can be found on page 84; and
- review of usage rates for Mondi's Employee Assistance Programme which offers an anonymous counselling service for employees. The programme is available to approximately 94% of Mondi's workforce.

The Board continues to believe that this combination of methods remains appropriate and effective, providing insight into the views of a broad range of employees from across Mondi's locations and allowing for two-way engagement, with employees having direct access to members of the Board and senior management.

Corporate governance report
Board leadership and company purpose continued

How the Board has engaged with investors

Understanding the views of our investors is fundamental to the way we run the business, the development of our strategy and how we shape our priorities. These are taken into consideration with every decision the Board makes. The engagement we have with investors, both directly and indirectly, allows the Board to determine which issues are of most importance to them and to understand what long-term, sustainable value means from their perspective. While recognising that every investor has their own rationale for investing in Mondi and that their investment goals vary, ongoing engagement allows the Board to take fully informed decisions, with an understanding of how different groups of investors may be impacted.

While the Chair is responsible for ensuring effective communication with shareholders, day-to-day management of this engagement is delegated to the Group CEO and Group CFO. They undertake active engagement with investors on a regular basis, meeting with Mondi's largest shareholders, analysts and other fund managers. Meetings with the Chair are offered on a regular basis and the Senior Independent Director is available to meet with shareholders as required, should any issues arise that are not resolved through the more regular channels. The committee chairs are also available for engagement with investors and other stakeholders where appropriate.

In addition, the executive directors and the Head of Investor Relations make themselves available to investors on an ongoing basis in order to maintain an open dialogue, resulting in a number of ad hoc meetings and calls taking place throughout the year.

Board site visits

The June 2023 Board programme was held at our Świecie mill (Poland). The two-day visit incorporated the scheduled Board and committee meetings but also provided the opportunity for the Board to listen to presentations from the local management team and to tour the mill. The Board was given insight into the mill's product portfolio, financial performance, sustainability initiatives and measures taken to support the local community, and was able to see the progress made in respect of recent investment at the mill.

Such visits are invaluable to the Board, allowing the directors to experience the culture and safety approach first hand and to engage directly with those on the ground in the operations. A dinner with representatives from the mill was also held, offering the opportunity for direct and more informal engagement with Board members.

In addition, a number of Board members visited the Richards Bay mill (South Africa) in February 2023, which included tours of the mill, nursery and harvesting operations, presentations from local management and the opportunity to see the results of recent investment at the mill.

Sue Clark also facilitated a roundtable discussion with employees, details of which can be found on page 93.

In January 2024, the Board programme was held at our Group office in Vienna (Austria), facilitating in-person engagement between the Board and members of senior management based in Vienna. In particular, an invitation to attend a Board dinner was extended to a wide group of people, with attendees ranging from function heads to HR business partners to key members of operational management. Such events offer valuable insight for the purposes of succession planning and monitoring and assessment of the organisational culture.

The Company Secretary's office is the focus for private shareholder communications, responding to individual shareholder correspondence, and coordinating our engagement on corporate governance matters.

We also maintain ongoing contact with our debt providers, and the Group CFO and Group Treasurer hold regular meetings with the credit rating agencies, relationship banks and debt investors.

The directors are kept informed of the views raised, with feedback from investors, particularly from the full- and half-year investor roadshows, presented and discussed at Board meetings. Details of the key investor events that took place during 2023 can be found on page 95, with feedback from these events covering investor views on a range of topics, including Mondi's strategy, market developments and the approach to sustainability. Analyst reports are also shared regularly with the Board and consideration given to any views, both positive and negative, regarding the Group's performance and future direction and the perceptions of the management team. These views provide context for, and feed into, the Board's discussions around strategy, capital allocation and succession planning.

Alongside this, Philip Yea held meetings with a number of Mondi's major shareholders during the year. There was no specific agenda for these meetings, but instead they were designed to offer open discussion and engagement. Topics covered included capital allocation, the disposal of Mondi's Russian assets, Mondi's approach to governance and culture, diversity and progress against Mondi's MAP2030 targets.

In 2023, our Board also continued to engage with a cross-section of shareholders on developments and external expectations relating to executive pay. As a consequence, further meetings with investors were held to discuss particular features of the Directors' Remuneration Policy. Constructive feedback from investors is taken into account in determining the structure and operation of our remuneration policy.

Mondi's Annual General Meeting (AGM) also presents an opportunity for shareholders to question the directors about our activities, performance and prospects and continues to be a valuable opportunity for direct engagement between the Board and shareholders.

The AGM in 2023 was held as a fully hybrid meeting. Those shareholders joining virtually were able to hear the meeting, ask questions both verbally and in written form and vote live during the meeting. To maximise engagement, shareholders were also able to submit their questions in advance of the meeting, with written answers provided in advance of the proxy voting deadline wherever possible. All resolutions were passed, with approximately 76% of the total Group shares voted, indicating high levels of engagement.

While we were pleased with the success of the AGM in 2023, and we intend to retain the hybrid format in 2024, given the cost and complexity involved, we continue to look for ways in which we can simplify the arrangements while continuing to maximise levels of engagement.

Full details of the arrangements for the 2024 AGM, and explanations of each resolution to be proposed at the AGM, can be found in the 2024 AGM notice, which is contained in a separate circular to be made available to all shareholders in advance of the meeting.

2023 investor events

February

Preliminary results announcement
Johannesburg and Cape Town full-year results roadshow

March

UK full-year results roadshow
UBS Global Pulp & Paper Tour

April

Discussions with investors and advisory bodies prior to Annual General Meeting

May

Annual General Meeting and trading update
US investor roadshow
BNP Paribas Exane Future of Packaging Conference

June

London investor roadshow

August

Half-year results announcement
Johannesburg and Cape Town half-year results roadshow

September

London half-year results roadshow

October

Trading update

November

UBS European Conference
Bank of America European Materials Conference

Corporate governance report
Division of responsibilities

Composition and independence of the Board

The directors holding office during the year ended 31 December 2023 are listed below, together with their attendance at Board meetings. Biographical details for those in office at the date of this report can be found on pages 86-87.

The size and composition of the Board and its committees are kept under review by the Nominations Committee. While we are of the view that collectively there is an appropriate balance of capabilities, business experience, independence and skills diversity on the Board to meet the Group's current business needs, we are constantly assessing the mix of competencies on the Board and its committees and considering succession planning requirements.

Meetings between the Chair and non-executive directors without management present are held prior to every Board meeting. Dominique Reiniche as Senior Independent Director also met with the other directors without the Chair present to lead the review of the Chair's performance.

Board policies and procedures

There are a number of policies in place designed to ensure that the Board can function effectively. These include:

Professional advice

A policy is in place pursuant to which each director may obtain independent professional advice at Mondi's expense in the furtherance of their duties as a director of Mondi plc. No requests were received during the year.

In addition, each of the committees is empowered, through its terms of reference, to seek independent professional advice at Mondi's expense in the furtherance of its duties.

Directors' and officers' liability insurance

Throughout the year to 31 December 2023, in line with market practice, Mondi maintained directors' and officers' liability insurance.

Procedure for conflicts of interest

Company law and the articles of association of Mondi plc allow directors to manage potential conflicts. A formal procedure is in place for the reporting and review of any potential conflicts of interest. This requires any potential conflicts to be reported to the Company Secretary so that the conflict can be discussed by the Board and authorised if appropriate. The Board may impose any restrictions on the authorisation that it thinks appropriate. Conflict authorisations are reviewed on an annual basis. Directors are also obliged to confirm their directorships annually as a matter of course for review by the Board.

External directorships policy

To ensure that our directors are able to dedicate sufficient time to Mondi, Mondi has a policy setting out the parameters regarding external appointments. Executive directors must notify and obtain agreement from the Nominations Committee before accepting external positions. They are permitted to retain any fee paid to them in respect of directorships external to Mondi. Neither of Mondi's executive directors currently holds a directorship external to Mondi.

The policy also covers non-executive directors, who are required to notify the Chair of any proposed appointments, including the time commitment and any potential conflicts of interest, so that the Nominations Committee can consider and, if appropriate, agree to the appointment. No significant new appointments were taken on by any of Mondi's directors during 2023.

Division of responsibilities

The division of responsibilities between the Chair and the Group CEO has been clearly defined and approved by the Board. The functions and duties of the Senior Independent Director are also set out in a separate statement.

The primary role of the Board, led by the Chair, is to ensure the long-term sustainable success of the Group, taking into consideration the views and interests of our key stakeholders. Our governance processes and procedures provide a framework to support the Board in the fulfilment of this role.

There is a clearly defined Schedule of Matters Reserved for the Board, setting out those key matters that require Board approval. The Board meets at least seven times a year and an annual rolling agenda is agreed with the Board to ensure that all key matters reserved for its consideration are covered in the annual cycle of meetings. The Board is supported by a number of committees, each of which has its own terms of reference and annual work programme. The Matters Reserved for the Board and the terms of reference are reviewed at least annually and are available on the Group's website.

The Chair, with support from the Company Secretary, ensures the distribution of appropriate, accurate and well-presented materials, with meeting packs being circulated electronically a week before each meeting. Each Board programme is usually held over two days, enabling the directors to spend more time together and form a greater understanding of each other, developing a culture of trust and openness in the boardroom.

Where appropriate, other senior executives and advisers are invited to attend and present at meetings, providing the non-executive directors with a broader perspective on matters under consideration and assisting the Board with monitoring performance and achieving its objectives (see page 100 for more information).

Board attendance[1]

Directors			
Philip Yea	9/9	Saki Macozoma	9/9
Svein Richard Brandtzaeg	9/9	Mike Powell	9/9
Sue Clark	9/9	Dominique Reiniche	9/9
Anke Groth[2]	7/7	Dame Angela Strank	9/9
Andrew King	9/9	Stephen Young	9/9

1 The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

2 Anke Groth joined the Board on 1 April 2023. Anke attended all meetings following her appointment.

Board leadership and governance

The Board

Chair Philip Yea

- Leads and manages the Board, setting the agenda, providing direction and focus and ensuring effectiveness and open and transparent debate
- Undertakes regular engagement with the Group CEO in between meetings
- Ensures there is a constructive relationship between the executive and non-executive directors
- Ensures high standards of corporate governance and ethical behaviour and oversees the culture of the Group
- Oversees the induction, training and development of directors and the consideration of succession
- Ensures effective communication with shareholders and other stakeholders
- Ensures the Board receives accurate, timely and clear information to support discussion and decision-making

Group CEO Andrew King

- Leads and manages the business with day-to-day responsibility for running the operations and, in particular, the execution of strategy within the delegated authority from the Board
- Ensures the communication of Mondi's values and goals throughout the organisation, leading by example
- Chairs the Executive Committee and leads and motivates the management team
- Ensures the Group has effective processes, controls and risk management systems
- Develops and implements Group policies, including with regard to safety and sustainability
- Together with the Group CFO, leads the relationship with institutional shareholders

Group CFO Mike Powell

- Manages the day-to-day operations of the Group, in this case within his remit as Group CFO, in accordance with authority delegated by the Board
- Together with the Group CEO, leads the relationship with institutional shareholders

Senior Independent Director
Dominique Reiniche

- Provides support to, and acts as a sounding board for, the Chair and the non-executive directors
- Acts as a point of contact for shareholders
- Available as a trusted intermediary for other directors, as necessary
- Manages chair succession

Independent non-executive directors
Svein Richard Brandtzaeg, Sue Clark, Anke Groth, Saki Macozoma, Dame Angela Strank, Stephen Young

- Provide independent oversight of the Group's activities
- Offer an external perspective to, and constructively challenge, management
- Provide to the Board a diversity of knowledge and experience
- Monitor management performance and the development of the organisational culture
- Review and agree strategic priorities and monitor the delivery of the Group's strategy
- Ensure the integrity of financial reporting and the effectiveness of internal controls and risk management
- Determine executive director remuneration

Board committees

Nominations Committee
Philip Yea, Svein Richard Brandtzaeg, Sue Clark, Anke Groth, Saki Macozoma, Dominique Reiniche, Dame Angela Strank, Stephen Young

Oversees the composition of the Board and committees and considers succession planning and diversity, making recommendations to the Board

Nominations Committee report
Page 105

Audit Committee
Stephen Young, Svein Richard Brandtzaeg, Sue Clark, Anke Groth, Saki Macozoma

Oversees the Group's corporate financial reporting, the internal control system, risk management and the relationship with the external auditor

Audit Committee report
Page 110

Remuneration Committee
Dame Angela Strank, Sue Clark, Dominique Reiniche, Philip Yea

Responsible for recommending overall remuneration policy and the setting of executive and senior management remuneration

Remuneration report
Page 122

Sustainable Development Committee
Dominique Reiniche, Svein Richard Brandtzaeg, Andrew King, Dame Angela Strank, Stephen Young

Oversees the Group's strategy, commitments, targets and performance relating to safety, the environment, climate-related matters and other sustainable development issues

Sustainable Development Committee report
Page 119

Executive Committee

Day-to-day management of the Group

Disclosure Committee

Responsible for classifying and overseeing the prompt disclosure of inside information and overseeing the creation of insider lists

Company Secretary Jenny Hampshire

- Supports the Chair in the delivery of accurate and timely information ahead of each meeting
- Ensures compliance with Board and committee procedures
- Acts as a key point of contact for the Chair and non-executive directors
- Provides support to the Board and committees, and advises on governance, statutory and regulatory requirements
- Provides advice on legal, governance and listing requirements, in particular relating to continuing obligations and directors' duties

Corporate governance report
Division of responsibilities continued

Board activity

The key matters considered by the Board during the year are set out below. While this is not an exhaustive list, it provides insight into the discussions of the Board and how it aims to promote the long-term success of the Group and achieve its key objectives. In addition to the matters set out, each meeting includes a report from the Group CEO providing an operational update; a report from the Group CFO on the Group's financial performance; an update on safety performance; and a report from the Company Secretary on recent governance and regulatory matters.

Strategy key

We drive value accretive growth, sustainably

Drive performance along the value chain

Invest in assets with cost advantage

Inspire our people

Partner with customers for innovation

Topic	Activity
Operational performance Link to strategy Stakeholders impacted - Investors - Employees - Customers	- Received regular updates from the Group CEO and detailed reports from the CEOs of the business units, enabling the Board to monitor operational performance. - Monitored the implementation of a number of large capital expenditure projects, including ongoing projects at our mills in Kuopio (Finland), Štětí (Czech Republic) and Świecie (Poland), and at a number of our converting sites (see page 26 for more information). - Received presentations in relation to pulp and paper technology developments, and detailed insights into research and development activities, improving the Board's knowledge and providing context for capital investment decisions.
Strategy formulation and monitoring Link to strategy Stakeholders impacted - Investors - Customers - Communities	- Concluded a strategy review session resulting in continued support for Mondi's strategic direction and confidence that Mondi's strategy is sustainable in the long term (see page 99 for more information). - Considered and approved the acquisition of the Hinton pulp mill (Canada), with the intention, subject to pre-engineering and permitting, to invest in the expansion of the mill, primarily in a new kraft paper machine which will fully integrate our paper bag operations in the Americas and support growth. Stakeholder interests were core to this decision, more details of which can be found on page 41. - In line with the decision taken in 2022 to divest the Group's Russian assets, approved the sale of the Syktyvkar mill for a total cash consideration of RUB 80 billion. The sale was completed in October 2023, concluding Mondi's exit from Russia. - Considered and approved a number of capital expenditure projects, including a €200 million investment at our Duino mill (Italy) to convert the existing paper machine into a 420,000 tonne per annum recycled containerboard machine, taking into account the sustainability impact of such investments and the interests of Mondi's key stakeholders (see page 26 for more information).

Topic	Activity
Financial performance, funding and capital Link to strategy Stakeholders impacted - Investors	- Reviewed and approved the full- and half-year results and trading updates. - Reviewed and approved the Mondi Group Integrated report and financial statements, ensuring it is fair, balanced and understandable (see page 116 for more information). - Considered dividend recommendations and declarations in light of the Group's stated dividend policy. This resulted in the decisions to pay an interim ordinary dividend for 2023 in September 2023 and to recommend a final ordinary dividend for payment in May 2024 (see page 36 for more information). - Following completion of the sale of all our Russian operations, considered potential capital return options, concluding that the net proceeds should be returned to shareholders by way of a special dividend, with an associated share consolidation (see page 36 for more information). - Reviewed and approved the Group business plan for 2024-2026, including the budget for 2024, considering assumptions made and the reasonableness of the plan and focusing on the operational overviews, cash flow management and capital allocation. - Annual reviews of the Group Treasury and Group Tax functions and performance, including funding, liquidity and insurance.
Governance and stakeholders Link to strategy Stakeholders impacted - Investors - Employees - Partners and industry associations - Customers	- Reviewed the Group's corporate governance framework in light of governance and regulatory developments. - Reviewed investor feedback following the full- and half-year results announcements. - Considered the results of the customer satisfaction survey undertaken during the year, identifying the key areas of focus and actions required. - Reviewed the interests of key stakeholders, agreeing that the current stakeholder groups remain appropriate (see pages 38-39 for more information). - Reviewed the output from the Board evaluation process and agreed an action plan (see page 104 for more information).

Strategy review

The Board's annual in-depth review of Mondi's strategy considered where Mondi is today, its strategic focus, options for future growth and detailed business unit strategic initiatives. At the forefront was whether the strategy remains capable of delivering Mondi's purpose to contribute to a better world by making innovative packaging and paper solutions that are sustainable by design.

The strategy review is never an isolated, one-off review. The discussions of the Board and its committees during the previous 12 months provide important context and insight to the deliberations, with this annual in-depth review a culmination of the work undertaken by the Board throughout the year.

The existing strategy was reviewed in the context of key demand drivers, including developing macroeconomic conditions, demand for sustainable packaging and eCommerce.

Of particular focus were the growth opportunities available to the Group, including the Group's pipeline of new projects.

The Group's principal risks were also factored into the Board's discussions, with consideration given to whether there had been any material changes in the Group's risk profile that might impact Mondi's strategy. Alongside this, the evolving regulatory landscape, particularly across Europe from a sustainability perspective, was considered.

The Board ultimately confirmed its continued support for Mondi's strategic direction, confirming the need to ensure that sustainability continues to be at the core of Mondi's strategy.

More information on Mondi's strategy can be found on pages 20-21.

Corporate governance report
Division of responsibilities continued

Presentations from senior management

During the year, members of Mondi's senior management presented to the Board on a variety of topics. These presentations not only provide insight into the business directly from those on the ground but also support the Board's focus on succession planning, allowing Board members to hear from, speak to and get to know potential future leaders.

Each of the business unit CEOs provided updates on their areas of responsibility within Mondi, focusing on safety performance, market position and dynamics, evolving customer demands and financial performance and people development.

The specific impacts on each business of developing trends and key strategic drivers were also reviewed, including sustainability, eCommerce and digitalisation. The other members of the Executive Committee also presented to the Board in relation to their areas of responsibility. These presentations included updates on technology developments in Mondi's core manufacturing processes, operational excellence and Mondi's strategy in respect of energy usage and security.

In addition, the Group Head of Fibre Sourcing presented Mondi's wood sourcing strategy, the Group Head of Digital Excellence provided an update on the Group's digitalisation journey, and the Group Communication Director and Head of Public Affairs provided insight into the Group's approach to public affairs.

The Group Heads of Tax and Treasury also updated the Board on their current focus areas.

These presentations provided insight into the priorities of a number of Mondi's key stakeholders and current risk areas, and formed the backdrop to other discussions, including the annual strategy review.

Topic	Activity
Safety and sustainability	- Monitored safety performance across the Group, including the number, type and severity of incidents. There was particular focus on understanding the events that tragically resulted in a fatality at Mondi's Ružomberok mill (Slovakia) and the four life-altering injuries in our operations (see page 50 for more information).
Link to strategy	- Received updates on key sustainability regulatory and best practice developments from the Group Head of Sustainable Development through the Sustainable Development Committee, and via regular business unit reviews.
Stakeholders impacted - Employees - Suppliers and contractors - Customers - Our communities	- Monitored the work of the Sustainable Development Committee, focusing in particular on progress against Mondi's MAP2030 sustainability commitments and the Group's most material sustainability risks and opportunities. A detailed explanation of the work of the Sustainable Development Committee can be found on pages 119-121.

Topic	Activity
Risk management Link to strategy Stakeholders impacted - Employees - Customers - Investors	- Reviewed the Group's risk management processes, plan and risk appetite levels and internal controls, with consideration of risk monitoring, activities to ensure risk mitigation and independent assurance processes. This resulted in a number of changes, following consideration by the Audit Committee and approval by the Board, including the removal of pandemic risk as a standalone risk (given its incorporation into our wider employee and contractor health and safety risk), and the derating of a number of principal risks in light of the mitigation measures in place and changes in external conditions (see page 71 for more information). - Received half-yearly presentations on IT risks and cyber security (see page 111 for more information). - Reviewed the Group's insurances, ensuring an appropriate balance of risk between the Group and our external insurers.
People and culture Link to strategy Stakeholders impacted - Employees - Customers - Suppliers and contractors	- Received updates from Sue Clark, through the Sustainable Development Committee, in her role as the non-executive director responsible for understanding the views of employees, providing insight into the culture and key employee issues gained during site visits undertaken throughout the year (see pages 92-93 for more information). - Reviewed reports received via Mondi's anonymous whistleblowing and grievance platform, SpeakOut (see page 84 for more information). - Reviewed and approved the Group's Human Trafficking and Modern Slavery Statement.
Leadership Link to strategy Stakeholders impacted - Employees - Investors	- Considered and approved the appointment of Anke Groth as an independent non-executive director (see page 107 for more information). - Considered and approved the appointment of a new Chief People Officer and their appointment as a member of the Executive Committee with effect from April 2024. - Agreed the appointment of Dominique Reiniche as Senior Independent Director with effect from the conclusion of the 2023 AGM in response to the new Listing Rule requirement to have a woman in one of the senior positions on the Board (see page 108 for more information). - Monitored the work of the Nominations Committee in relation to succession and talent management plans, particularly in relation to the Group CEO and CFO.

Corporate governance report

Composition, succession and evaluation

Induction, training and development

Training and development are important in ensuring the ongoing effectiveness of the Board and that we have the right combination of skills and knowledge.

This begins with an induction for all new directors. While there is an outline induction programme in place, this is discussed with each new director and is tailored to meet any specific requirements. The aim is to familiarise a new director with the nature of the Group's business and operations, highlighting the key challenges and opportunities as well as the regulatory environment in which the Group operates, the key duties of the director, including in relation to Section 172 and stakeholder interests, and the culture and values of the Group. All directors are given access to an online director handbook containing documents including key policies and the terms of reference for each committee. Details of the induction programme for Anke Groth, who joined the Board in April 2023, are provided below.

We also aim to ensure that existing directors receive ongoing training and development opportunities. We offer the directors the opportunity to keep up to date with regulatory, governance and economic changes as well as developments in the markets and environments in which we operate. We do this through Board presentations, both from internal and external presenters, site visits, updates aimed at providing wider context to the Group's activities and position in the market, and regular reports from the Company Secretary highlighting developing trends and future changes in governance and regulation.

In addition, we aim to hold at least one Board meeting a year at one of Mondi's sites, giving Board members the opportunity to refresh and develop their understanding of Mondi's operations. Further details can be found on page 94.

Each director can discuss any development needs with the Chair at any time, but the opportunity arises more formally during the annual review process, when discussions regarding individual performance are held. In addition, all directors are encouraged to strengthen and refresh their knowledge by attending any workshops, seminars and courses relevant to their respective roles, and details of the availability of these are provided regularly.

Director induction process

Inform ▶ **Engage** ▶ **Support**

Anke Groth's induction

Following Anke's appointment to the Board in April 2023, a number of meetings and briefings were organised in order to provide her with a detailed overview of the Group, and to give her the insight and knowledge required to make as full and effective a contribution as possible.

Meetings were held with each of the Executive Committee members, allowing Anke the opportunity to gain an understanding of the Group's business units, culture, risk areas and priorities, and providing the context necessary for matters discussed at Board and committee meetings. Anke also met with the Company Secretary early on in the induction process, with the session covering matters including directors' duties, share dealing procedures, Mondi's approach to managing conflicts of interest and key policies.

Given the increasing focus on sustainability and the relevance of such matters to Board decisions, meetings were also arranged with the Group Heads of Sustainable Development and Safety & Health.

In addition, Anke met with other members of senior management during an induction visit to Mondi's Group office in Vienna (Austria), including the Group Controller and Group Head of Internal Audit, both directly relevant to her membership of the Audit Committee, the Chief Information Officer, given the continued focus on cyber security across the organisation, and Mondi's General Counsel.

Site visits are also a crucial element of the induction process, and early on in her tenure, Anke was able to visit Mondi's Świecie mill (Poland) as part of the wider Board visit in June 2023. Further information can be found on page 94. Anke also visited Mondi's Korneuburg plant (Austria) and Štětí mill (Czech Republic) following her appointment.

Board evaluation process

Year 1 (2022) External assessment

- Independent external evaluation firm selected and appointed.
- Scope refined and agreed between the Chair and evaluation firm.
- Questionnaires issued and one-to-one interviews undertaken by the evaluator with each director and the Company Secretary.
- One-to-one calls between the Chair and each director to discuss the results.
- Results and actions discussed by the Nominations Committee and action plan agreed by the Board.

Years 2 and 3 (2023 and 2024) Internal assessments

- Outcome from previous evaluation and progress against each action reviewed.
- External evaluation firm used for the external evaluation appointed to facilitate internal assessments, providing continuity.
- Questionnaires issued to directors, Company Secretary and other regular Board attendees.
- One-to-one calls between Chair and directors to discuss results.
- Results and actions discussed by the Nominations Committee and action plan agreed by the Board.

In line with best practice, in 2022 we conducted an external Board evaluation. The process was facilitated by Lintstock, an independent governance advisory firm. Below are the key actions reported last year, and details of the progress we have made against those actions:

Action agreed from 2022 evaluation	Progress achieved
To expand the Board's regular reviews of the business units to include greater detail concerning consumer trends and their impact on Mondi's customers.	Each of the business unit reviews undertaken by the Board in 2023 has included discussion of key consumer trends, including eCommerce and sustainability, the impact of these trends on demand and market dynamics, and the resulting actions being taken in response, including the impact on the types of products being produced.
To expand the scope of the Board's review of the development of major competitors and their strategies.	Relevant deep dives have been introduced into the rolling agenda.
To increase the Board's visibility and understanding of key regulatory developments, particularly in relation to sustainability.	Regular regulatory updates from a sustainability perspective are provided at meetings of the Sustainable Development Committee, which all Board members usually attend. Updates during 2023 have included a detailed overview of the Packaging & Packaging Waste Regulation. An update on Mondi's approach to public affairs and the developing EU regulatory landscape in particular was also provided to the Board in December 2023.
To maintain the strong focus on diversity and inclusion, with the Board to review steps taken to operationalise the tools that have been developed across the business to support improvements in this regard.	A review of diversity and inclusion initiatives, and developments and trends in a range of diversity statistics, was undertaken in June 2023 and remains high on the Board's agenda. More details can be found on pages 107-109.
To continue to give in-depth consideration to executive director succession.	Detailed discussions were undertaken during the year to consider potential internal successors for the Group CEO and CFO, their development needs, and actions that can be taken to provide further progression and development opportunities. Succession plans for other key roles were also reviewed.

Corporate governance report
Composition, succession and evaluation continued

2023 Board evaluation process

In 2023, the Board took the decision to undertake a questionnaire-based evaluation facilitated by Lintstock. Given Lintstock carried out Mondi's external evaluation in 2022, it was agreed that the follow-up support and insight Lintstock could offer would be valuable. Lintstock has no other connection to Mondi beyond the provision of board evaluation services. Anonymity was ensured throughout the process to allow for the provision of candid and open feedback by participants. The evaluation process was led by Philip Yea in conjunction with the Nominations Committee and is set out below. The review of the Chair was led by Dominique Reiniche as Senior Independent Director.

Engagement

Decision to engage Lintstock to conduct the evaluation

Questionnaires completed

Questionnaires relating to the Board, committees and individual performance completed by directors, the Company Secretary and other regular attendees at Board and committee meetings

Report issued

Detailed report from Lintstock setting out the questionnaire findings issued and reviewed with the Chair

One-to-one calls with directors

One-to-one calls undertaken by the Chair with each director to discuss findings and individual performance and findings related to individual committees reviewed and considered by committee chairs

Report considered

Report considered at a meeting of the Nominations Committee

Action plan recommended

Action plan recommended by the Nominations Committee and agreed by the Board

As a result of the process, the Board concluded that it continues to operate in an effective manner, benefitting from positive dynamics, strong engagement and relationships with senior management and a boardroom culture that allows for open and constructive challenge. Each director continues to contribute effectively to the Board.

There was consensus around the priorities for the forthcoming year, and the key actions agreed by the Board as a result of the evaluation include the following:

- to arrange for the Board to hear directly from major customers, to supplement the insight already provided to the Board in respect of customer requirements through presentations from management;
- to further develop and enhance the Nominations Committee's approach to succession planning, particularly in respect of the executive directors, with support from the newly appointed Chief People Officer; and
- to continue to identify opportunities for interaction between the Board and senior management on a less formal basis, with the aim of supporting succession planning discussions and giving Board members deeper insight into the organisation from both an operational and cultural perspective.

The Board considers that it continues to benefit from the annual review process, the results of which help guide the future focus of meeting agendas and behaviours.

Corporate governance report
Nominations Committee

Philip Yea
Chair of the Nominations Committee

While the committee remains confident that the Board has the broad range of knowledge and perspectives it needs, it is constantly assessing ways in which to further strengthen its composition to ensure it has the capability to fulfil its responsibilities.

Composition and attendance[1]

Members throughout the year	Committee member since	Meeting attendance
Philip Yea, Chair	April 2020	4/4
Svein Richard Brandtzaeg	April 2021	4/4
Sue Clark[2]	April 2021	3/4
Anke Groth[3]	April 2023	3/3
Saki Macozoma	May 2022	4/4
Dominique Reiniche	October 2015	4/4
Dame Angela Strank	April 2021	4/4
Stephen Young	May 2018	4/4

1 The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

2 Sue Clark was unable to attend one meeting during the year due to an unavoidable commitment.

3 Anke Groth joined the committee on 1 April 2023. Anke attended all meetings following her appointment.

Other regular attendees

- Group CEO

Dear Shareholder

I am pleased to present this report, which provides an overview of the areas of focus for the committee during the year, and those for the year ahead, as well as its key activities and the framework within which it operates.

Composition

To ensure the committee has access to as wide a range of knowledge and experience as possible, each non-executive director is a member. In line with this practice, Anke Groth joined the committee upon her appointment to the Board in April 2023.

Areas of focus

The key focus of the committee is to ensure that the composition of the Board and its committees is appropriate and relevant to the Group and that the Board continues to be in the best position to deliver the Group's strategy, and to ensure that the business operates in line with Mondi's purpose, culture and values. This includes overseeing Board diversity and succession matters.

In April 2023, following a recruitment process conducted through an external search agency, and in line with our commitment to strengthen the level of relevant financial experience on the Audit Committee, Anke Groth joined the Board as an independent non-executive director. Anke was appointed to the Audit Committee at the same time, and I am pleased to confirm that Anke has brought valuable insight and experience to discussions.

In preparation for Dominique Reiniche completing her nine-year term on the Board during 2024, the committee has now turned its attention to succession planning for Dominique and how the Board and committee memberships may need to evolve as a result. This will continue to be a priority for the committee in 2024. There is particular focus on Dominique's role as both Senior Independent Director and Chair of the Sustainable Development Committee and the skills and experience required to fulfil these roles. While the committee remains confident that the Board has the broad range of knowledge and perspectives it needs, it is constantly assessing ways in which to further strengthen its composition to ensure it has the capability to fulfil its responsibilities.

Corporate governance report

Nominations Committee continued

Alongside this, the committee continued to consider succession planning in relation to the Group CEO and CFO specifically, as well as those in key management and operational roles. While the committee routinely reviews succession plans in this regard, it is particularly focused on actions required in the short and medium term to develop and prepare potential internal candidates for some of these critical roles. While external candidates will always be considered where appropriate, there is a clear desire to identify opportunities for Mondi employees to progress, and to provide the support and encouragement they need to succeed within the organisation. Development actions discussed by the committee included mentoring and coaching, rotation into other roles within the Group and external training.

The Group's commitment to increasing levels of diversity across the organisation was a key factor in these succession planning discussions, with the committee paying particular attention to where there might be opportunities to create a more diverse pipeline up to some of the key roles discussed. While it is clear that there is still a long way to go in this respect, and that the MAP2030 target of 30% women across the organisation by 2030 remains challenging, it was encouraging to see the significant work being undertaken in this regard through the presentations given to the Sustainable Development Committee. More information can be found on pages 107-109. These insights will continue to feed into the committee's succession planning discussions in 2024.

A more detailed overview of the key matters considered by the committee during the year can be found below.

Committee effectiveness

The committee's performance and effectiveness were reviewed as part of the Board evaluation undertaken during the year, more details of which can be found on page 104. I am pleased to confirm that the committee is seen to be operating effectively and fulfilling the duties delegated to it by the Board.

Philip Yea
Chair, Nominations Committee

Nominations Committee activity

Set out below are some of the key matters addressed by the committee.

Board and committee composition

- Following the conclusion of a recruitment process facilitated by an external search agency, recommended to the Board the appointment of Anke Groth as an independent non-executive director.
- Considered and recommended to the Board the proposed appointment of a new Chief People Officer and their appointment as a member of the Executive Committee with effect from April 2024.
- Reviewed the continued independence of each non-executive director, including consideration of their term in office and any potential conflicts of interest, concluding that each non-executive director remained independent.
- Reviewed the time commitment required of each non-executive director, concluding that all non-executive directors continued to devote appropriate time to fulfil their duties to Mondi.

Succession planning

- Considered the Board's succession plans, in relation to existing directors, the requirements of the Board and committees in the longer term and the skills and experience required to support the Group's future growth strategy.
- Reviewed the succession plans in place for members of the Executive Committee and other key positions, both in the short and long term.
- Discussed the new Listing Rule requirement for boards to disclose whether they have met the target of having a woman in the role of CEO, CFO, Chair or Senior Independent Director, with the committee considering the actions required to achieve this and the views of Mondi's major shareholders. This resulted in a recommendation to the Board that Dominique Reiniche be appointed as Senior Independent Director with effect from the conclusion of the 2023 AGM.

Board evaluation

- Monitored progress against the agreed action plan from the prior year's evaluation process (see page 103 for more information).
- Considered and agreed the process for the 2023 internal evaluation of the Board, committees and individual directors, to be facilitated by Lintstock (see page 104 for more information).

Corporate governance and other matters

- Considered, and recommended to the Board, the re-election of the directors at the AGM.
- Reviewed the committee's terms of reference, performance and work programme for 2024.
- Considered, and agreed to, the committee's report for inclusion in the Group's Integrated report and financial statements.

Board appointments

Mondi has a rigorous and transparent process in place for the recruitment and appointment of directors, led by the committee. This process was followed in relation to the appointment of Anke Groth as an independent non-executive director in 2023 and is set out below.

Key requirements agreed and candidate specification drawn up

taking into account succession planning requirements, gender, ethnic and other forms of diversity and the key skills and experience required to strengthen Board and committee capabilities and to ensure they have the competencies necessary to manage the impacts of the business

External independent search agent engaged

to assist with the selection process

Search conducted and longlist of potential candidates provided for consideration

which should include male and female candidates from a variety of backgrounds

Shortlist chosen from longlist

for interview by the Chair and at least one other appropriate director

Shortlist reduced to an agreed number of candidates

for interview by other executive and non-executive directors

Nominations Committee considers the preferred candidates

including ability to commit time to the role, confirmation that each individual would be deemed independent on appointment and the likely views of key stakeholders, including major shareholders and regulatory bodies and in relation to financial, sustainability, strategy and risk management experience. A recommendation is made to the Board

Board considers the recommendation

and whether to proceed with the appointment

Russell Reynolds Associates, an external search agency and signatory to the Voluntary Code of Conduct for Executive Search Firms, was engaged to assist with the recruitment of an additional independent non-executive director, following the retirement of Tanya Fratto in May 2022. This led to the appointment of Anke Groth with effect from 1 April 2023.

Russell Reynolds Associates does not provide any services to the Mondi Group other than Board-level recruitment.

On appointment, each non-executive director receives a letter of appointment setting out, among other things, their term of appointment, the expected time commitment for their duties to Mondi and details of any committee memberships. Non-executive directors are initially appointed for a three-year term, subject to annual re-election by shareholders, after which a review is undertaken to consider renewal of the term for a further three years.

Diversity and inclusion

Mondi has a well-established commitment to encouraging and promoting diversity and inclusion (D&I). This is reflected in our behaviour and in our culture and values.

As a global organisation operating in more than 30 countries, D&I is integral to how we do business. We are committed to creating an inclusive working environment that is fair and non-discriminatory, from recruitment and people development to reward and our approach to talent management.

The Group's D&I Policy, which was approved by the Board, and updated in January 2024, is intended to help us meet these goals and support the development of a diverse workforce. It sets out guidelines for matters such as recruitment, the use of search firms, succession and annual reviews. You can read the full policy on our website.

The policy can be found on Mondi's website
www.mondigroup.com/en/sustainability/governance-of-sustainability

Corporate governance report
Nominations Committee continued

Diversity and inclusion continued

Key elements of the policy include:

At Board and committee level:

- The Board supports the recommendations and targets outlined in the FTSE Women Leaders Review, and is committed to ensuring gender diversity on the Board and its committees, and among the Executive Committee and its direct reports.
- The Board supports the Parker Review principles in relation to ethnic diversity on boards and among senior management.
- For Board appointments, we will, where possible, engage executive search firms signed up to the Voluntary Code of Conduct for Executive Search Firms.
- Search firms will be asked to include a sufficient number of qualified female candidates and candidates from a variety of ethnic backgrounds.
- At least annually, the Nominations Committee will review succession plans for the Board, Executive Committee and other senior managers in light of Group D&I levels, skills, experience and diversity requirements.
- Mondi commits to the UN 'Women Empowerment Principles'.

At employee level:

- Recruitment activities are aligned with our D&I Policy and applicable legislation in jurisdictions in which we operate, including to promote diversity of all types and to ensure fair and non-discriminatory working practices.
- We aim to ensure that a pipeline of diverse candidates is considered during succession planning.
- We aim to ensure that the nationalities of candidates at long and shortlist stages are appropriately representative of our international footprint, subject to the availability of suitable candidates.
- We aim to ensure fair and equal training and development opportunities.
- We set targets where meaningful and report on them as appropriate.

While appointments at all levels will continue to be made based on skill and ability, it is clear that all forms of diversity are key to ensuring that we have the right mix of backgrounds, knowledge and experience to meet our future business needs and to manage the impacts of our business. D&I is therefore central to our succession planning discussions and is critical to the long-term sustainable success of our business. Additional information on the specific process followed for Board-level appointments can be found on page 107.

In 2023, we reported to the FTSE Women Leaders Review that as at 31 October 2023, we had 17% female representation on our Executive Committee and 30% in the direct reports to the Executive Committee, giving a combined total of 27%. As at 31 December 2023, our combined total had marginally increased to 28%. While the percentage of women on the Executive Committee and in its direct reports has increased compared to 2022 (2022: 25%), indicating we are moving in the right direction, we are not where we would like to be. We have a diverse pool of high-calibre employees who have been identified as having the potential to be appointed to Executive Committee roles in the future and every effort is being made to prepare these employees for progression within Mondi. This is a key focus during the committee's succession planning discussions. The percentage of women on the Executive Committee will increase from 17% to 29% when our new Chief People Officer joins in April 2024.

As at 31 December 2023, Mondi was in compliance with the diversity targets set out in Listing Rule 9.8.6(R)(9). There were four female directors, representing 40% of the composition of the Board, and one director from an ethnic minority background. Dominique Reiniche was appointed as Senior Independent Director in May 2023, satisfying the requirement for one of the senior positions on the Board to be held by a woman. Mondi remained in compliance with the relevant targets at the date of this report.

More detailed information relating to the gender and ethnic diversity of Mondi's Board and executive management can be found in the tables on page 109. The data is provided in the form specified under Listing Rule 9.8.6(R)(10) and was collected directly from the individuals concerned. In line with the Listing Rule definition, 'executive management' in this case consists of Mondi's Executive Committee members and the Company Secretary.

During 2023, we also reported to the Parker Review that Mondi was in compliance with the existing target of having at least one ethnic minority director on the Board. Mondi is fully supportive of the objectives of the Parker Review and the ambition to improve the diversity of businesses. However, as a new initiative for 2023, the Parker Review has also requested companies to set, and in due course report progress against, an internal target in relation to the ethnic diversity of our senior management population. The Board has carefully considered this new initiative and, for a number of practical reasons, will not be reporting a target, but instead will continue to promote the recruitment and development of a diverse workforce through programmes suited to the locations where we operate.

Mondi is a global organisation, with only around 50 of our 22,000 people based in the UK. The definition of 'ethnic minority' used in the UK, and by the Parker Review, is not appropriate for every country in which we operate, with different countries applying different definitions. The availability of reliable census data in relation to ethnicity (as defined in the UK and by the Parker Review) also varies significantly by country, with limited or no reliable data available in some of our largest jurisdictions. This means that setting a realistic target reflecting the ethnic make-up of the populations from which we draw our employees is not practical. Legal restrictions around the collection of data relating to the ethnicity of our employees also exist in a number of the more significant countries in which we operate.

Instead, we continue to focus on promoting all forms of diversity, including ethnicity, and inclusiveness in order to build a diverse pipeline up to senior management and Board level. There are a number of ongoing initiatives in this respect, many of which are implemented at a local level to allow them to be tailored to specific circumstances and country requirements. Notably, in South Africa, we have taken active steps to meet the requirements of Broad-Based Black Economic Empowerment (BBBEE), including establishing transformation committees in our South African operations to allow our employees to discuss equity and training-related issues and ideas.

Our current BBBEE certificate can be found on our website
www.mondigroup.com/investors/corporate-governance/regulatory-reports

More broadly, a governance framework around D&I has been established in order to focus our efforts. The Group D&I function, forming part of the Group HR function, supports the D&I agenda across Mondi's operations, while a D&I Steering Committee provides policy oversight and facilitates the necessary stakeholder engagement to ensure D&I is firmly embedded across the organisation. Mondi's approach to D&I is focused on community development, as well as creating cultures that are welcoming and foster belonging. In line with this, initiatives have been started, such as the Curious Community, a group consisting of more than 350 members from 27 countries who span all levels of seniority. It provides a safe space for employees to connect, learn and find inspiration and ideas to implement at a local level. Key activities in 2023 included monthly virtual events with speakers, discussions relating to a broad range of topics and listening and reflection exercises.

We offer a broad range of leadership development programmes and initiatives, and we have made D&I a part of all of them. Through training, coaching, mentoring and reverse mentoring programmes, we support our female talent in their development and growth throughout their careers.

In support of our commitment to D&I, a D&I target is included in the Mondi Action Plan 2030 (MAP2030), and we have committed to providing purposeful employment for all, in a diverse and inclusive workplace. Progress is measured by the Purposeful Workplace Index and Inclusiveness Index scores in our global Employee Survey (each to reach 90% by 2030) and by the overall percentage of women that we employ across Mondi (to reach a minimum of 30% women globally by 2030, against a 2020 baseline of 21%). In many of the countries in which we operate, a cultural shift is required, with education and a change of mindset needed, as well as changes to underlying recruitment processes, to remove the barriers that discourage women from entering our workforce. We therefore acknowledge that meeting the target of 30% women will be challenging. The Board and the organisation as a whole are committed, however, to making the changes required. Read more about our MAP2030 commitments and our progress in this regard on page 49.

While it is recognised that there are many challenges and there is more work to do, management and the Board are fully committed to our diversity journey and we believe that our ambitious goals will be achieved by working across the business and engaging our stakeholders on our 2030 commitments, sharing good practice, and collaborating both internally and externally.

Gender identity/sex of members of the Board and executive management as at 31 December 2023[1]

	Board members	Percentage of the Board	Senior Board positions (CEO, CFO, SID and Chair)	Executive management	Percentage of executive management
Men	6	60%	3	5	71%
Women	4	40%	1	2	29%
Not specified/prefer not to say	–	–%	–	–	–%

Ethnic background of members of the Board and executive management as at 31 December 2023[1]

	Board members	Percentage of the Board	Senior Board positions (CEO, CFO, SID and Chair)	Executive management	Percentage of executive management
White British or other White (including minority White groups)	9	90%	4	7	100%
Mixed/multiple ethnic groups	–	–%	–	–	–%
Asian/Asian British	–	–%	–	–	–%
Black/African/Caribbean/Black British	1	10%	–	–	–%
Other ethnic group, inc. Arab	–	–%	–	–	–%
Not specified/prefer not to say	–	–%	–	–	–%

1 In line with the Listing Rule definition, 'executive management' consists of Mondi's Executive Committee members and the Company Secretary.

Corporate governance report
Audit Committee

Stephen Young
Chair of the Audit Committee

The committee continued to monitor the approach to risk management, and the identification, assessment and mitigation of the Group's principal risks. It was particularly focused on the appetite level for each risk, the actual risk exposure in each case and whether any actions were required to close any gaps.

Composition and attendance[1]

Members throughout the year	Committee member since	Meeting attendance
Stephen Young, Chair[2]	May 2018	5/5
Svein Richard Brandtzaeg	April 2021	5/5
Sue Clark	April 2021	5/5
Anke Groth[3]	April 2023	4/4
Saki Macozoma	May 2022	5/5

1 The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

2 Stephen Young satisfies the requirement for the committee to have a member with recent and relevant financial experience given his previous role as Group Finance Director at Meggitt plc and the other commercial accounting and finance roles he has held during his career. Stephen is a member of the Chartered Institute of Management Accountants.

3 Anke Groth joined the committee on 1 April 2023. Anke attended all meetings following her appointment.

Other regular attendees

- Group CEO
- Group CFO
- Chair and non-executive directors who are not members of the committee
- Group Controller
- Group Head of Internal Audit
- Representatives from PricewaterhouseCoopers LLP as external auditor

Dear Shareholder

I am pleased to present this report, which provides an overview of the areas of focus for the committee during the year, as well as its key activities and the framework within which it operates.

Composition

In April 2023, Anke Groth was appointed as a member of the committee. Anke has significant financial and commercial experience, making her well placed to provide valuable knowledge and insight to the committee.

The Board remains comfortable that the committee members have the appropriate knowledge, skills and experience to fulfil the duties delegated to the committee. Each member has appropriate knowledge and understanding of financial matters and commercial expertise gained from industries with similar manufacturing, engineering and technology-focused international operations, to give the committee as a whole competence relevant to the sector in which the Group operates.

We continue to keep the composition of the committee under review to ensure that, in the long term, it continues to have the breadth of knowledge it requires.

Areas of focus

The committee's primary responsibilities are to oversee the Group's corporate financial reporting, including the relationship with the external auditor, to assist the Board with any judgements required and to monitor the effectiveness of the Group's risk management processes. These remained the key focus areas of the committee during the year.

Areas of focus continued

In particular, the committee continued to monitor the accounting implications of the Board's decision in 2022 to divest the Group's Russian assets and the continuation and conclusion of the sales process in 2023.

In the prior year, after consideration of the detailed accounting rules, and with input from management and Mondi's external auditor, PricewaterhouseCoopers LLP (PwC), it was concluded in June 2022 that Mondi retained control of the Russian businesses, resulting in continued consolidation of the businesses, and that they should be classified as held for sale and, as a separate major geography, also presented as discontinued operations. The committee remained comfortable that these conclusions were appropriate until completion of the sale of the Russian assets, with the sale of the three packaging converting operations completed in June 2023 and the Syktyvkar mill in October 2023. The committee also concluded, prior to completion of the sale of the Syktyvkar mill, that in light of developments relating to the sale process at the time, the assets of the Syktyvkar mill in the six months to 30 June 2023 should be impaired. A more detailed explanation of the accounting treatment applied can be found on pages 206-209.

The committee was required to consider a number of other critical accounting judgements during the year, including in respect of the acquisition of the Duino mill (Italy) in January 2023, and the continued impact of hyperinflation in Türkiye. A more detailed explanation of the significant issues considered by the committee in respect of the financial statements can be found on pages 113-115.

The continued evolution of the Group's Internal Audit function following the appointment of a new Group Head of Internal Audit towards the end of 2022 was also high on the committee's agenda during the year. While the committee has always been satisfied with the effectiveness of the Internal Audit function, the appointment represented an opportunity to further develop the function to ensure it remains fit for purpose and is in the best position possible to support the management of the Group's risks and the achievement of our strategy in the long term. Developments have included the appointment of relevant specialists to the Internal Audit team, strengthening the team's ability to respond to new and evolving risks facing the Group, and a refresh of the approach to reporting to the committee, giving the committee further comfort that the Internal Audit function is focusing on key areas of risk and responding appropriately to any issues identified. More information relating to Mondi's approach to internal audit can be found on page 118.

Cyber security remained a notable focus for the committee during the year, given the increasing number and sophistication of the methods being employed by cyber attackers. The committee continued to receive half-yearly updates from the Chief Information Officer covering matters including measures taken in response to the evolving risk landscape, the findings of internal and external audits of Mondi's IT infrastructure and the ongoing strengthening and development of Mondi's cyber defences. The Group continues to undertake significant work in this regard and the committee was pleased to hear that external testing of Mondi's infrastructure, which is undertaken regularly, indicated that the measures we have in place remain effective and robust in this developing landscape. More information on Mondi's approach to cyber security can be found on page 79.

Alongside this, the committee continued to monitor the approach to risk management, and the identification, assessment and mitigation of the Group's principal risks. It particularly focused on the appetite level for each risk, the actual risk exposure in each case and whether any actions were required to close any gaps that might exist. After detailed discussion in this regard, the committee was comfortable that there are robust processes in place to identify, measure and manage the Group's risk exposure. More information relating to Mondi's risk management framework can be found on pages 69-70.

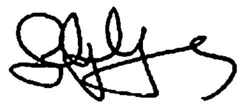
A more detailed overview of the key matters considered by the committee during the year can be found on page 112.

This report also aims to provide the disclosures required by the new Minimum Standard for Audit Committees introduced by the Financial Reporting Council during 2023, and to demonstrate how we have complied with the Minimum Standard.

Committee effectiveness

The committee's performance and effectiveness were reviewed as part of the Board evaluation undertaken during the year, more details of which can be found on page 104. I am pleased to confirm that the committee is seen to be operating effectively and fulfilling the duties delegated to it by the Board.

Stephen Young
Chair, Audit Committee



Corporate governance report
Audit Committee continued

Audit Committee activity

Set out below are some of the key matters addressed by this committee.

Financial reporting

- Reviewed the integrity of all financial announcements with input provided by the Group CFO, the Group Controlling team and PwC as appropriate.
- Reviewed the Mondi Group Integrated report and financial statements for tone and consistency, agreed the application of critical accounting policies and key judgements, and considered whether the report as a whole was fair, balanced and understandable (see page 116 for more information).
- Reviewed and discussed PwC's reports to the committee.
- Considered in detail the accounting implications of the decision to divest the Group's Russian operations, Mondi's withdrawal from the agreement to sell the Syktyvkar mill to Augment Investments Limited and the ultimate disposal of the mill to Sezar Invest LLC (see pages 206-209 for more information).
- Considered the accounting implications of the acquisition of the Duino mill (Italy) (see page 202 for more information) and the impact of hyperinflation in Türkiye (see page 172 for more information).
- Reviewed and agreed the accounting policies to be applied for the year ending 31 December 2023.
- Reviewed new accounting pronouncements and any impact for the Group's financial reporting.
- Reviewed the going concern basis of accounting and the longer-term viability statement (see pages 80-81 for more information).

External audit matters

- Recommended to the Board that the appointment of PwC for the 2023 audit be put to shareholders at the Annual General Meeting.
- Reviewed the independence, objectivity and effectiveness of PwC (see page 117 for more information).
- Reviewed and approved the external audit plan, taking account of the scope, materiality and audit risks and agreeing the audit fees.
- Reviewed and agreed the engagement and representation letters.
- Considered the implications of Simon Morley's forthcoming rotation as lead audit partner and agreed the appointment of his replacement for the 2024 audit (see page 117 for more information).
- Held two meetings with PwC without management present; the committee Chair also engaged regularly with the lead audit partner.

Risk management and internal controls

- Undertook a detailed review of the Group's risk management policy and plan, risk appetite levels and principal risks. This resulted in the recommendation of changes to the Board, including the removal of pandemic risk as a standalone risk (given its incorporation into our wider employee and contractor health and safety risk), and the derating of a number of principal risks. Emerging risks were also considered, with a particular focus on the execution of major capital expenditure projects given Mondi's extensive capital expenditure programme. Further information can be found on page 71.
- Undertook a more in-depth review of a number of the most significant Group risks, with presentations from relevant members of senior management considering the level of risk and the monitoring and mitigation measures in place.
- Received half-yearly presentations on IT risk management and cyber security, focusing in particular on key measures taken to continuously strengthen Mondi's protection against IT risk and cyber attacks and internal and external testing undertaken to assess the robustness of the IT infrastructure.

Internal audit matters

- Reviewed and agreed the internal audit plan, confirming the focus on key risk areas and adequate cover of all material operations.
- Received reports from the Group Head of Internal Audit (see page 118 for more information).
- Undertook a review of the effectiveness of the Internal Audit function (see page 118 for more information).
- Reviewed summaries of messages from SpeakOut, providing insight into the culture of the Group and issues of particular concern to stakeholders.
- Held two meetings with the Group Head of Internal Audit without management present.

Governance and other

- Monitored the continued implementation of those elements of the Group's Code of Business Ethics reserved for review by the committee.
- Undertook the annual review of Mondi's Business Integrity Policy, which, among other things, outlines Mondi's zero tolerance approach to bribery and corruption.
- Reviewed the compliance risks faced by the Group, including in relation to competition compliance.
- Considered the implications of proposed governance and audit reform in the UK, particularly in respect of internal controls.
- Reviewed the committee's terms of reference, performance and work programme.

Internal control

The Group's internal control and risk management framework, embedded in all key operations, is designed to address all the significant strategic, financial, operational and compliance risks that could undermine our ability to achieve our business objectives in the future and is managed within risk tolerance levels defined by the Board. In accordance with the provisions of the UK Corporate Governance Code, the Group has in place an internal control environment to protect the business from principal risks which have been identified.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting and we have responsibility for ensuring the effectiveness of these controls. Full details of Mondi's internal control and risk management framework can be found in the Strategic report on pages 69-70.

The committee has reviewed the risk management process and the Group's system of internal controls. The committee considers that the system of internal controls operated effectively throughout the financial year and up to the date on which the financial statements were signed.

Significant issues related to the financial statements

The committee has considered each of the following items based on discussions with, and submissions by, management and satisfied itself as to the accounting treatment and presentation thereof. These significant items were discussed with the external auditor during the planning stage and on completion of the audit.

The key considerations in relation to the 2023 financial statements were:

Matter considered	Action
Special items are those financial items which the Group considers should be separately disclosed on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group as special items affect year-on-year comparability. The classification of an item as special is based on materiality in the context of the current year's financial performance and generally must exceed €10 million. Subsequent adjustments to items previously reported as special items continue to be reflected as special items in future periods even if they do not exceed the quantitative reporting threshold. The net special item expense (before tax) for the year was €27 million (2022: income of €242 million), consisting of a closure of a paper machine and streamlining of the capacity of the finishing lines at the Neusiedler operations in Austria. Details of the special items are included in note 3 of the financial statements.	The committee has: - critically reviewed the item presented by management as being special to ensure that the item is in line with the Group's accounting policy; - considered both the quantification and presentation of the special item; - reviewed the adequacy of the description of the special item in the financial statements and the Strategic report; and - considered whether any significant transactions that were not classified as special were appropriately classified in the financial statements and appropriately described in the Strategic report.
On 12 January 2023, the Group completed the acquisition of the Duino mill near Trieste (Italy) from the Burgo Group for total net cash paid of €37 million. The purchase price allocation resulted in a gain on bargain purchase of €2 million as the fair value of net assets acquired was in excess of the consideration paid. The gain on bargain purchase is attributable to the need for investment, which corresponds with the Group's investment plans to convert the paper machine and the limited reusability of certain assets after the conversion and the future costs associated with the mill while the conversion is pending. Details of the fair value of assets acquired and liabilities assumed as a result of the business combination are included in note 25 of the financial statements.	The committee has: - considered reports from management in relation to the acquisition; - evaluated the management reports of the purchase price allocation; and - satisfied itself that the fair value of assets acquired and liabilities assumed in the business combination are appropriate and considered according to the Group's accounting policy.

Corporate governance report
Audit Committee continued

Matter considered	Action
In addition to property, plant and equipment of €4,619 million, intangible assets of €68 million and goodwill of €765 million are included as assets in the statement of financial position. As set out in the accounting policies, the goodwill is tested for impairment annually and property, plant and equipment and intangible assets whenever there is any indication that those assets are impaired. Details of goodwill impairment tests and impairments of property, plant and equipment are included in notes 10 and 12 of the financial statements.	The committee has: - considered a report from management describing potential impairment indicators for tangible and intangible assets and the outcomes of related impairment tests where performed; - considered a report from management on the outcomes of the annual goodwill impairment test; - reviewed the underlying assumptions applied and compared them with the Group's three-year 2024-2026 plan (budget period) and the current macroeconomic environment; - considered the sensitivities underlying the primary assumptions to determine the consequences that reasonably possible changes in such assumptions may have on the recoverable amount of the underlying assets; and - satisfied itself that no impairments related to goodwill or intangible assets were required and impairments of property, plant and equipment were justified.
The Group has applied IAS 29, 'Financial Reporting in Hyperinflationary Economies', for its subsidiaries in Türkiye and Lebanon (2022: Türkiye). IAS 29 requires judgement to determine when to apply hyperinflationary accounting and which general price index to select and other approximations to be made in order to restate the financial statements of subsidiaries operating in a hyperinflationary economy. For the year ended 31 December 2023, the adjustments from hyperinflationary accounting have resulted in an accumulated increase in total assets of €115 million, an increase in Group revenue of €116 million, a decrease in underlying EBITDA of €16 million and a net monetary gain of €2 million.	The committee has: - considered reports from management; and - satisfied itself that the judgements and adjustments applied are appropriate and considered according to the Group's accounting policy.
Significant estimation is required in determining the assumptions to be applied for the valuation of the Group's forestry assets and retirement benefit obligations. Such assumptions are based, as far as possible, on observable market data and, in the case of the retirement benefit obligations, on the input and advice of actuaries. Details are included in the financial statements (forestry assets in note 14 and retirement benefits in note 24).	The committee has: - considered reports from management; - reviewed the assumptions applied in the valuation of the forestry assets and retirement benefits; - considered the basis on which these assumptions were determined, and evaluated the assumptions by comparing them with prior years and considering market developments during 2023; and - satisfied itself that the assumptions, and the changes to those assumptions when compared with the year ended 31 December 2022, were appropriate.

Matter considered	Action
The Group has operations in a number of countries, each with a different tax system. The Group is regularly subject to routine tax audits and provisions are made based on the tax laws in the relevant country and the expected outcomes of any negotiations or settlements. The Group's recognition of deferred tax assets, relating to future utilisation of accumulated tax losses, is dependent on the future profitability and performance of the underlying businesses.	The committee has: - received regular reports from management about new legislative developments that may impact the Group's tax positions; - considered reports from management outlining the Group's most significant tax exposures, including ongoing tax audits and litigation, and has reviewed the related tax provisions recognised by management, satisfying itself these are appropriate and the risk of new unexpected exposures arising is low; and - considered a report from management outlining the key assumptions relating to the recognition of deferred tax assets and satisfied itself that the assumptions made are reasonable and consistent from year to year.
Understanding of the Group's risks and implications related to climate change is continuously being enhanced. While the Group's assessments still reflect that these may not be severe in the short term, it is believed that climate change risks are likely to have a medium- and long-term impact on business. The financial statement disclosures consider the impact of climate change, notably in the estimates used to calculate the fair value of our forestry assets. The Group continues to assess accounting policies, judgements and estimates to consider the impact of climate change.	The committee has: - participated in overseeing the Group's approach to sustainability; - received regular reports from management about climate change and related legislative developments that may impact the Group's disclosure; - reviewed the Integrated report (including the TCFD section) and the financial statements for consistency with respect to climate change risks; - reviewed the assumptions applied in the valuation of the forestry assets; - considered accounting policies, judgements and estimates on the basis of expected climate change impacts; and - satisfied itself that the assumptions, and the changes to those assumptions when compared with the year ended 31 December 2022, were appropriate.

Corporate governance report
Audit Committee continued

Fair, balanced and understandable

In line with the committee's responsibility for ensuring there are robust financial reporting procedures and internal controls in place, and the UK Corporate Governance Code requirement for the committee to advise the Board in relation to the annual report and accounts, in particular whether, taken as a whole, it is fair, balanced and understandable, the committee undertook an assessment of the Integrated report and financial statements 2023. This incorporated the work undertaken by the committee throughout the year to monitor financial reporting. The process and outcome are set out opposite.

Oversight through the year

- Review of applicable accounting policies and pronouncements and their application.
- Review of regular financial results and announcements.
- Reports from the Group CFO, the Group controlling team and PwC.
- Reports from the Group Head of Internal Audit.

Review included

- Provision of an outline plan including content and structure, design concepts and timetable.
- Consideration of regulatory and governance requirements for reporting.
- Review of detailed reports from the Group CFO, the Group controlling team and PwC providing the opportunity for debate and challenge.
- Summaries of areas where management judgements or significant accounting estimates had been made.
- Consideration of going concern and longer-term viability.
- Separate meetings with PwC without management present.

Review confirmed

- Well documented planning and procedures for the preparation of the report.
- Collaborative approach between all parties required to contribute to the report.
- Basis of preparation consistent with financial reporting throughout the year.
- All significant issues had been considered.
- Messaging was consistent, particularly the narrative reflecting the financials.

Conclusion

- After completion of the detailed review, the committee was satisfied that:
  - taken as a whole, the Group's Integrated report and financial statements 2023, were fair, balanced and understandable;
  - the report accurately reflected the information shareholders would require in order to assess the Group's position and performance, business model and strategy; and
  - the use of alternative performance measures contained in the report assists in presenting a fair review of the Group's business.

Recommendation

- The committee reported its findings to the Board, and recommended its conclusions to the Board for approval.

External audit

PricewaterhouseCoopers LLP (PwC) was first appointed as auditor by shareholders at the Annual General Meeting in May 2017, replacing Deloitte LLP following a tender process. The 2023 audit was PwC's seventh for Mondi and Simon Morley's fourth as lead audit partner. Given Simon was previously a Key Partner Involved in the Engagement since 2017, his maximum tenure was a combined seven years. The 2023 audit was therefore his last for Mondi. Andrew Hammond will replace Simon as the lead audit partner for the 2024 audit.

We are required to undertake a mandatory audit tender process after 10 years and the decision on precisely when to undertake such a process will be taken by the committee. Following an assessment of the independence, objectivity and effectiveness of the external auditor, details of which can be found below, the committee has concluded that it remains satisfied with the effectiveness and quality of the audit work.

The committee also remains satisfied with PwC's capabilities and the relationship with Mondi. In light of this, it is not currently anticipated that a tender process will be conducted before such a process is required, in respect of the 31 December 2027 year-end.

The committee confirms its compliance for the financial year ended 31 December 2023 with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

External audit independence, objectivity and effectiveness

A formal framework for the assessment of the effectiveness of the external audit process and quality of the audit has been adopted by the committee, covering all aspects of the audit service provided by PwC. While part of the assessment is managed annually, it is treated as an ongoing review throughout the cycle.

Evaluation focus

- Robustness of audit process.
- Audit quality, including quality controls.
- Audit partners and team, including skills, character and knowledge.
- Independence and objectivity.
- Formal reporting.

Key inputs

Audit Committee

- Continually monitored audit performance throughout the year.
- Reviewed and agreed the audit plan.
- Reviewed the quality of reporting to the committee, the level of challenge and professional scepticism and the understanding demonstrated by PwC of the business of the Group.
- Reviewed the quality of the audit team, technical skills and experience and the allocation of resources during the audit.
- Considered the interaction with management and the level of challenge.
- Regular meetings held between the Chair of the committee and the audit engagement partner.
- Reviewed feedback from committee members including views on how PwC has supported the work of the committee and communicated with the committee.
- Considered the effectiveness of Mondi's policies and procedures for maintaining auditor independence.
- Met with PwC twice during the year without executive management present.

Management

- Feedback from engagement with the Group CFO, Group Controlling team and Group Head of Internal Audit.
- Feedback from questionnaires issued at corporate and business unit levels to those personnel involved with the audit.

PwC

- Provided the committee with confirmation that it operates in accordance with the ethical standards required of audit firms.
- Confirmed the policies and procedures it has in place to maintain its independence.

Regulators

- The UK Financial Reporting Council's (FRC) 2022/23 report on Audit Quality Inspections included a review of audits carried out by PwC.

Key outputs

- The quality of the audit partners and team was confirmed, with no material issues raised in the feedback received.
- The audit had been well planned and delivered, with work completed on schedule and management comfortable that any key findings had been raised appropriately, as well as active engagement on misstatements and appropriate judgements on materiality.
- PwC demonstrated a good understanding of the Group and its internal control systems, and had identified and focused on the areas of greatest financial reporting risk.
- PwC's reporting to the committee was clear, open and thorough, including explanations of the rationale for particular conclusions as appropriate.
- It was confirmed that, through the review of management papers and analyses and the discussion of key matters with management and the auditor, there had been an appropriate level of challenge during the course of the audit, with the external auditor and the Audit Committee challenging management's judgements and assertions on matters including critical accounting judgements and key sources of estimation uncertainty; impairment of property, plant and equipment and goodwill; and assumptions underlying the going concern basis of accounting in preparing the financial statements and the viability statement.

Conclusion

The committee, having considered all relevant matters, has concluded that it is satisfied that auditor independence, objectivity and effectiveness have been maintained.

Corporate governance report
Audit Committee continued

Non-audit services

A policy is in place that governs the provision of non-audit services provided by PwC to Mondi, setting out those services that are permissible and the process to be followed to obtain approval for such services. All such services must be approved - there are no pre-approvals in place. Authority is delegated by the committee to the Chair of the committee to approve such services. The policy, which is regularly reviewed, was last updated in 2020 to reflect the changes introduced by the Revised Ethical Standard 2019.

For all non-audit services, the business must submit a formal request setting out the objectives, scope of work, likely fee level and the rationale for requiring the work to be carried out by the Group's external auditor.

The committee monitors compliance with the policy and the monetary cap on non-audit fees, receiving reports at each meeting detailing all approved non-audit services.

Total fees for non-audit services amounted to €0.6 million, representing 9.8% of the audit fee, with the vast majority of the non-audit fees incurred relating to the half-year review and other audit-related assurance services.

Internal audit

Mondi's Internal Audit function forms an integral part of Mondi's governance and risk management and internal control frameworks. The primary purpose of the Internal Audit function is to help the Board and executive management to protect the assets, reputation and sustainability of the organisation and to manage and mitigate its risks effectively. This includes assessing whether all significant risks are identified and appropriately reported by management to the Board and executive management, and whether they are adequately controlled.

The Audit Committee has primary responsibility for monitoring and reviewing the scope and effectiveness of the Group's Internal Audit function. The Group Head of Internal Audit has direct access and responsibility to the committee, as well as regular access to Mondi's executive management.

An Internal Audit Charter, approved by the committee, is in place. The charter sets out the purpose, remit and authority of the Internal Audit function. Each year, the committee considers and approves the internal audit plan, which is designed to focus on the Group's key risks to ensure that they are managed effectively within the context of our business objectives and that appropriate internal controls are in place.

The committee ensures that all material operations and relevant business processes are covered and that there is an appropriate degree of financial and geographical coverage. Every Mondi operation is visited at least once every five years, with all major plants audited annually.

Reports are given at each committee meeting, providing an update on activities, resourcing levels, progress against plan, results from audits carried out and management's response to address any areas highlighted for improvement. The committee will consider deviations from plan as the need arises during the year, usually in response to a material acquisition or change in the Group's risk profile, highlighted through audit reports and through matters raised via the anonymous whistleblowing and grievance platform, SpeakOut.

The effectiveness of the Group's Internal Audit function is kept under close review by the committee, with a formal review undertaken annually. The last comprehensive, external review of the Internal Audit function was carried out in 2020 by Independent Audit (a consultancy firm specialising in board evaluations and effectiveness reviews). The overall conclusions in respect of the effectiveness of the Internal Audit function, its leadership and its relationship with the Audit Committee were positive, and all recommendations have been addressed. Towards the end of 2022, upon retirement of the previous Group Head of Internal Audit, a new Group Head of Internal Audit was appointed. This change was complemented by the recruitment of a number of specialists into the department and the development of a four-year roadmap for the Internal Audit function.

An internal review was undertaken in 2023. The committee has concluded following the review that the Internal Audit function remains effective in carrying out its remit.

Corporate governance report

Sustainable Development Committee

Dominique Reiniche
Chair of the Sustainable Development Committee

The committee critically reviewed the progress against our target of making 100% of our packaging and paper solutions reusable, recyclable or compostable. The complexity in navigating the transition to a circular economy was considered, with a focus on the efforts that are being made to ensure that a sustainable alternative is in place.

Composition and attendance[1]

Members throughout the year	Committee member since	Meeting attendance
Dominique Reiniche, Chair	May 2017	7/7
Svein Richard Brandtzaeg	April 2021	7/7
Andrew King	May 2020	7/7
Dame Angela Strank[2]	April 2021	6/7
Stephen Young	May 2018	7/7

1 The maximum number of scheduled meetings held during the year that each director could attend is shown next to the number attended.

2 Dame Angela Strank was unable to attend one meeting of the committee during the year due to an unavoidable commitment.

Other regular attendees

- Group CFO
- Chair and non-executive directors who are not members of the committee
- Group Technical & Sustainability Director
- Group Head of Sustainable Development
- Group Head of Safety & Health

Dear Shareholder

I am pleased to present this report, which provides an overview of the areas of focus for the committee during the year, as well as its key activities and the framework within which it operates.

While the Board as a whole has responsibility for overseeing Mondi's approach to sustainability, the committee, on behalf of the Board, oversees and monitors Mondi's sustainable development policies and practices and progress against our sustainability commitments and targets. It provides guidance in relation to sustainability matters, including climate change-related issues and reviewing and approving updates to the Group's framework of sustainability policies and strategies, ensuring they are aligned with global best practice.

Our sustainability policies include: Safety and Occupational Health; Labour and Human Rights; Sustainable Forestry; Energy and Climate Change; Environment; Supply Chain and Responsible Procurement; Product Stewardship; and Communities.

A summary report from the directors on the Group's sustainability practices is set out on pages 42-68.

Areas of focus

The safety of all our employees and contractors is a priority for the committee. Safety performance continues to be a focus at every meeting to ensure our high standards are maintained. We were deeply saddened by the fatality of a contractor at our Ružomberok mill (Slovakia) in November. Unfortunately we also experienced four life-altering injuries at our operations during the year. Full investigations were undertaken and the committee was kept informed throughout. We understand the significant impact that such incidents have on families, friends and colleagues and we look to take any lessons we can to minimise the risk of a reoccurrence. It was highly important that we spent time understanding these events and the underlying causes and actions to be taken in response. Further details of the actions being undertaken can be found on page 50.

Corporate governance report

Sustainable Development Committee continued

Areas of focus continued

We continue to work hard to proactively embed our safety culture across the Group. During the year, priority safety focus areas were reviewed. These included safety support for annual maintenance shuts and major capex projects, safety campaigns and focused site visits. The Social Psychology of Risk was reconfirmed as a safety focus area, with the aim of focusing on the psychological and cultural elements that can pose a risk to safety, the promotion of engagement across our sites and increasing general personal awareness. The safety of our people will remain at the top of our agenda in 2024.

The committee also spent time reviewing the double materiality assessment undertaken in preparation for the implementation of reporting requirements under the European Union's Corporate Sustainability Reporting Directive (CSRD). The committee reviewed both the outcome of the materiality assessment, which was focused on the impact our business has on the environment in which we operate and the issues of greatest importance to our stakeholders, and on the financial materiality, which considered the potential impact of key sustainability issues on Mondi's business. The resulting double materiality outcome was reviewed and 10 material topics were identified which are aligned with our Mondi Action Plan 2030 (MAP2030) action areas. Further details can be found on pages 42-43.

In January 2023, relevant MAP2030 targets were updated to exclude Russian operations. Progress made against the MAP2030 commitments and targets continued to be an area of focus for the committee, and particular attention was paid to upcoming investment projects and their contribution to a reduction in greenhouse gas (GHG) emissions. While this will be a journey for Mondi, and we acknowledge the extent of the work required to achieve Net-Zero, the committee was pleased to see the actions being taken and progress made during 2023. More information can be found on pages 51-64.

Alongside this, the committee reviewed sustainability risks and opportunities. Climate change mitigation remained a priority and climate change risks and opportunities were considered in detail. Further information, including Mondi's disclosures in line with the recommendations of the Task Force on Climate-Related Financial Disclosures, can be found on pages 55-64. Mondi is determined to minimise the impact of its business on climate change through robust governance combined with a rigorous approach to reducing GHG emissions across the value chain.

In 2022, the committee took over responsibility for the people-related targets from the Nominations Committee, and discussions in this respect formed a key part of the committee's agenda in 2023. The committee reviewed the employee statistics and the progress in respect of diversity and inclusion targets, with increasing the representation of females in our workforce remaining a focus area. The committee acknowledged that local factors play a role and impact the performance against our targets in this respect. The Board, the committee and the organisation as a whole remain committed to making the changes required. Further information on our diversity and inclusion initiatives can be found on pages 49 and 107-109.

The committee was pleased to see the results of the 2023 Employee Survey, with one of the highlights being that 80% of respondents find meaning and purpose in their job. The committee also discussed potential areas for improvement, such as promoting psychological safety to speak up. Sue Clark, in her role as non-executive director responsible for understanding the views of employees, also provided an overview of engagement undertaken during the year and further insight into views of a cross-section of our employees. More information can be found on pages 92-93.

The committee critically reviewed the progress against our target of making 100% of our packaging and paper solutions reusable, recyclable or compostable. The complexity in navigating the transition to a circular economy was considered, with a focus on the efforts that are being made to ensure that a sustainable alternative is in place, in particular to accelerate progress in the flexible packaging business. More information can be found on pages 45-47.

A more detailed overview of the matters considered by the committee during the year can be found opposite.

Committee effectiveness

The committee's performance and effectiveness were reviewed as part of the Board evaluation undertaken during the year, more details of which can be found on page 104. I am pleased to confirm that the committee is seen to be operating effectively and fulfilling the duties delegated to it by the Board.

Dominique Reiniche
Chair, Sustainable
Development Committee

Sustainable Development Committee activity

Set out below are some of the key matters addressed by this committee.

Safety performance and serious incidents

- Received detailed reports on the fatality at the Ružomberok mill (Slovakia) and the life-altering injuries, and follow-up reports on the outcomes of the investigations into these incidents.
- Received regular reports on safety performance at Group and business unit level, including individual mill performance, classification of incidents and peer comparisons, giving the committee insight into the safety culture and specific sites that required further focus. Annual maintenance shuts remained a key focus.
- Received an update on the Social Psychology of Risk, with a continued focus on bringing the unconscious to the conscious, and the ways in which culture can be influenced to promote safe behaviour in the workplace.
- Considered and agreed the safety milestones and leading and lagging indicators for the next reporting period.

Product stewardship

- Received an update on the Group's approach to product stewardship practices in the context of the MAP2030 Circular Driven Solutions commitments, focusing on the tools to assess the impact of Mondi's products and the partnerships designed to support the achievement of Mondi's commitments. The committee spent time understanding the challenges that we face, along with our customers, to transition to a circular economy.
- Reviewed the developing regulatory landscape from a sustainability perspective, focusing on those areas of regulations likely to have the greatest impact on Mondi and its stakeholders.

People development and diversity

- Received an update on the Group's approach to people management and diversity in the context of the MAP2030 Created by Empowered People commitments.
- Reviewed the performance against MAP2030 KPIs and diversity statistics and initiatives for the Group, discussing, in particular, actions to make progress against the target of employing 30% women by 2030.
- Considered the results of the 2023 Employee Survey, looking at the areas that received positive scores, those that needed improvement and the resulting actions being taken both on a global and local level.

Environmental performance and climate change

- Reviewed climate-related risks and opportunities and the potential impacts on the business in line with the TCFD recommendations (see pages 55-64 for more information).
- Reviewed performance against each of the environmental key performance indicators and commitments, including progress in reducing GHG emissions in line with science-based targets.,
- Reviewed the Group's performance and progress to meet the MAP2030 milestones and key contributing factors.
- Discussed and agreed the sustainability KPIs for inclusion in the 2024 cash bonus (See page 68 for more details).

Nature and responsible wood sourcing

- Received an update on forestry-related sustainability topics, focusing in particular on the MAP2030 forestry and nature-related commitments and targets and progress to date.
- Reviewed focus areas and actions being taken to promote resilient forests in Europe and South Africa.

Responsible procurement

- Reviewed the development of Mondi's Responsible Procurement process, including the progress on rolling out a supplier screening process designed to identify and manage high-risk suppliers.
- Received an overview of supplier engagement activities, particularly focused on the work being undertaken to increase awareness around GHG emissions and reduction plans and the data Mondi requires in this respect to support progress on our Scope 3 GHG target.

Stakeholder relationships

- Reviewed the Group's relationships and engagement with key stakeholders, including governments and non-governmental organisations, focusing on the partnerships that will be required to support Mondi in achieving MAP2030 and the primary areas for engagement.
- Review of the Socio-Economic Assessment Toolbox (SEAT) process and proposals to transition to Stakeholder Engagement Conversations, allowing, among other things, greater focus on site-specific topics. The approach has been successfully piloted at the Ružomberok mill (Slovakia).
- Reviewed Mondi's ESG ratings in order to understand which ratings are most important to our stakeholders, how we perform and where there is potential for improvement.

Sustainable development governance and risks

- Reviewed the material sustainability issues, risks and opportunities and the double materiality assessment undertaken.
- Reviewed the annual Sustainable Development report, and approved the report for publication.
- Reviewed and approved the Group's Human Trafficking and Modern Slavery Statement, giving consideration to the actions being taken to minimise such risks in our organisation and supply chain.
- Received an update on the MAP2030 human rights commitment, which confirmed that no human rights adverse impacts or severe risks had been reported by the operations through the risk identification process. Areas for improvement were reviewed and action plans presented.
- Reviewed Group sustainable development policies and approved amendments to reflect best practice and align with Mondi's MAP2030 approach.
- Approved updates to relevant MAP2030 targets to exclude the Russian operations.
- Reviewed the committee's terms of reference and performance resulting in minor changes to align the terms with existing practice.
- Considered and agreed the committee's annual work programme.

Remuneration report

Statement from the Chair of the Remuneration Committee

Dame Angela Strank
Chair of the Remuneration Committee

The remuneration strategy is intended to be simple, fair and transparent, leading to reward outcomes that are reflective of wider business performance.

Composition and attendance

Members throughout the year	Committee member since	Meeting attendance[1]
Dame Angela Strank, Chair	April 2021	4/4
Sue Clark	April 2021	4/4
Dominique Reiniche	October 2015	4/4
Philip Yea	April 2020	4/4

1 The maximum number of scheduled meetings held during the year that each director could attend is shown next to the number attended.

Other regular attendees

- Non-executive directors who are not members of the committee
- Group CEO
- Group HR Director
- Group Head of Reward
- Head of Executive Reward
- External remuneration consultant

Dear Shareholder

I am pleased to present this report on directors' remuneration as Chair of the Remuneration Committee (the committee).

Compliance statement

This report has been prepared on behalf of, and has been approved by, the Board. It complies with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2018) (the Regulations), the UK Corporate Governance Code and the UK Listing Rules, and takes into account the Directors' Remuneration Reporting Guidance and the relevant policies of shareholder representative bodies.

In accordance with the UK Companies Act, shareholders will be asked to vote on the following resolution at the 2024 Annual General Meeting (AGM):

- an advisory vote on the Directors' remuneration report excluding the Directors' Remuneration Policy (DRP), which provides details of the remuneration earned by directors for performance in the year ended 31 December 2023, and how the DRP will be implemented for 2024.

The committee continues to focus on performance driven reward that aligns the remuneration of our executives to the interests of our shareholders. We are confident that the DRP and our approach to its implementation will continue to support Mondi's success, incentivising the management team to deliver long-term sustainable shareholder value.

Performance in 2023

Context of remuneration

Mondi's performance in 2023 reflected the uncertain global economic environment and its impact on the markets in which we operate. Against this backdrop, we delivered a resilient performance.

Underlying EBITDA was €1,201 million. Cash generation remained strong at €1,312 million, and ahead of last year. We continue to make good progress in delivering on our growth projects.

Sustainability is at the heart of the strategy and embedded into Mondi's actions and decisions. Clear and measurable progress continued to be made over the course of 2023 against the ambitious targets of the Mondi Action Plan 2030 (MAP2030). The strategic importance of our sustainability agenda is reflected in the remuneration structure and is a key component of the Group's annual bonus, embedding sustainability goals into the organisation.

Safety is our highest priority. We continue to build on our Social Psychology of Risk approach to safety, culture and behaviours, in addition to our traditional assessment of safety performance using Total Recordable Case Rate (TRCR). Although we are among the leading performers in safety in our industry, we tragically experienced a fatality towards the end of 2023 at our Ružomberok mill (Slovakia). We ensure that every incident is fully investigated, that learnings are shared, and procedures and practices revised, if appropriate, to avoid the same or a similar situation happening in the future.

The Board has recommended a total ordinary dividend for the year of 70.00 euro cents per share in line with 2022. This reflects the Board's confidence in the future of the business.

Further details on performance in 2023 are set out on pages 2-3.

Remuneration outcomes aligned to performance

Annual bonus

For the 2023 annual bonus, performance was assessed against financial (60%), safety (10%), greenhouse gas (GHG) emissions (5%), waste to landfill (WtL) (5%) and personal (20%) targets.

Annual bonuses of 29% and 30% of maximum have been awarded in respect of performance in 2023 for Andrew King and Mike Powell respectively. The outturn, as a percentage of the maximum opportunity, is a fair reflection of the performance against the components of the bonus scorecard.

- The majority of the bonus is assessed against financial measures. Threshold levels of financial performance were not achieved (underlying EBITDA of €1,201 million and ROCE of 12.8%), resulting in 0% of the financial elements being received.
- The Group's annual bonus is linked to sustainability objectives, including the binary targets of reduction in GHG emissions and elimination of waste to landfill, each accounting for 5% of the total bonus opportunity. While the waste to landfill target was achieved, the GHG emissions target was not, due to loss of production as a consequence of market conditions, and this element of the bonus was forfeited. As a result, the bonus outturn for GHG and waste to landfill was 5% out of a maximum of 10%. Details are given on pages 140-141. We continue to make good progress towards achieving our MAP2030 commitments.
- The sustainability scorecard includes safety targets. Lead and lag indicators are used to monitor and improve safety performance, with the intention to mitigate risks proactively. The lead and lag indicator each account for 5% of the total bonus opportunity. The lag indicator assesses the Total Recordable Case Rate (TRCR). The TRCR outcome of 0.64 reflected fewer safety incidents than the target of 0.65. The Executive Committee individually and collectively achieved all of the lead indicators, aimed at reinforcing safety as our highest priority, and our Social Psychology of Risk approach. A formulaic assessment of the safety performance against the lead and lag indicators would have resulted in 10% of the maximum bonus being delivered.
- However, there was a fatality in 2023. This was independently reviewed by the Sustainable Development Committee and the Remuneration Committee.
  After careful deliberation of the specific circumstances, the Remuneration Committee determined that a downward adjustment of three percentage points of the lag indicator metric should be applied. This resulted in 60% of the lag indicator metric being forfeited. As a result, the safety component of the scorecard contributed 7% to the bonus outturn.
- The personal element of the bonus (20% of maximum) reflected specific operational and strategic objectives. Excellent progress was made against these objectives, set in the context of the challenges of 2023. As a result of this strong delivery, Andrew King and Mike Powell were awarded 17% and 18% respectively.

Further details are set out on pages 140 to 143.

The committee considered the appropriateness of the overall bonus outturn, in the context of the financial and operational performance against targets. In challenging markets, the business delivered strong cash flow, and management made excellent progress against their strategic objectives. While other key metrics of financial performance were below expectations, our progress on long-term investment projects will ensure that Mondi is well positioned for a sustainable future. The committee considers that annual bonus outturns for Andrew and Mike of 29% and 30% of maximum respectively are a fair reflection of the performance of the business and their individual performance against personal objectives.

In accordance with the DRP, half of these annual bonus awards will be delivered in deferred shares which vest after three years.

LTIP

The performance period for the 2021 Long-Term Incentive Plan (LTIP) ended on 31 December 2023. Half of the award was based on average ROCE performance and half on relative TSR performance over the three-year performance period.

The ROCE performance range, originally determined by the committee in 2021, was set at 12% to 18%. The average ROCE for the three-year performance period was 17.8%, which resulted in performance between threshold and stretch targets. This resulted in vesting of 97.5% of this element, which contributed to 48.75% of the total LTIP outcome.

Remuneration report

Statement from the Chair of the Remuneration Committee continued

The Group's TSR over the period was 2.17%, which was at median performance among the comparator group. This performance resulted in 25% vesting for this element, which contributed to 12.50% of the total LTIP outcome.

As a result, 61.25% of the overall LTIP award will vest in March 2024. For our executive directors, their vested shares will be subject to a two-year post-vesting holding period until 2026. Further details are set out on page 144.

Summary

The committee considers that the annual bonus, taking into account the application of downward discretion in respect of the safety element, and LTIP outcomes, are a fair reflection of the wider business performance for the 2023 financial year and over the longer term. These outcomes are aligned to the shareholder experience.

Further information about the levels of executive remuneration earned in 2023, including details of performance against the relevant targets for both bonus and LTIP, is given on pages 139-145.

Remuneration in 2024

Base salary

At Mondi, the philosophy is to pay our executive directors a total remuneration package that attracts and retains the best people, with salaries intended to be fair and well positioned to the external market and the wider workforce.

Acknowledging the need for appropriate restraint for executive directors, Andrew King and Mike Powell's base salaries were increased by 2.5% to £1,100,338 and £701,613 respectively, effective from 1 January 2024. These were in line with, or below the increases applied to the wider UK workforce (typically 2.5% to 5%). As part of determining the salary increases for our executive directors, the committee was updated and received a report on the pay and pay practices for both senior management and the wider workforce across all of Mondi's key markets.

The committee considers that the salaries for the executive directors are appropriate for a global organisation of Mondi's size and complexity.

Pension

Andrew King, Mike Powell and the majority of Mondi plc's workforce receive a pension allowance of 8% of base salary.

Variable pay

There are no proposed changes to the structure or quantum of the annual bonus and LTIP awards. For 2024, Andrew King will be eligible for a maximum bonus of 185% of base salary and an LTIP award of 230% of base salary. Mike Powell will be eligible for a maximum bonus of 170% of base salary and an LTIP award of 210% of base salary. Actual award levels for both the annual bonus and LTIP remain below the policy maxima.

Annual bonus

The majority of the annual bonus is assessed against financial measures. ROCE and underlying EBITDA are key performance indicators.

Given the strategic importance of sustainability, 20% of the total bonus opportunity is assessed against sustainability measures (pages 42-68 of this report for further detail on our MAP2030 framework). Half of the sustainability metrics are assessed against safety performance. The scorecard also includes reduction in GHG emissions and elimination of waste to landfill, each with a weighting of 5% of maximum bonus opportunity. These are assessed against robust, quantifiable targets. These scorecard metrics address the key focus areas of MAP2030. In Mondi, we have chosen to include the sustainability metrics in the Group annual bonus plan rather than the LTIP, as the annual bonus plan extends deeper into the organisation.

The sustainability metrics are at the heart of Mondi's strategy. Together with ROCE and underlying EBITDA, this provides a well-rounded assessment of performance. Details of the performance measures and weightings are on page 129.

LTIP

For the 2024 LTIP grant, performance will be assessed against ROCE, relative TSR and cumulative EPS. Details of the performance measures, weightings and targets are on pages 129-130.

In 2023, we completed the sale of all our Russian assets following the Board's decision to exit Russia. The committee took account of this in setting the targets for the 2024 LTIP awards, noting that the Russian operations had typically contributed approximately an additional 300 basis points towards ROCE. The committee determined that the threshold ROCE performance level should be maintained at 12% and the stretch performance level should be set at 16%. This adjustment of 200 basis points to the stretch target does not fully reflect the lost contribution from the Russian assets and the committee therefore considers this target to be stretching.

The EPS targets have been set on a cumulative basis in the context of the long-term financial plan and reflect the basic underlying EPS, post-share consolidation. The targets are considered to be stretching against the backdrop of a challenging global economic environment.

We will continue to review the opportunity, performance measures, weightings and targets of our variable pay plans periodically, within the parameters of the prevailing approved DRP. We appreciate feedback from investors and have carefully considered their comments at the Remuneration Committee, as we determined the 2024 performance targets.

Further details on the implementation of the DRP for the 2024 financial year are provided on page 129-130.

Executive director pay and the wider workforce

Every year, the committee is presented with an analysis of pay practices and incentives across the Group. This review extends across the global workforce in all geographies and business units, and includes details of the discretionary pay increases being applied to senior management and the wider workforce. The majority of Mondi employees' pay is negotiated under local collective bargaining agreements, details of which are shared with the committee. This workforce salary review ensures the committee understands the wider workforce pay and practices. This discussion precedes the consideration of the discretionary pay increases for the executive directors. The committee is well positioned when determining executive director pay, to take into account reward for the wider workforce and all other relevant information.

The key difference in the remuneration of executive directors and employees in general is the proportion of the remuneration package that is performance related and 'at-risk'. The variable pay, delivered under the short- and long-term incentive plans is higher for executive directors. The remuneration is also realised over an extended time horizon.

The Board has designated a non-executive director, Sue Clark, responsible for engaging with employees and reporting back to the Board on the relevant insights and discussions. During these discussions a variety of subjects were discussed, not limited to remuneration-related topics. The views of employees, shared with the Board, contribute to the wider discussions of the committee. We will continue to engage with employees, both formally and informally, to bring their views to the Board and the Remuneration Committee.

For further details on wider employee engagement, see pages 92-93.

Special dividend and share consolidation

Over the course of 2023, we completed the sale of all our Russian assets following the Board's decision to exit Russia. Following approval by shareholders, the net proceeds from the sale were distributed to shareholders on 13 February 2024 by way of a special dividend of €1.60 per share, with an associated share consolidation taking effect on 29 January 2024. Further information can be found on page 216.

It was agreed by the committee that participants in the Bonus Share Plan (BSP) and LTIP would not receive the special dividend on unvested share awards, and that the share consolidation would not apply to their unvested awards/options. This meant that there were no adjustments to the number of shares these participants may acquire under their current awards/options, keeping the overall value of their awards/options at a broadly similar level.

Shareholder engagement

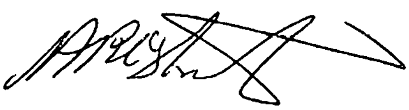
In 2023, our Board continued to engage with a cross-section of shareholders on developments and external expectations relating to executive pay. Early in the year, we consulted with shareholders and proxy agencies in relation to our revised DRP and its implementation. This engagement continued throughout the year. Feedback from investors is welcome and has been carefully considered by the Remuneration Committee in determining the structure and operation of our remuneration policy.

Conclusion

I should like to thank you for the constructive feedback and strong support you gave at last year's AGM for our DRP and implementation of the policy. I very much hope that you will continue to give your support to the remuneration resolution proposed at the 2024 AGM.

Finally, I should like to thank my fellow committee members for their support throughout the year.

Dame Angela Strank
Chair, Remuneration Committee



Remuneration report

Remuneration at a glance

Summary of our executive directors' remuneration policy and implementation for 2024

Implementation of DRP in 2024

Fixed pay

Base salary, pension and benefits

Salary

Group CEO:
£1,100,338 (2.5% increase);

Group CFO:
£701,613 (2.5% increase);

(in line with, or below the increases applied to the wider UK workforce; typically 2.5% to 5%).

Pension

8% of salary, aligned to the majority of Mondi plc's workforce.

Benefits

Executive directors will continue to receive benefits in line with policy, which include car allowance, medical insurance, death and disability insurance, and employment taxation advice.

Annual bonus

Short-term variable remuneration

Cash element | Half of any bonus earned is deferred in shares for three years

- To incentivise and reward the achievement of stretching annual performance targets.
- Maximum opportunity unchanged from prior year at 185% of base salary (Group CEO) and 170% of base salary (Group CFO).
- Performance measures for 2024 will be underlying EBITDA (35%), ROCE (25%), safety (10%), reduction in greenhouse gas emissions (5%), elimination of waste to landfill (5%) and personal objectives (20%).

Long-Term Incentive Plan

Long-term variable remuneration

3-year performance period | 2-year holding period

- To incentivise and reward the delivery of the Group's long-term strategic objectives, and provide alignment with shareholders.
- Maximum opportunity unchanged from prior year at 230% of base salary (Group CEO) and 210% of base salary (Group CFO).
- Performance measures for 2024 will be ROCE (50%), relative TSR (25%) and cumulative EPS (25%).

Share ownership policy

- To align the interests of executive directors with those of shareholders.
- Minimum Shareholding Requirement (MSR) of 300% of base salary for the Group CEO and 250% of base salary for the Group CFO.
- A post-employment shareholding requirement applies – equal to the full in-employment shareholding requirement (or actual shareholding, if lower) for a period of two years.

Key decisions concerning directors' remuneration

Conclusion of DRP, following shareholder consultation

Further to the consultation with our key shareholders and proxy agencies, our revised DRP was taken to shareholders and strongly supported at the 2023 AGM.

Impact of the fatality on 2023 annual bonus outcomes

As a consequence of the fatality that occurred during the year, the committee determined that a downward adjustment of three percentage points to the annual bonus outcome for the executive directors and the wider Group Executive Committee was appropriate.

Vesting of 2021 LTIP award

As part of determining the vesting outcomes, the committee considered the formulaic outturns in the context of Mondi's wider business performance.

Review of executive director salaries

Andrew King and Mike Powell's base salaries increased by 2.5% on 1 January 2024. These increases were in line with, or below the increases applied to the wider UK workforce (typically 2.5% to 5%).

Determination of remuneration for new Executive Committee roles

The remuneration structure and quantum were determined and approved for the CEO Uncoated Fine Paper, following an internal promotion, and the new Chief People Officer, joining Mondi in April 2024.

Review of non-executive director fees

No increases are being applied to non-executive directors, in respect of base fees, committee Chair fees, the attendance fee outside country of residence (per meeting) or any other supplemental fees.

2024 LTIP targets

The committee considered the impact of the sale of the Russian operations on the ROCE target range, and the impact of the share consolidation on EPS targets (page 130).

Return of net proceeds from disposal of Russian assets

It was agreed by the committee that participants in the BSP and LTIP would not receive the special dividend on unvested awards, and that the share consolidation would not apply to their unvested awards/options.

Linking our reward and strategy

Our strategy:

Drive value accretive growth, sustainably

Underpinned by our four strategic value drivers:

Drive performance along the value chain

Invest in assets with cost advantage

Inspire our people

Partner with customers for innovation

At or above maximum
Between threshold and maximum
Below threshold

Annual bonus

Underlying EBITDA	ROCE	Sustainability scorecard	Personal
35%	**25%**	**20%**	**20%**
Outturn **0%**	Outturn **0%**	Outturn **12%**	Outturn **17%/18%**

LTIP

TSR	Average 3-year ROCE
50%	**50%**
Outturn **12.50%**	Outturn **48.75%**

Remuneration outcomes

Andrew King
Base salary
£1,073,500
↓
Annual bonus

Underlying EBITDA	ROCE	Sustainability scorecard	Personal
35%	**25%**	**20%**	**20%**
Outturn **0%**	Outturn **0%**	Outturn **12%**	Outturn **17%**

↓
29%
Total outturn
£575,934
50% deferred in shares

2021 LTIP

TSR	ROCE
50%	**50%**
Outturn **12.50%**	Outturn **48.75%**

↓
61.25%
Total outturn
£1,233,525
two-year holding period

Benefits, pension contributions and other
£343,318
↓
Total remuneration 2023
£3,226,277

Mike Powell
Base salary
£684,500
↓
Annual bonus

Underlying EBITDA	ROCE	Sustainability scorecard	Personal
35%	**25%**	**20%**	**20%**
Outturn **0%**	Outturn **0%**	Outturn **12%**	Outturn **18%**

↓
30%
Total outturn
£349,096
50% deferred in shares

2021 LTIP

TSR	ROCE
50%	**50%**
Outturn **12.50%**	Outturn **48.75%**

↓
61.25%
Total outturn
£718,209
two-year holding period

Benefits, pension contributions and other
£129,538
↓
Total remuneration 2023
£1,881,343

Annual bonus
Page 140-143

Long-Term Incentive Plan (LTIP)
Page 144-145

Remuneration report
Remuneration at a glance continued

Fixed vs variable remuneration outcomes

Andrew King, Group CEO

Year	Salary, benefits, pension & other	Bonus	LTIP	Total
2023	**44%**	**18%**	**38%**	**£3,226,277**
2022	31%	43%	26%	£4,196,451
2021	35%	51%	14%	£3,497,506

Mike Powell, Group CFO

Year	Salary, benefits, pension & other	Bonus	LTIP	Total
2023	**43%**	**19%**	**38%**	**£1,881,343**
2022	35%	51%	14%	£2,101,525
2021	32%	47%	21%	£2,189,834

Time horizons of realised pay

The structure of the remuneration is to underpin the focus on long-term performance that drives sustainable value for shareholders.

The time period to realise each element of pay is illustrated below:

	Year 1				
Fixed pay[1]					
Annual bonus	50% cash	50% in shares – deferred for three years			
LTIP	Three-year performance period			Two-year post-vesting holding period	

1 Including Base Salary, Benefits and Pension.

Executive directors are required to hold shares equivalent to 300% and 250% of salary respectively for the CEO and CFO. This requirement continues for two-years post-employment.

Actual shareholding against Minimum Shareholding Requirement (MSR)

As at 31 December 2023, Andrew King exceeded the MSR. Mike Powell is on track to meet the MSR within the timeframe permitted[1].

Andrew King, Group CEO

Shareholding	396%
MSR	300%

Mike Powell[1], Group CFO

Shareholding	179%
MSR	250%

1 Mike Powell joined the Board in November 2020. New appointees are required to meet the relevant shareholding requirements within five years from appointment.

The shares that are included for the purposes of the MSR include deferred BSP shares, net of tax, and vested LTIP shares subject to a post-vesting holding requirement. Unvested LTIP awards do not count towards the MSR.

Remuneration report

Statement of implementation of Directors' Remuneration Policy in 2024

Base salary for 2024

Name	Base salary effective 1 Jan 2024	Previous base salary	% change
Andrew King	£1,100,338	£1,073,500	2.5%
Mike Powell	£701,613	£684,500	2.5%

Andrew King's and Mike Powell's base salaries were each increased by 2.5%; increases for the executive directors were in line with, or below the increases applied to the wider UK workforce (typically 2.5% to 5%).

Bonus Share Plan (BSP) for 2024

The bonus structure for 2024 is shown below. Andrew King's and Mike Powell's maximum bonus opportunities will be 185% of base salary and 170% of base salary respectively.

Measure	Weighting (%)	Why chosen?	How targets are set
Underlying EBITDA	35%	Underlying EBITDA provides a measure of the cash-generating ability of the business that is comparable from year to year.	Targets and ranges are set each year by the committee taking account of required progress towards strategic goals, and the prevailing market conditions.
ROCE	25%	ROCE provides a measure of the efficient and effective use of capital in our operations.	
Sustainability scorecard		Reflects the strategic importance of progress towards our MAP2030 framework.	Both lead and lag targets are set each year by the committee, based on the specific priorities in our MAP2030 framework. The committee considers input from the Sustainable Development Committee, and sets appropriate standards and goals to reduce waste and GHG emissions.
Safety	10%	One of the key indicators of whether the business is meeting its sustainability goal of zero harm.	
Greenhouse gas emissions	5%	One of our key Taking action on Climate indicators in our MAP2030 framework.	
Waste to landfill	5%	One of our key circular driven solution indicators in our MAP2030 framework.	
Personal objectives	20%	An indicator of the contribution and impact that each executive director is making to the overall success of the management team.	Targets are set each year by the committee, based on the specific priorities, milestones and areas of responsibility of the role.

Targets for the annual bonus will be disclosed collectively in next year's report as the committee considers the financial targets to be commercially sensitive. Half of any bonus earned in respect of 2024 performance will be paid out in cash and the other half will be deferred into shares for three years as nil cost options.

Long-Term Incentive Plan (LTIP) for 2024

LTIP awards that are to be made in 2024 will be assessed against three performance measures: ROCE, TSR and EPS, weighted 50%, 25% and 25% respectively and measured over the three-year performance period commencing on 1 January 2024. The awards will be subject to a two-year holding period from the date of vesting. The committee's intention is to grant at the level of 230% of base salary and 210% of base salary for Andrew King and Mike Powell respectively. The committee continues to exercise restraint by granting awards below the policy maxima.

Metric	Why chosen?	How targets are set
Average 3-year ROCE (50%)	A key indicator of the efficient and effective use of capital.	The committee sets threshold and stretch levels, aligned to the Group's strategic targets. ROCE targets for the LTIP are detailed on the next page.
TSR, relative to a peer group of competitors (25%)	TSR measures the total returns to Mondi's shareholders, so provides close alignment with shareholder interests.	The committee sets the performance requirements for each grant. A bespoke peer group of packaging and paper sector companies is used. TSR targets with respect to the LTIP are detailed on the next page.
Basic underlying EPS, measured on a 3-year cumulative basis (25%)	A key growth measure that represents the bottom-line return and provides a balance to the ROCE and TSR metrics.	EPS targets are set in the context of the long-term financial plan, reflecting basic underlying EPS. The EPS figures for each year in the period are added together to form a cumulative 3-year target.

Remuneration report

Statement of implementation of Directors' Remuneration Policy in 2024 continued

The targets for the three-year performance period for the 2024 LTIP awards are as follows:

Measure	Weighting (%)	Threshold (25% vesting)	Maximum (100% vesting)
ROCE (average)	50%	12%	16%
Mondi's TSR relative to bespoke peer group	25%	Median	Upper quartile
Cumulative EPS (euro cents per share)	25%	365	446

Between threshold and maximum, the LTIP awards will vest on a straight-line basis.

In setting the targets for the 2024 LTIP, the committee noted that the Russian operations had typically contributed approximately an additional 300 basis points towards ROCE. The committee determined that the threshold ROCE performance level should be maintained at 12% and the stretch performance level should be set at 16%. This adjustment of 200 basis points does not fully reflect the lost contribution from the Russian assets. Therefore the committee considers the 16% ROCE target to be stretching.

The EPS targets are considered to be stretching in a macroeconomic environment going into 2024 that remains challenging.

The TSR peer group for the 2024 LTIP awards consists of the following companies. These are peers who are subject to broadly the same market forces and trading environment as Mondi.

BillerudKorsnäs	Huhtamaki	Mayr-Melnhof	Sappi	The Navigator Company
DS Smith	International Paper	Metsä Board	Smurfit Kappa	UPM
Holmen	Klabin	PCA	Stora Enso	WestRock

The committee has discretion to amend the vesting outturn should any formulaic output be inappropriate (e.g. unreflective of underlying performance). Where the provision is utilised, the committee will explain clearly the basis for this decision.

Non-executive directors' remuneration

Fee levels are reviewed annually and, if appropriate, increased. Effective 1 January 2023, the non-executive director base fees, the attendance fee for meetings outside country of residence (per meeting) and all supplemental fees were increased by 5%. For 2024, the fee levels are as set out in the table below and are being held at 2023 levels.

Role	Fees from 1 January 2024	Fees from 1 January 2023
Board Chair fee	£484,313	£484,313
Non-executive base fee	£81,870	£81,870
Additional fees:		
Supplement for Senior Independent Director	£21,000	£21,000
Supplement for Audit Committee Chair	£22,000	£22,000
Supplement for Remuneration Committee Chair	£21,000	£21,000
Supplement for Sustainable Development Committee Chair	£21,000	£21,000
Supplement for the non-executive director responsible for understanding the views of employees	£11,000	£11,000
Attendance fee for meetings outside country of residence (per meeting)	£2,680	£2,680

Remuneration report
Directors' Remuneration Policy

This part of the Directors' Remuneration Report sets out the Directors' Remuneration Policy (DRP) for the Group and has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Remuneration Policy principles

Mondi's approach is that remuneration should underpin the Group's strategy. The remuneration is intended to attract, incentivise and retain high calibre individuals.

The committee considers the principles set out in Provision 40 of the UK Corporate Governance Code when determining the design, implementation and assessment of remuneration.

Simplicity	We operate a simple remuneration structure of fixed pay + short-term incentive + long-term incentive, avoiding undue complexity or the potential to deliver unintended outcomes.
Clarity	The committee is committed to transparency regarding the components of the remuneration structure, the potential outcome and the rationale for the quantum of awards made. The choice of metrics and the targets set for the assessment of performance under our variable pay plans underpin the overall strategy.
Risk	The remuneration structure and the variable pay plans reflect the risk appetite set by the Board. The performance measures, and the targets set, do not encourage inappropriate behaviours or excessive risk-taking. Holding periods are in place for the LTIP. Mitigation is provided through the application of market practice aligned recovery provisions (both malus and clawback). The committee also retains discretion to override formulaic vesting outcomes, where pay outcomes do not reflect the wider business performance. The post-employment Minimum Shareholding Requirement (MSR) has been extended such that 100% of the in-employment shareholding guideline must be held for two years post-employment, further promoting the delivery of sustainable share price performance.
Predictability	The committee is confident that the remuneration structure and its operation are well understood by participants, including potential outcomes driven by performance levels achieved.
Proportionality	The potential outcomes under the remuneration structure at threshold, target and maximum performance levels have been assessed and are understood. The committee carefully considers the targets set for the variable pay elements to ensure reward is appropriately linked to performance and to minimise the risk of excessive outturns. The annual bonus and LTIP outturns are at the discretion of the committee.
Alignment to Culture	The committee considers that the remuneration strategy supports the wider strategy. The approach to pay positioning, pension contribution levels and variable pay participation is applied consistently and underpins the Mondi Group values.

Remuneration policy for executive directors compared to other employees

The remuneration of the executive directors is higher than that of senior management and the wider workforce of the Group, reflecting their market value. Salaries are paid fairly in relation to the market value of the role, recognising local markets and collective bargaining agreements for the wider workforce. Executive salary increases are made in line with, or below those of the wider Mondi plc workforce, taking into account salary increases across the wider Mondi Group. Pensions and benefits are offered to employees across the Group according to the country, and the seniority of the role. The senior management participate in an annual cash bonus on similar terms to the executive directors in terms of structure and metrics. The majority of the wider workforce participate in an annual bonus programme.

The main difference between the structure of reward for executive directors and employees in general is the proportion of the total remuneration that is at risk and subject to performance. Executive directors and the most senior management participate in the LTIP, in addition to the annual bonus.

Remuneration report
Directors' Remuneration Policy continued

Executive directors' remuneration policy table

The tables below set out the DRP (available on the Group website at www.mondigroup.com/investors/results-reports-and-presentations/?year=2022 in the Integrated report and financial statements 2022) for executive directors and non-executive directors approved by shareholders on 4 May 2023 at the 2023 AGM. Awards made prior to the approval of this policy remain subject to the prevailing approved policy at grant.

Base salary

Purpose and link to strategy	To recruit and reward executives of a suitable calibre for the role and duties required.
Operation	Ordinarily reviewed annually by the committee, taking account of a number of factors including (but not limited to) Group and individual performance, the skills and experience of the individual and changes in role scope and responsibilities. The committee also takes into consideration the levels of increase for the broader employee population. Reference is also made to remuneration levels in companies of similar size and complexity to Mondi. The committee considers the impact of any base salary increase on the total remuneration package. Salaries (and other elements of the remuneration package) may be paid in different currencies as appropriate to reflect their geographic location.
Performance measures	Whilst no formal performance conditions apply, an individual's performance in role is taken into account when determining any salary increase.
Maximum opportunity	There is no prescribed maximum base salary or annual increase. However, increases will normally not exceed the general level of increase awarded in the UK or the location in which the executive is based (in percentage of salary terms). On occasion a higher increase may be awarded in appropriate circumstances, for example: - on promotion or development in role or change in responsibilities of the individual; - where an individual has been appointed to the Board at lower than typical market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a typical market level as the individual gains experience; - change in size and/or complexity of the Group; and/or - significant market movement.

Benefits

Purpose and link to strategy	To provide market competitive benefits.
Operation	The Group typically provides: - car allowance or company car; - medical insurance; - death and disability insurance; - limited and specific personal taxation and financial advice; and - other ancillary benefits based on individual circumstances, including relocation and assistance with expatriate expenses. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects the circumstances of the individual director.
Performance measures	Not applicable.
Maximum opportunity	While the committee has not set an absolute maximum on the level of benefits executive directors may receive, the value is set at a level which the committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, and individual circumstances.

Pension

Purpose and link to strategy	To provide market competitive pension contributions or allowances.
Operation	Defined contribution to pension, or cash allowance of equivalent value. Only base salary is pensionable.
Performance measure	Not applicable.
Maximum opportunity	Executive directors receive a company contribution and/or equivalent cash allowance not exceeding the contribution available to the majority of the workforce in the relevant country (currently 8% of salary for the UK workforce). Benefits under any non-UK pension arrangement may be provided in accordance with the terms of the applicable scheme.

Bonus Share Plan (BSP)

Purpose and link to strategy	To provide incentive and reward for annual performance achievements. To also provide sustained alignment with shareholders through a deferred component.
Operation	Awards are based on annual performance against stretching financial and non-financial targets. Targets are reviewed annually and any pay-out is determined by the committee after the year end based on targets set for the financial period. For 2024, the table on page 129 provides details of performance metrics, weightings, the rationale and how targets are set. The policy gives the committee the authority to select suitable performance metrics, aligned to Mondi's strategy and shareholders' interests, and to assess the performance outcome. The committee has discretion to amend the pay-out should any formulaic output not reflect the committee's assessment of overall business performance, or if the committee considers the formulaic outturn is not appropriate in the context of other factors considered by the committee to be relevant. Ordinarily, half of the award is delivered in cash and half is deferred into a conditional share award or a nil (or nominal) cost option which normally vests following a three-year service period. Any dividend equivalents accruing on shares between the date when the award was granted and when it vests, will be delivered in shares. Malus and clawback provisions apply (page 134).
Performance measures	Performance is normally assessed against a balanced scorecard of metrics as determined by the committee from time to time, such as underlying EBITDA, ROCE and sustainability. Individual performance may also be assessed against suitable objectives aligned to the delivery of Mondi's strategy. The majority of the bonus is assessed against quantifiable financial and science-based sustainability measures, with over 50% assessed against financial targets. The on-target bonus, as a percentage of maximum, has been reduced from 53% to 50% for non-financial targets, aligned to the approach for financial targets for performance awards made in, and after 2023. Subject to the committee's discretion to override formulaic outturns, for financial measures and non-financial measures, no more than 25% of maximum is earned for threshold performance, 50% of maximum is earned for on-target performance and 100% of maximum is earned for maximum performance.
Maximum opportunity	The maximum annual bonus opportunity for executive directors is 200% of base salary. The committee retains discretion to set the actual maximum below the policy maximum.

Long-Term Incentive Plan (LTIP)

Purpose and link to strategy	To provide incentive and reward for the delivery of the Group's strategic objectives, and provide further alignment with shareholders through the use of shares.
Operation	The committee may grant awards annually as conditional shares or as nil (or nominal) cost options. Awards will usually vest to the extent that performance conditions are met, typically measured over three years. A two-year post-vesting holding period normally applies to LTIP shares that vest (net of tax). The two-year holding requirement will normally continue if the director leaves employment during the holding period or is permitted to retain any part of the award as a good leaver. The shares held will count towards the executive director's normal shareholding requirement. For 2024, the tables on pages 129 to 130 provide details of performance metrics, weightings, the rationale and how targets are set. The committee has discretion to vary the formulaic vesting outturn if it considers that the outturn does not reflect the committee's assessment of performance or is not appropriate in the context of other factors considered by the committee to be relevant. Dividend equivalents will accrue to the first date shares can be acquired and will be delivered in shares, based on the proportion of the award that vests. Under the plan rules, in exceptional circumstances, the committee has the ability to cash-settle awards, if necessary. There is no current intention for awards for the executive directors to be delivered in this way. Malus and clawback provisions apply (page 134).
Performance measures	Performance measures and targets are set each year by the committee, before the grant. The committee annually reviews the performance measures, and in line with the rules of the LTIP, reserves the right to change the measures and/or set different targets for future grants to ensure they remain appropriately challenging in the prevailing economic environment. Performance measures under the LTIP will be based on financial measures (which may include, but not be limited to, total shareholder return, return on capital employed, and earnings per share) and may include non-financial measures (such as ESG measures). For awards granted in 2024, metrics comprise ROCE (50% weighting), relative TSR (25% weighting) and cumulative EPS (25% weighting). Subject to the committee's discretion to override formulaic outturns, no more than 25% of the awards will vest at threshold performance, increasing to 100% for maximum performance.
Maximum opportunity	The maximum award level under the LTIP in respect of any financial year is 250% of base salary.

Remuneration report
Directors' Remuneration Policy continued

Executive directors' remuneration policy table continued

Share ownership policy

Purpose and link to strategy	To further align the interests of executive directors with those of shareholders.
Operation	The Minimum Shareholding Requirement (MSR) for the CEO is 300% of base salary and 250% for the CFO. On appointment, an executive director is normally required to meet the MSR within five years from the date of appointment. While the executive director is building to the required shareholding level, deferred bonus awards under the BSP, net of the expected tax liability, will count towards the requirement. Once the required shareholding has been met, such shares will not count unless the committee, at its sole discretion, determines that a number of deferred shares may count towards the holding requirement of a director. Unvested LTIP awards (i.e. those awards where performance targets and/or a service requirement must still be met for awards to vest) will not count towards the holding requirement. LTIP shares that have vested and on which tax has been paid and that are within the two-year post-vesting holding period will count towards the holding requirement. Previously compliant directors who do not meet the minimum requirement on annual assessment are normally expected to achieve compliance by 31 December of the same year. The executive directors are entitled to participate in the Company's all-employee share plans on the same basis as all other employees. **Post-employment MSR:** A post-employment shareholding requirement applies. Under the policy, executive directors will be expected to retain a shareholding for two-years post-employment. For both years post-employment, the full in-employment MSR level applies. New executive directors who have not achieved the necessary in-employment MSR level at date of exit, will be required to retain the actual level of shares held at date of exit. In order to allow the committee to deal with unexpected circumstances, the committee retains discretion on how to operate the policy and may make exceptions and allowances as it sees fit.

Recovery provisions (Malus and Clawback)

The committee may operate malus and clawback (i) for a period of three years from the payment of the BSP cash award or (ii) until the date of release for BSP share awards, and for a period of three years following the vesting date of LTIP awards.

The malus and clawback provisions for the BSP and LTIP are set out in the rules for each plan but, in summary, may be applied in the event of:

- misstatement of financial results;
- error or misstatement of performance;
- gross or serious misconduct;
- corporate failure;
- severe downturn in financial or operational performance; or
- severe reputational damage.

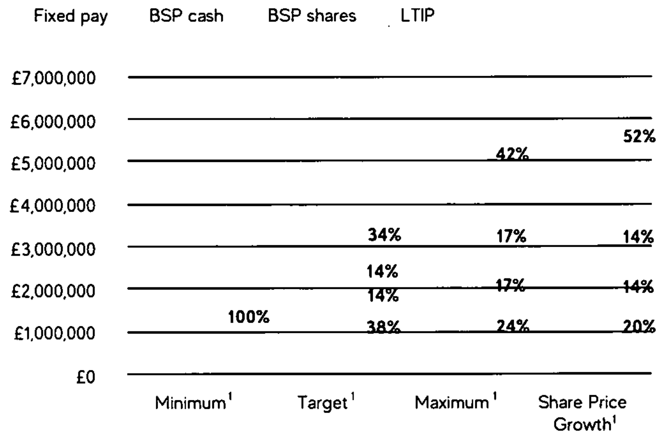
Committee discretion

The committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the DRP. These include (but are not limited to) the following:

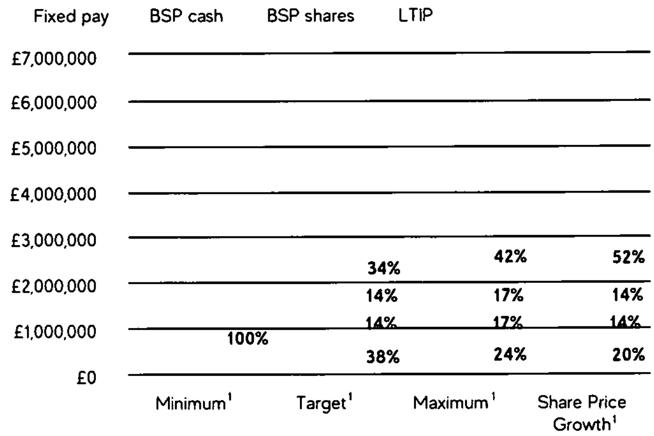
- who participates in the incentive plans;
- the timing of award grants and/or payments;
- the size of an award and/or a payment (within the limits set out in the DRP table on pages 132 to 134);
- the choice and weighting of performance metrics (in accordance with the statements made in the DRP table on pages 132 to 134);
- in exceptional circumstances, determining that any share-based award (or any dividend equivalent) shall be settled (in full or in part) in cash;
- discretion relating to the measurement of performance and pro-rating for time for LTIP awards in the event of a change of control or restructuring;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment in such circumstances;
- determining the extent of payment or vesting of an award based on the assessment of any performance conditions, including discretion as to the basis on which performance is to be measured if an award vests in advance of normal timetable (on cessation of employment as a good leaver or on the occurrence of a corporate event) and whether (and to what extent) pro-ration shall apply in such circumstances;
- whether (and to what extent) malus and/or clawback shall apply to any award;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends); and
- the ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose whilst being no less stretching.

Remuneration scenarios at different performance levels

CEO – Andrew King



CFO – Mike Powell



The charts above illustrate the total potential remuneration for each executive director at three performance levels.

Assumptions[1]:
Minimum = fixed pay only (salary + benefits + pension), resulting in £1,444,003 and £830,720 respectively.
On-target = 50% vesting of the annual bonus and LTIP awards, resulting in £3,727,205 and £2,163,783 respectively.
Maximum = 100% vesting of the annual bonus and LTIP awards, resulting in £6,010,406 and £3,496,847 respectively.
Share Price Growth = to reflect the impact of a share price increase between award and vesting, the LTIP value in the 'Maximum' column has been increased by 50%, resulting in £7,275,795 and £4,233,540 respectively.
Salary levels (on which other elements of the package are calculated) are based on those applying on 1 January 2024.

Remuneration policy for non-executive directors

Element	Non-executive board chair fee	Other non-executive fees
Purpose and link to strategy	To attract and retain a high-calibre Chair and non-executives, with the necessary experience and skills. To provide fees which take account of the time commitment and responsibilities of the role.	
Operation	The Chair receives an all-inclusive fee. The Chair's fee is reviewed periodically by the committee.	The non-executives are paid a basic fee. Attendance fees are also paid to reflect the requirement for non-executive directors to attend meetings in various international locations. Additional fees may be paid to reflect the extra responsibilities and time commitments, including but not limited to chairing main Board committees, and in respect of the role of non-executive director responsible for understanding the views of employees. Non-executive directors' fees are reviewed periodically by the Chair and executive directors.
	Non-executive directors are not eligible to participate in any of the Group's share schemes, incentive schemes or pension schemes. The Group may reimburse the reasonable expenses of Board directors that relate to their duties on behalf of Mondi (including tax thereon if applicable). The Group may also provide advice and assistance with Board directors' tax returns where these are impacted by the duties they undertake on behalf of Mondi.	
Maximum opportunity	While there is not a maximum fee level, fees are set by reference to market median data for companies of similar size and complexity to Mondi.	

Remuneration report
Directors' Remuneration Policy continued

Remuneration policy for executive directors compared to the wider workforce

The remuneration policy for executive directors reflects the different levels of responsibility and market practices. The key difference to the remuneration of the wider workforce is the proportion of remuneration that is 'at risk'. For senior roles, a higher proportion of the remuneration package is comprised of variable pay which drives an increased emphasis on pay for performance. Only a small number of the most senior colleagues participate in the LTIP and the BSP. Participation in these plans is focused on those individuals who have the greatest accountability for the performance of the Group.

Directors' contracts and notice periods

Executive Directors

Andrew King's and Mike Powell's service contracts provide for termination on one year's notice by either party. The Group may elect to make a payment in lieu of notice and, if it does so, to apply mitigation. Payment in lieu of notice would comprise base salary, benefits and pension contributions for the notice period (or, if applicable, the balance of the notice period).

A director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Non-executive directors

All non-executive directors have letters of appointment with Mondi plc for an initial period of three years. In accordance with best practice, non-executive directors are subject to annual re-election at the Annual General Meeting. Appointments may be terminated by either party with six months' notice. No compensation is payable on termination, other than accrued fees and expenses.

Service contracts for new appointments

Normally, for any new executive director appointments, the Group's policy is that the service contracts should provide for one year's notice by either party. The contract would provide that, in the event of termination by the company, other than for 'cause', the executive would be eligible for payment of the base salary, pension contribution and benefits in respect of the unexpired portion of the 12-month notice period.

The committee would take account of the remuneration and contract features that the executive may be forgoing or relinquishing in order to join Mondi, in comparison with the overall remuneration package that Mondi is able to offer.

The committee may consider compensating a newly-appointed executive director for other relevant contractual rights forfeited when leaving their previous employer and/or remuneration foregone as a result of leaving their previous employer.

Approach to remuneration on recruitment

The appointment of high calibre executives to the Board, whether by internal promotion or external recruitment is important for the success of the Group. The remuneration package for a newly appointed executive director would be set in accordance with the prevailing approved remuneration policy at the time of appointment. Base salary would be set at an appropriate level taking into consideration the skills and experiences of the individual, the complexity of the role and the individual's current remuneration. The variable pay would be considered consistent with that of existing executive directors and would be subject to the maximum limits of the policy. Certain relocation expenses may be met, as appropriate.

For an internal appointment, any existing pay components awarded in respect of the prior role would be allowed to pay out in accordance with the terms of the award.

For external appointments, the committee may offer additional cash and/or share-based payments to replace any variable pay awards an individual may have forgone to join Mondi, if it considers these to be in the best interests of the Group and its shareholders. This includes awards made under Section 9.4.2 of the UK Listing Rules. Any such payments would take account of the remuneration forgone including the nature of the award, the time horizons and any performance conditions attached to the award. The key terms and an explanation of the rationale for such a component would be disclosed in the remuneration report for the relevant year.

Depending on the timing of the appointment, the committee may consider it appropriate to set different annual performance conditions for the first performance year of appointment. An LTIP award may be made shortly after appointment, or as soon as practical following a closed period.

Policy on loss of office

Notice periods will not normally exceed 12 months. The Group may elect to make a payment in lieu of notice as determined by the respective contract of employment, taking account of local employment law, and, if it does, to apply mitigation. The committee reserves the right to make any other payments in connection with an executive director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with their cessation of office or employment.

The Group would seek to apply the principles of mitigation to any payment in lieu of notice by, for example, making payments in instalments that can be reduced or ended if the former executive wishes to commence alternative employment during the payment period. An executive director's eligibility for bonus on cessation of employment will be determined by the committee in accordance with the relevant plan rules, taking into account the reason for their departure and prevailing local legislation. Where eligible, the departing director's bonus would typically be determined in the normal way after the relevant year end, i.e. based on the applicable performance conditions, pro-rated for the period worked in that year, save that no portion would be required to be deferred into a BSP award. However, the committee has the discretion to apply different treatment. Any share-based entitlements granted to an executive director under the Group's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied. For good leavers, vesting of BSP awards is accelerated to as soon as practical after employment termination (as they are not subject to performance conditions). Typically, LTIP awards remain subject to performance conditions (measured over the original time period) and are reduced pro rata to reflect the proportion of the performance period actually served. The committee has the discretion to apply different treatment (including to disapply the application of performance conditions and/or time pro rating) if it considers it appropriate to do so. However, it is envisaged that this would only be applied in exceptional circumstances. Post-vesting holding periods will normally continue to apply, notwithstanding any cessation of employment.

Statement of consideration of employment conditions elsewhere in the Group

The remuneration of the executive directors and other senior colleagues is set, taking into appropriate account the pay, pay practices and employment conditions of the wider workforce, on which the committee receives regular detailed updates. In determining the proposed salary increases for the executive directors and individuals within the remit of the committee, the committee is well positioned to consider the wider workforce increases as part of their decision-making.

There is no formal consultation with employees on the DRP; however, employees are encouraged to provide feedback, on remuneration and wider topics, across a number of channels. A purposeful workplace is a key theme of MAP2030 and understanding the views of our employees to address the things that matter to them is at the core.

During the year we completed our latest Group-wide Employee Survey, conducted every two years. The Board received reports on the results of our Employee Survey, the issues raised and the follow-up actions being taken, giving the Board an insight into how employees feel about the culture of the Group and particular areas that may need addressing. The results were used to calculate our Purposeful Workplace, Inclusiveness and Wellbeing scores, which provide the Board with an objective way to assess employee views. These activities provide targeted insights and create further opportunities to engage with our global workforce.

During 2023, Sue Clark, our NED responsible for understanding the views of employees, participated in Mondi's annual European Communication Forum meeting, alongside representatives from our European plant network. She also engaged with a cross-section of employees during a number of site visits, more details of which can be found on page 94.

Over the course of the year, a session was run where the Remuneration Committee Chair engaged with employees from most of the countries we operate in to discuss the role and responsibility of the Board at Mondi, and specifically the role of the Remuneration Committee. Employees had the opportunity, and were encouraged, to ask questions and share their views.

The Board receives feedback from these, and other activities, to better understand the experience of a Mondi employee and to support their decision making.

Statement of consideration of shareholder views

The committee takes into account the views of shareholders in the formulation of the Directors' Remuneration Policy and the implementation of the policy. In early 2023 we consulted with our major shareholders as part of the process of updating our DRP which shareholders voted in favour of at our 2023 AGM. Over the course of the year, the Chair, the Remuneration Committee Chair and executive directors engaged with shareholders on a number of matters including remuneration with feedback presented to the Board. Feedback received from shareholders at the Annual General Meeting is also considered. In the event that either the DRP or implementation resolutions receive a significant proportion of votes against, the committee will seek to engage further with shareholders to understand better the reasons for their voting decision.

Legacy arrangements

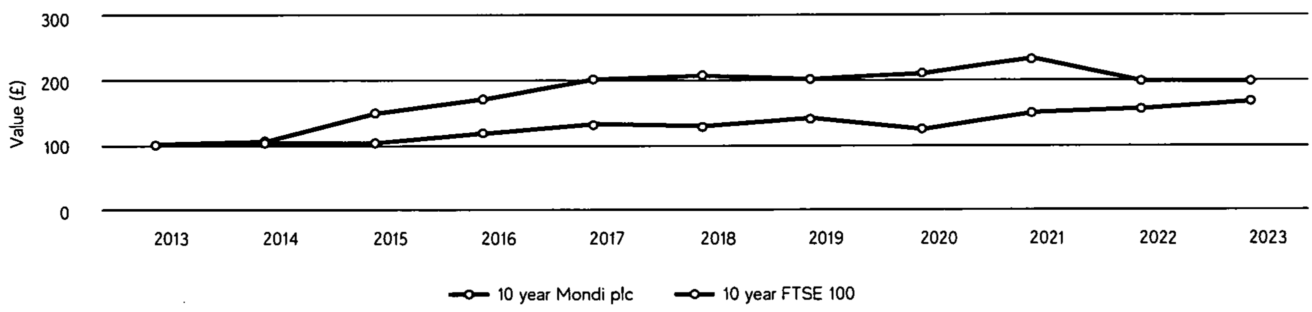
For the avoidance of doubt, in approving this policy report, authority is given to the Group to honour any commitments entered into with current or former directors that have been disclosed to shareholders in previous remuneration reports. Details of any payments to former directors will be set out in the annual report on remuneration as they arise.

Remuneration report
Annual report on remuneration

Mondi's TSR performance over the last ten years

The following graph sets out the comparative TSR of Mondi plc relative to the FTSE 100 Index, for the period between 31 December 2013 and 31 December 2023. The FTSE-All-Share Index had been used in previous reports. Mondi plc is a constituent of the FTSE 100 Index, which is why this index was considered a more appropriate Index for this report.

Total shareholder return – Mondi vs FTSE 100



This graph shows the value, by 31 December 2023 of £100 invested in Mondi plc on 31 December 2013, compared with the value of £100 invested in the FTSE 100 Index on the same date. TSR has been calculated on a three-month average basis.

Historical CEO remuneration

Year	CEO	Total remuneration	% of maximum bonus earned	% of LTI vested
2023	Andrew King	£3,226,277	29%	61.25%
2022[1]	Andrew King	£4,196,451	96%	50.0%
2021	Andrew King	£3,497,506	97%	45.6%
2020[2]	Andrew King / Peter Oswald	£3,559,580	42%	50.0%
2019	Peter Oswald	£3,322,216	44%	67.2%
2018	Peter Oswald	£3,906,849	88%	76.6%
2017[3]	Peter Oswald / David Hathorn	£3,354,544	63%	72.5%
2016	David Hathorn	£4,867,142	69%	92.5%
2015	David Hathorn	£5,255,561	90%	100.0%
2014	David Hathorn	£5,859,585	92%	100.0%

1 The three-year performance cycle of the 2020 LTIP award ended on 31 December 2022. The award value shown in the 2022 Remuneration report was calculated using the average share price, being £14.78. The actual share price on vesting was £14.17. The award values for 2022 have been restated on this basis.

2 Andrew King's and Peter Oswald's 2020 total remuneration of £1,995,465 and £1,564,115 respectively is in respect of their tenure as Group CEO. Their salary and bonus have been subject to a pro-rata time reduction. The bonus earned and LTIP vested were based on their remuneration in the role as Group CEO. Peter's bonus earned was 41% of maximum bonus opportunity.

3 For 2017 the CEO remuneration reflects David Hathorn's total remuneration of £991,584 up to his retirement from the Boards (the simplification of Mondi's corporate structure into a single holding company structure under Mondi plc became effective in 2019) on 11 May 2017, including the pro-rata CEO annual bonus, and Peter Oswald's total remuneration of £2,362,960, including base salary, pension, benefits and pro-rata CEO annual bonus, as well as the 2015 LTIP vesting amount, with effect from 11 May 2017.

2023 remuneration of directors (audited)

The remuneration policy operated as intended in 2023. The provisions of malus and clawback have not been applied in 2023. The table below sets out the total remuneration for each person who served as a director in the years ended 31 December 2023 and 31 December 2022. A full breakdown of fixed pay and pay for performance in 2023 is detailed below.

Executive directors

	Fixed pay				Pay for performance						
	Base salary	Benefits[1]	Pension contribution[7]	Total fixed remuneration	Annual bonus including grant value of BSP award[2]	Value of LTIP vesting in respect of the performance period ended in the year[3,4]	Value of LTIP vesting at date of grant	Share price gain on vesting LTIP award between grant and vest dates	Other[1]	Total variable remuneration	Total
2023											
Andrew King	£1,073,500	£255,638	£85,880	£1,415,018	£575,934	£1,233,525	£1,391,855	–	£1,800	£1,811,259	£3,226,277
Mike Powell	£684,500	£72,978	£54,760	£812,238	£349,096	£718,209	£810,364	–	£1,800	£1,069,105	£1,881,343
2022											
Andrew King	£1,012,700	£207,865	£81,016	£1,301,581	£1,798,556	£1,094,514	£1,115,507	–	£1,800	£2,894,870	£4,196,451
Mike Powell	£645,750	£39,124	£51,660	£736,534	£1,064,842	£298,349	£273,630	£5,690	£1,800	£1,364,991	£2,101,525

Non-executive directors

	Year ended 31 December 2023			Year ended 31 December 2022		
	Fees	Other[5]	Total	Fees	Other[5]	Total
Philip Yea	£484,313	–	£484,313	£461,250	–	£461,250
Svein Richard Brandtzaeg	£100,630	£8,214	£108,844	£95,836	£3,456	£99,292
Sue Clark	£95,550	–	£95,550	£83,076	–	£83,076
Anke Groth[6]	£74,803	£2,200	£77,003	–	–	–
Saki Macozoma	£95,270	£495	£95,765	£61,477	£3,672	£65,149
Dominique Reiniche	£132,873	£4,521	£137,394	£108,180	£2,971	£111,151
Dame Angela Strank	£105,550	–	£105,550	£96,281	–	£96,281
Stephen Young	£111,004	–	£111,004	£124,076	–	£124,076

1 Included in this column are accommodation costs, car allowance, life and health cover. For Andrew King, this figure also includes accommodation costs in Vienna for his business travel of £48,614, a total of £32,454 for UK, South African and Austrian tax advice benefit, a total tax equalisation and other benefit gross-ups of £146,221 and a car allowance of £19,300. For Mike Powell, this figure includes tax advice benefit of £21,962, a total tax equalisation and other benefit gross-ups of £24,955 and a car allowance of £19,300.The column 'Other' shows matching SIP shares.

2 This is the total annual bonus amount awarded in respect of the financial year 2023, and includes both the upfront cash element and the deferred share award (pages 140 to 143).

3 For 2023, the three-year performance cycle of the 2021 LTIP ended on 31 December 2023 and the awards will vest in Q1 2024 and be subject to a two-year post vesting holding period until 2026. The award value (including equivalent dividends on LTIP shares due to vest in March 2024 set out on page 144) shown is based on the average share price over the last three months of the financial year ended 31 December 2023 of £13.98. The 2021 LTIP awards were granted on 12 March 2021, when the share price was £17.66. This equated to a decrease in value of £3.68 per share. As a consequence a zero gain is shown. Andrew's and Mike's loss due to share price depreciation was £290,036 and £168,864 respectively.

4 In the 2022 remuneration report, the value of the 2020 LTIP awards vesting for which the three-year performance cycle ended on 31 December 2022 was calculated using the average share price for the three months ended 31 December 2022, being £14.78 (including equivalent dividends on LTIP shares vested in March 2023). The actual share price on vesting was £14.17. The award values for 2022 have been restated on this basis. Andrew King's award was granted on 11 May 2020, when the share price was £15.85. This equated to a decrease in value of £1.68 per share. As a consequence a zero gain is shown for Andrew King. Andrew's loss due to share price depreciation was £118,332 (excluding dividend equivalents). As disclosed in the 2020 remuneration report, Mike Powell's 2020 LTIP award was granted on 2 December 2020, with a grant share price of £13.88, in respect of incentives forgone as a result of leaving his former employer. This equated to an increase in value of £0.29 per share.

5 Svein Richard Brandtzaeg, Anke Groth, Saki Macozoma and Dominique Reiniche received tax advice in the year, constituting taxable benefits to the gross values shown in this column.

6 Anke Groth was appointed as non-executive director on 1 April 2023. The 2023 figures reflect her remuneration as a non-executive director from 1 April 2023 to 31 December 2023.

7 None of the non-executive directors have entitlements to pension-related benefits. Pension benefits of 8% of salary respectively are delivered as pension contribution of £8,500 and cash allowance of £77,380 to Andrew King and as cash allowance of £54,760 to Mike Powell.

Remuneration report
Annual report on remuneration continued

Annual bonus
2023 bonus outcomes (audited)
For the annual bonus in respect of 2023 performance, the performance measures and total outcomes for each executive director were:

	BSP performance measures				
	Underlying EBITDA	ROCE	Sustainability scorecard	Personal objectives	Total
Weight (% max)	35	25	20	20	100
Outcomes:					
Andrew King (% of max)	–	–	12	17	29
Mike Powell (% of max)	–	–	12	18	30

The majority of the 2023 annual bonus was assessed against financial measures; underlying EBITDA and ROCE.

The sustainability scorecard includes safety (10/20), reduction in GHG emissions (5/20) and elimination of waste to landfill (WtL) (5/20) measures.

The safety element of the scorecard includes lead and lag indicators:

- Five points relate to the achievement of lead indicators. This is reflective of Mondi's values and proactive approach to safety. This is a shared objective requiring individual involvement of all members of the Executive Committee. All the individual activities must be completed by the Executive Committee members to achieve the five points. If all the activities in their entirety are not achieved, then these five points lapse in full for all.
- A further five points relate to the lag indicator, assessed against an annually defined Total Recordable Case Rate. In the event of any work-related fatality, the Remuneration Committee makes an assessment on a case-by-case basis and will utilise its discretion to adjust any pay-outs under the bonus, if appropriate.

The remaining 20 points of the annual bonus are assessed against personal objectives (pages 142-143).

Financial and Sustainability elements and outcomes of the 2023 annual bonus (audited):
Threshold levels of performance were not met for either of the financial metrics, resulting in 0% of these elements being achieved.

The performance against the sustainability scorecard was partially achieved. While the waste to landfill target was achieved, contributing 5% to the bonus outturn, the GHG emissions target was not and this element of the bonus was forfeited. These outcomes contributed to 5% out of a maximum of 10% to the bonus.

Performance against the safety lead and lag indicators would have resulted in the full 10% of the bonus being achieved. The Executive Committee individually and collectively achieved all of the lead indicators, aimed at reinforcing safety as our highest priority, and our Social Psychology of Risk approach.

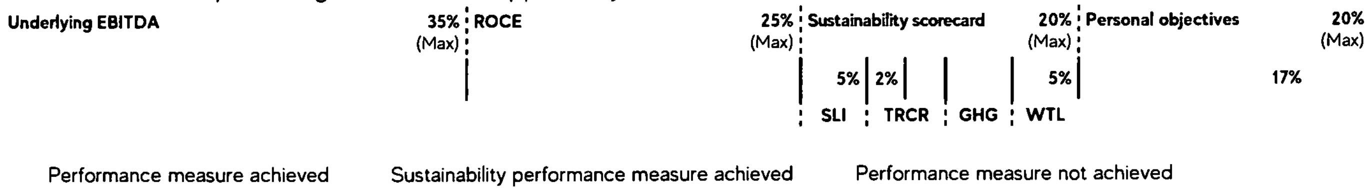
There was a work-related fatality in 2023 at the Ružomberok mill in Slovakia. The Remuneration Committee and Sustainable Development Committee independently reviewed the detailed investigation report of the incident and agreed with the findings. After careful deliberation and discussion, the Remuneration Committee concluded that a downward adjustment of three percentage points of the lag indicator metric was appropriate. This resulted in 60% of the lag indicator metric being forfeited.

Performance measure	Weighting	Threshold	% of bonus payable for threshold performance	Maximum	Outcome	% of bonus opportunity achieved
Underlying EBITDA	35%	€1,239m	8.75%	€1,677m	€1,201m	0%
ROCE	25%	14.6%	6.25%	19.8%	12.8%	0%
Sustainability scorecard						
Safety lead indicators (SLI)	5%		Binary	Binary	Achieved in full	5%
Safety lag (TRCR)	5%	0.72	1 %	0.65	0.64	2%
Greenhouse gas (GHG) emissions	5%		Binary	0.40 t/t	0.43 t/t	0 %
Waste to landfill (WtL)	5%		Binary	20.40 kg/t	13.28 kg/t	5%

At or above maximum | Between threshold and maximum | Below threshold

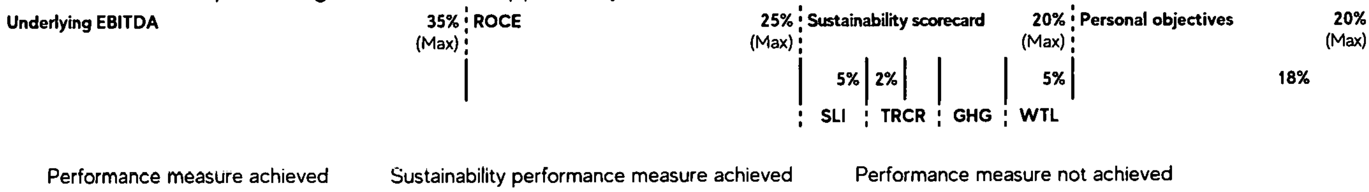
CEO

Bonus outcome as percentage of maximum opportunity: 29%



CFO

Bonus outcome as percentage of maximum opportunity: 30%



Remuneration report
Annual report on remuneration continued

Achievement against personal objectives of executives for 2023 bonus (audited)

Key personal objectives and achievements

The executive directors share many key objectives and also have individual objectives that are specific to their roles. Key objectives, and achievements against these objectives during 2023, included:

Strategy development and execution	- Continued investment in our business to drive profitable growth, enhance our product offering, quality and service to customers, strengthen our cost competitiveness and improve our environmental footprint including: - Good progress with our €1.2 billion of organic growth investment projects which remain on track and on budget including: ◦ Completed the acquisition of the Duino mill (Italy) in January 2023 and subsequently approved plans to convert the existing paper machine into a high-quality, cost-competitive recycled containerboard machine with an annual capacity of around 420,000 tonnes. ◦ Completed the €125 million project at Kuopio (Finland) in the fourth quarter of the year. ◦ Excellent progress on the €400 million investment in a new kraft paper machine at Štětí (Czech Republic). - Completed the acquisition of the Hinton Pulp mill in Alberta, Canada, with the intention to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, invest in expanding the facility primarily with a new kraft paper machine to integrate our paper bag operations in the Americas. - Progressed against our MAP2030 sustainability targets and commitments, including: - Increased the proportion of our products that are reusable, recyclable or compostable with 85% of our packaging and paper revenue meeting our requirements in 2023. - Continued to reduce our greenhouse gas emissions and remain on target to achieve our Net-Zero GHG emissions reduction targets. In 2023, we reduced our Scope 1 and 2 greenhouse gas emissions by 22% against our 2019 baseline. - Continued product development and innovation activities, supporting customers transition to more sustainable packaging solutions. - Examples of our recent customer product launches include: ◦ A recyclable, premium protective packaging for NKE's wind turbine components, designed to eliminate damage during transport with integrated shock sensors providing real-time feedback on the product's condition before installation. ◦ A recyclable, mono-material plastic solution for Fressnapf's dry pet food packaging with strong barrier properties, designed to offer premium brand appeal and product protection. ◦ External validation of our product innovations including being awarded four of the prestigious global 2024 WorldStar Packaging Awards and a number of other national awards.
Operational and financial performance	- Resilient performance with strong cash flow in challenging markets. - Underlying EBITDA of €1,201 million, cash generation from operations of €1,312 million, basic underlying earnings per share of 107.8 euro cents, and ROCE of 12.8%. - Continued to drive operational and commercial excellence initiatives across the value chain. - Increased the proportion of our product portfolio that is reusable, recyclable or compostable, achieving 85% in the year. - Ongoing product development and continuing to be externally recognised for our award-winning sustainable solutions. - Focus on continuous improvement initiatives to enhance productivity and efficiency, improve quality standards and reduce costs across the business, including the use of digital initiatives. - Maintained high levels of engagement with colleagues including the Group-wide Employee Survey.

Financial efficiency and financing	- Maintained strong financial position. - Including receipt of the proceeds from the disposal of the Group's Russian operations, net debt at 31 December 2023 was €419 million, with net debt to underlying EBITDA at 0.3 times (31 December 2022:€1,011 million, 0.5 times). Adjusting for the special dividend paid in February 2024, the pro-forma net debt and net debt to underlying EBITDA was €1,195 million and 1.0 times, respectively. - At 31 December 2023, Mondi's liquidity position was €2.3 billion, comprising €754 million of undrawn committed debt facilities and cash and cash equivalents of €1,592 million. Adjusting for the special dividend paid in February 2024, the Group retains a strong liquidity position of €1.6 billion. - The Group maintained its investment grade credit ratings. In May 2023, Standard & Poor's upgraded the Group's credit rating from BBB+ to A- (stable outlook). Moody's Investors Service reaffirmed the Group's credit rating at Baa1 (stable outlook) during the year.
Completed the divestiture of all the Group's Russian assets	- In June 2023, the Group received proceeds of €30 million following the completion of the sale of its three Russian packaging converting operations. - In October 2023, the Group completed the sale of the Syktyvkar mill, its most significant facility in the country, and received proceeds of €776 million from the disposal. - Following these disposals, the Group concluded its exit from Russia and announced the net proceeds of both sales would be returned to shareholders by way of a Special Dividend valued at €1.60 per share with an associated share consolidation. - The Share Consolidation and Special Dividend payments were both completed early in 2024.
The overall personal ratings of the executive directors were:	- Andrew King 17/20 - Mike Powell 18/20

Detail of annual bonus awarded for the year (audited)

Name	Maximum bonus (% of salary)	Maximum bonus	% of maximum	Awarded in cash	Awarded in shares	Total
Andrew King	185% of salary	£1,985,975	29%	£287,967	£287,967	£575,934
Mike Powell	170% of salary	£1,163,650	30%	£174,548	£174,548	£349,096

The committee reviewed performance against the targets of each scorecard measure. In addition, the overall bonus outturn was considered in the context of the wider performance of the Group. In challenging markets, strong cash flow was delivered and excellent progress was made against strategic objectives. The progress of long-term investment projects will ensure that Mondi is well-positioned for a sustainable future.

As a consequence of the circumstances of the fatality, the committee applied its discretion and a three percentage points downward adjustment to the bonus outcome was made. Overall, the committee considers that annual bonus outturns for Andrew and Mike of 29% and 30% of maximum respectively, are a fair reflection of the performance of the business and their individual performance against personal objectives.

In accordance with our DRP, 50% of the bonuses earned are paid in cash, the remaining 50% is deferred into shares which are released after three years. No further conditions are attached to these shares, except for being in service at date of vesting.

BSP awards granted in 2023 (audited)

On 6 March 2023 the committee made the following awards under the Group's BSP to the following executive directors in relation to the 2022 bonus outcome.

Name	Type of award	Relating to FY	Number of shares	Share price at grant[1]	Face value of shares
Andrew King	Nil-cost option	2022	63,779	£14.10	£899,284
Mike Powell	Nil-cost option	2022	37,761	£14.10	£532,430

1 Being a three-day average share price commencing on the day of announcement of financial results.

Remuneration report
Annual report on remuneration continued

Long-Term Incentive Plan (LTIP) (audited)
Vesting of the 2021 awards
The LTIP awards that were granted in 2021, with a three-year performance period ending on 31 December 2023, will vest in Q1 2024 at 61.25% of maximum against the (equally weighted) relative TSR and ROCE performance conditions, as shown in the table below. The committee considered the level of pay-out to be reflective of the overall performance of the Group. No discretion was exercised by the committee in determining the vesting outcomes.

Measure	Weighting (%)	Threshold (25% vesting)	Maximum (100% vesting)	Actual	Actual vesting (% of max. LTIP opportunity)
Mondi's TSR relative to bespoke peer group	50%	Median	Upper quartile	Median	12.50%
ROCE (average)	50%	12% p.a.	18% p.a.	17.8% p.a.[1]	48.75%
				Total vesting (% of max)	61.25%

1 The three-year average ROCE that was achieved was 17.8% (16.9% in 2021, 23.7% in 2022 and 12.8% in 2023).

Mondi plc achieved a TSR of 2.17%, over the three-year performance period, ranking 8th in the TSR peer group, equivalent to median TSR performance and 25% vesting. Therefore 12.50% of the maximum 2021 LTIP award will vest as a result of the TSR performance.

Mondi plc achieved a three-year average ROCE of 17.8%. This resulted in vesting of 97.50% of this element. Therefore 48.75% of the maximum 2021 LTIP award will vest as a result of the ROCE performance.

Taking into account both ROCE and TSR performance, in total, 61.25% of the maximum 2021 LTIP award will vest.

Details of 2021 LTIP vesting

Name	Number of awards granted	Vesting performance	Shares vesting	Dividend equivalents	Total number of shares vesting	Average share price	Total estimate value of award on vesting
Andrew King	128,675	61.25%	78,814	9,421	88,235	£13.98	£1,233,525
Mike Powell	74,916	61.25%	45,887	5,487	51,374	£13.98	£718,209

In accordance with the DRP, vested awards are subject to a two-year holding period whereby the executive (including those who have left employment) must retain the number of vested shares net of tax for a minimum of two years from the point of vesting.

Awards granted in 2023 (audited)
On 6 March 2023, the committee made the following awards under the Group's LTIP to the following executive directors:

Name	Type of award	Basis of award	Number of shares	Share price at grant[1]	Face value of shares	Vesting at minimum performance	End of performance period
Andrew King	Nil-cost option	230% of salary	175,110	£14.10	£2,469,051	25%	31/12/25
Mike Powell	Nil-cost option	210% of salary	101,947	£14.10	£1,437,453	25%	31/12/25

1 Being a three-day average share price commencing on the date of the announcement of the financial results.

The performance conditions, as summarised in the table below, are based on three performance measures – ROCE (50%), TSR, relative to a peer group (25%) and cumulative EPS (25%) – measured over a three-year performance period ending on 31 December 2025. This combination of metrics provides an appropriate means of aligning the operation of the LTIP with shareholders' interests and the Group's strategy.

Measure	Weighting (%)	Threshold (25% vesting)	Maximum (100% vesting)
ROCE (average)	50%	12%	18%
Mondi's TSR relative to bespoke peer group	25%	Median	Upper quartile
Cumulative EPS (euro cents per share)	25%	443	541

Between threshold and maximum the LTIP awards will vest on a straight-line basis.

The TSR performance condition is based on the Group's TSR relative to a group of competitor companies. The following companies were selected:

BillerudKorsnäs	Huhtamaki	Mayr-Melnhof	Sappi	The Navigator Company
DS Smith	International Paper	Metsä Board	Smurfit Kappa	UPM
Holmen	Klabin	PCA	Stora Enso	WestRock

The committee has discretion to amend the vesting outturn should the formulaic assessment not be reflective of the underlying business performance. Where the provision is utilised the committee will seek to explain clearly the basis for this decision.

Payments to past directors (audited)

There were no payments made to past directors during the period.

Payments for loss of office (audited)

There were no payments for loss of office made to directors or past directors during the period.

CEO pay ratio

Mondi is not required to report the CEO pay ratio, employing fewer than the threshold 250 people in the UK. However, in line with our commitment to fairness and transparency, a voluntary disclosure is being made for the three years 2021, 2022 and 2023.

The table below sets out the pay ratio of the Group CEO compared to the 25th, 50th (median) and 75th percentile employee, based on total remuneration of all permanent Mondi plc employees. A snapshot date of 31 December 2023 was used. This group of employees represents less than 1% of our global workforce.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	41:1	22:1	14:1
2022	Option A	51:1	35:1	20:1
2021	Option A	50:1	36:1	24:1

2023	CEO	25th percentile	Median	75th percentile
Salary	£1,073,500	£61,449	£105,078	£210,000
Total remuneration	£3,226,277	£78,436	£145,699	£237,616

The Option A methodology, where the total annual pay for Mondi plc colleagues is calculated to identify the employee at the median, 25th and 75th percentile, has been applied. This calculation methodology was selected as being the most accurate way of identifying the respective percentiles. No element of remuneration was excluded for the purposes of calculating the CEO pay ratio. The total full-time equivalent remuneration for the relevant employees has been calculated based on the amount paid in respect of the financial year (unless stated otherwise). The bonus, BSP and LTIP values used are those received during the year ended 31 December 2023. Throughout the Group, the approach is that remuneration is fair and market competitive in the context of the talent market for the relevant role reflecting local market and other relevant benchmarks. The committee notes the limited comparability of pay ratios across companies and sectors, given the diverse range of business models and employee population profiles which exist across the market. A significant proportion of the CEO's total remuneration is delivered in variable remuneration, and particularly via long-term share awards, to drive alignment with shareholders. As a result, the pay ratio is strongly influenced by variable pay outcomes, and the share price for equity settled awards, and may fluctuate significantly on a year-to-year basis. The ratio has fallen in 2023, as a consequence of the CEO pay increase in 2023 being discounted by a third of that applied to the wider workforce, pension levels being aligned to the workforce, LTIP and bonus opportunity levels being held and bonus outturns for 2023 being significantly lower than those of the previous two cycles.

Remuneration report

Annual report on remuneration continued

Percentage change in directors' remuneration

The table below shows the percentage change in each director's salary/fees, benefits and bonus between the year ended 31 December 2023 and the three preceding years, and the average percentage change in the same remuneration over the same period in respect of the employees of the listed parent entity and the Group on a full time equivalent basis.

The Chair fee, NED base fees, the attendance fee for meetings outside the country of residence (per meeting) and all supplemental fees were increased by 5%, effective 1 January 2023. A supplemental fee for the role of the NED responsible for understanding the views of employees was introduced.

		Average employee Mondi plc[1]	Average employee Mondi Group	Andrew King[3]	Mike Powell[3]	Philip Yea[4]	Svein Richard Brandtzaeg[5]	Sue Clark[5]	Saki Macozoma[6]	Dominique Reiniche[7]	Dame Angela Strank[8]	Stephen Young[9]
Salary/fees	2023	7.8%	9.2%	6.0%	6.0%	5.0%	5.0%	15.0%	1.9%	22.8%	9.6%	-10.5%
	2022	-1.3%	4.5%	2.5%	2.5%	2.5%	20.3%	9.2%	–	7.1%	26.6%	12.6%
	2021	14.5%	3.6%	1.9%	0.0%	12.8%	–	–	–	8.0%	–	23.6%
	2020	-11.2%	0.6%	0.0%	–	–	–	–	–	-8.1%	–	-6.2%
Taxable benefits[2]	2023	-7.5%	N/A	23.0%	86.5%	–	137.7%	–	-91.1%	52.2%	–	–
	2022	1.2%	N/A	55.3%	59.7%	–	11.3%	–	–	-71.0%	–	–
	2021	3.2%	N/A	-26.4%	-78.7%	–	–	–	–	374.8%	–	–
	2020	-0.6%	N/A	238.3%	–	–	–	–	–	20.0%	–	–
Annual bonus	2023	-9.1%	-18.8%	-68.0%	-67.2%	–	–	–	–	–	–	–
	2022	82.9%	22.3%	1.4%	3.6%	–	–	–	–	–	–	–
	2021	-28.9%	18.1%	164.6%	138.1%	–	–	–	–	–	–	–
	2020	-58.1%	5.2%	-5.5%	–	–	–	–	–	–	–	–

Data for executive directors, joiners and leavers have been excluded in the relevant year. Anke Groth was appointed to the Board during the year ended 31 December 2023 and, accordingly, has been excluded from the table above.

1 The number of employees of the listed parent company is substantially less than 1% of the Group and as a consequence any changes to the remuneration of an Executive Committee member or a particular single individual, or a change in the profile of the employee group e.g leavers or new hires can have a marked effect on the year-on-year comparison. Consequently, the percentage changes may be highly variable. The percentage for the Mondi plc employees reflects a 9% salary increase for 2023, noting that for new hires in 2022 Q4, no further increase was applied for 2023.

2 Non UK tax resident non-executive directors receive tax return support. Taxable benefits for plc employees include healthcare, car allowance and SIP matching shares. The majority of employees in the Group receive no taxable benefits beyond those provided through the local social security regime. Additional benefits represent less than 5% of the total remuneration.

3 To provide a meaningful year-on-year comparison, the salaries for Andrew King and Mike Powell were annualised in 2020. Andrew was appointed Group CEO from 1 April 2020 and Mike Powell joined Mondi on 1 November 2020.

4 Philip Yea was appointed to the Board on 1 April 2020. To enable comparison and to provide meaningful reflection of the annual percentage change, his fees for the year ended 31 December 2020 have been annualised. The 2020 annualised figure includes a period as NED, prior to being appointed Chair. The 2021 figure represents a full year as Chair.

5 Svein Richard Brandtzaeg and Sue Clark were appointed as non-executive directors on 22 April 2021. Respective fees in the year of appointment have been annualised. Sue Clark's 2023 increase includes the introduction of a supplemental fee in relation to the role of the non-executive director responsible for understanding the views of employees. Svein Richard Brandtzaeg is not resident in the UK and receives an additional fee for attendance at Board meetings outside his country of residence. The increase in taxable benefits in 2023 for Svein Richard Brandtzaeg includes tax advice on the amendment of the 2021/22 UK tax return, 2022/23 UK tax return preparation and foreign tax credit claim.

6 Saki Macozoma was appointed as non-executive director on 6 May 2022. To enable comparison and to provide meaningful reflection of the annual percentage change, the fees shown for the year ended 31 December 2022 and the taxable benefits are annualised.

7 The percentage change for 2023 for Dominique Reiniche reflects the increases in NED fees and appointment to the role of the SID in May 2023. The increases in taxable benefits for 2023 includes French social security notification review.

8 Dame Angela Strank was appointed as non-executive director on 22 April 2021 and as Chair of the committee in May 2022. Respective fees in the year of appointment have been annualised.

9 The percentage change for 2023 for Stephen Young reflects his stepping down from the role of the SID in May 2023.

Relative importance of spend on pay

The table below shows the total remuneration paid across the Group together with the total dividends paid in 2023 and 2022. There have been no share buybacks during 2023 and 2022.

€ million	2023	2022	% change
Overall remuneration expenditure[1]	1,087	1,077	0.9%
Ordinary dividends paid to shareholders	345	321	7.5%

1 Remuneration expenditure for all Mondi Group employees, reported as Personnel Costs in the Consolidated Income Statement.

Statement of directors' shareholdings and share interests (audited)

The CEO and CFO are required to build and maintain a Minimum Shareholding Requirement (MSR) equivalent to 300% and 250% of base salary respectively. New appointees are required to meet the relevant requirement within five years from appointment. Therefore, Andrew King and Mike Powell have until 31 March 2025 and 31 October 2025 to meet their respective shareholding requirements. Deferred bonus awards under the BSP (net of tax) and vested LTIP shares that are subject to the two-year post-vesting holding period will count towards the holding requirement. As at 31 December 2023, Andrew King exceeded the MSR and Mike Powell, who joined Mondi in November 2020, is on track to meet the requirement in the five-year timeframe.

The beneficial and non-beneficial share interests of the directors and their connected persons as at 1 January 2023, and as at 31 December 2023 were as follows:

Executive directors (audited)

	Shares held outright at 1 Jan 2023	Shares held outright at 31 Dec 2023	Deferred BSP shares net of tax at 31 Dec 2023[2]	Total shareholding attributed to MSR	Total shareholding as multiple of base salary[1] (%)	Deferred LTIP shares outstanding at 31 Dec 2023[3]	Deferred LTIP shares as multiple of base salary[1] (%)
Andrew King	156,734	203,327	81,179	284,506	396%	474,174	659%
Mike Powell	28,351	39,510	42,573	82,083	179%	276,064	602%

1 The one-month volume weighted average share price of £14.93 as at 31 December 2023 was used in calculating the percentage figures shown above divided by the executive's respective salary as at 31 December 2023. Total shareholding as a multiple of base salary includes BSP shares net of estimated tax of 45%.
2 BSP shares subject to service condition, net of estimated tax of 45%. All shares shown in this column were awarded as nil-cost options.
3 LTIP shares subject to service and performance conditions. All shares shown in this column were awarded as nil-cost options.

Non-executive directors (audited)

	Shareholding at 1 Jan 2023 (or, if later, on appointment)	Shareholding at 31 Dec 2023 (or, at the date of resignation, if earlier)
Philip Yea	25,000	27,500
Svein Richard Brandtzaeg	1,250	1,250
Sue Clark[1]	4,096	4,229
Anke Groth[2]	–	–
Saki Macozoma[3]	–	441
Dominique Reiniche	1,000	1,000
Dame Angela Strank	899	899
Stephen Young	2,026	2,026

1 The shareholding shown at 1 January 2023 includes dividends reinvested into shares, personally by Sue Clark. The shareholding as at 1 January 2023 disclosed in the 2022 Integrated report (4,000 shares) did not include the shares calculated by dividend reinvestment. The shareholding as at 1 January 2023 has been adjusted to reflect the full shareholding, including dividends reinvested.
2 Appointed to the Board on 1 April 2023.
3 A restated shareholding of zero shares at 1 January 2023. The shareholding disclosed in the 2022 Integrated report (500 shares) did not reflect the sale of the entire shareholding by a person closely associated with Mr. Macozoma prior to appointment to the Mondi Board in May 2022.

There has been no change in the interests of the directors and their connected persons between 31 December 2023 and the date of this report other than as a result of the share consolidation which took place on 29 January 2024 and the amounts shown in the footnote to the 'SIP' table on page 148.

Remuneration report
Annual report on remuneration continued

Share awards granted to executive directors (audited)

The following tables set out the share awards granted as nil-cost options to the executive directors. All share awards are determined by the three-day average share price commencing the day Mondi announces its results, unless stated otherwise. The vested and exercised shares in the table below are pre-consolidation effective 29 January 2024 (page 36).

Awards under BSP and LTIP

Andrew King

Type of award	Awards held at beginning of year	Awards granted during year	Shares lapsed	Awards exercised during year	Dividend equivalents	Share price at the date of exercise	Date of award	Awards held as at 31 December 2023	Release date	Status
BSP	11,220	–	–	11,220	1,099	£14.17	Mar 2020	0	Mar 2023	**Vested and exercised**
BSP	18,970	–	–	–	–	–	Mar 2021	18,970	Mar 2024	**Unvested**
BSP	64,849	–	–	–	–	–	Mar 2022	64,849	Mar 2025	**Unvested**
BSP	–	63,779	–	–	–	–	Mar 2023	63,779	Mar 2026	**Unvested**
LTIP[1]	140,758	–	70,379	70,379	6,870	£14.17	May 2020	0	Mar 2023	**Vested and exercised**
LTIP[2]	128,675	–	–	–	–	–	Mar 2021	128,675	Mar 2024	**Unvested**
LTIP[3]	170,389	–	–	–	–	–	Mar 2022	170,389	Mar 2025	**Unvested**
LTIP[4]	–	175,110	–	–	–	–	Mar 2023	175,110	Mar 2026	**Unvested**

Mike Powell

Type of award	Awards held at beginning of year	Awards granted during year	Shares lapsed	Awards exercised during year	Dividend equivalents	Share price at the date of exercise	Date of award	Awards held as at 31 December 2023	Release date	Status
Buy-out LTIP[5]	39,427	–	19,713	19,714	1,343	£14.17	Dec 2020	0	Mar 2023	**Vested and exercised**
BSP	2,038	–	–	–	–	–	Mar 2021	2,038	Mar 2024	**Unvested**
BSP	37,607	–	–	–	–	–	Mar 2022	37,607	Mar 2025	**Unvested**
BSP	–	37,761	–	–	–	–	Mar 2023	37,761	Mar 2026	**Unvested**
LTIP[2]	74,916	–	–	–	–	–	Mar 2021	74,916	Mar 2024	**Unvested**
LTIP[3]	99,201	–	–	–	–	–	Mar 2022	99,201	Mar 2025	**Unvested**
LTIP[4]	–	101,947	–	–	–	–	Mar 2023	101,947	Mar 2026	**Unvested**

1 The performance conditions applying to the 2020 LTIP are set out on page 146 of the 2022 Integrated report.
2 The performance conditions applying to the 2021 LTIP are set out on page 144.
3 The performance conditions applying to the 2022 LTIP are set out on page 147 of the 2022 Integrated report.
4 The performance conditions applying to the 2023 LTIP are set out on pages 144-145.
5 Details of the buyout awards granted to Mike Powell are set out on page 142 of the 2020 Integrated report.

All-employee share plans (audited)

The Group currently operates one HM Revenue & Customs approved all-employee share plan in the UK (the SIP).

Share Incentive Plan (SIP)

Employees resident in the UK are eligible to participate in the SIP. Contributions of up to £150 per month, are taken from participants' gross salary and used to purchase ordinary shares in Mondi plc each month (partnership shares). Participants receive one matching Mondi plc ordinary share free of charge for each share purchased (matching shares). The shares are placed in trust and the matching shares are forfeited if participants resign from the Group's employment within three years. If the shares remain in the trust for at least five years, they can be removed free of UK income tax and National Insurance contributions.

	Shares held at beginning of year	Partnership shares acquired during the year	Matching shares awarded during the year	Shares released during year	Total shares held as at 31 December 2023
Andrew King[1]	6,634	133	133	–	6,900
Mike Powell[1]	346	133	133	–	612

1 Since 1 January 2024 up to the date of this report Andrew King acquired 21 partnership shares and was awarded 21 matching shares and Mike Powell acquired 21 partnership shares and was awarded 21 matching shares.

Statement of voting at Annual General Meeting

The Annual General Meeting was held on 4 May 2023. All resolutions were passed. The voting result in respect of the DRP and the remuneration report is given below. Overall in excess of 75% of the total Group shares were voted.

Resolution	Votes for	%	Votes against	%	Votes total	% of ISC voted	Votes withheld
To approve the DRP	324,176,751	87.71	45,432,126	12.29	369,608,877	76.12%	896,082
To approve the remuneration report (other than the DRP)	330,156,268	90.17	36,010,448	9.83	366,166,716	75.41%	4,338,243

Remuneration Committee governance

The Remuneration Committee

The Remuneration Committee is a formal committee of the Board (composition of the Remuneration Committee on page 122). Its remit is set out in terms of reference adopted by the Board. A copy of the terms of reference is available on the Group's website at www.mondigroup.com. The committee's performance against these terms of reference is reviewed on an annual basis and the committee is satisfied that it has acted in accordance with its terms of reference during the year.

The primary purposes of the committee, as set out in its terms of reference, are:

- to determine and agree with the Board, the Group's remuneration policy and the framework of executive and senior management remuneration;
- to determine individual remuneration packages within that framework for the executive directors and certain other senior management;
- to determine the remuneration of the Board Chair;
- to determine the targets for any performance-related pay schemes in which the executive directors and senior management of the Group participate;
- to oversee the operation of the Group's share schemes; and.
- to agree the policy on shareholding requirements for executive directors, including post-employment requirements.

No director or other attendee takes part in any discussion regarding his or her personal remuneration.

The committee is authorised to seek information from any director and employee of the Group and to obtain external advice. The committee is solely responsible for the appointment of external remuneration advisers and for the approval of their fees and other terms.

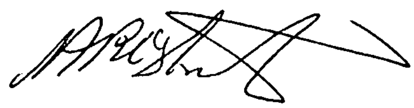
Deloitte was appointed by the Remuneration Committee as its independent remuneration consultant with effect from 29 September 2020, following a competitive tender process. Total fees paid to Deloitte for providing remuneration advice to the committee were determined based on time and materials and amounted to £87,225 for the year ended 31 December 2023 (£161,100 for 2022, which included advice for the new DRP). Deloitte also provided other tax and payroll services to the Mondi Group during the year. All advice to the Remuneration Committee, received from Deloitte, was objective and independent. Deloitte is a founder member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK.

The committee reviews the appointment of its advisers annually and is satisfied that the advice it receives is objective and independent.

Sums paid to third parties in respect of a director's services

No consideration was paid or became receivable by third parties for making available the services of any person as a director of Mondi plc ('the Company'), or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2023.

Dame Angela Strank
Chair, Remuneration Committee



Other statutory information

For the purposes of the Companies Act 2006, the disclosures below, including those incorporated by reference, together with the Corporate governance report set out on pages 82-121, form the Directors' report.

In addition, disclosures relating to the following items, which also form part of the Directors' report, have been included in the Strategic report which starts on the inside front cover of this Integrated report and finishes on page 81:

- Dividends, page 36
- Financial risk management objectives and policies, pages 36-37
- Principal risks, pages 69-79
- Likely future developments in the business, pages 12-13
- Research and development activities, pages 13, 21, 28, 45-47
- Greenhouse gas (GHG) emissions and energy consumption, page 52
- Employees, pages 48-50

Information required to be disclosed under UK Listing Rule 9.8.4 R

The UK Listing Authority Listing Rules require the disclosure of certain specified information in the annual financial report of Mondi plc.

The information required under rule 9.8.4 (1) in relation to interest capitalised and related tax relief can be found on page 178.
The information required under rules 9.8.4 (12) and (13) in relation to dividend waivers can be found on page 194. This information is incorporated by reference into this Directors' report.

Besides the above, the information required to be disclosed under rule 9.8.4 R is not applicable to Mondi plc, and therefore no disclosures have been made in this regard.

Employee and stakeholder engagement

Information relating to engagement with employees and other stakeholders, including customers and suppliers, can be found in the Strategic report on pages 38-41 and in the Corporate governance report on pages 92-95.

Share capital

Full details of Mondi's share capital can be found in note 22 to the financial statements.

Substantial interests

As at 31 December 2023, Mondi plc had received notifications from the following parties in the voting rights of Mondi plc. The number of voting rights and percentage interests shown are as disclosed at the date on which the holding was notified.

Shareholder	Number of voting rights	%[1]
Public Investment Corporation Limited	48,760,707	10.04
BlackRock Inc	32,794,248	6.74
Allan Gray Proprietary Limited	29,173,827	6.01
Coronation Fund Managers	28,872,418	5.95
Ninety One UK Ltd	23,972,407	4.94
AXA S.A.	17,210,471	4.69
Standard Life Investments Limited	16,476,021	4.49
Old Mutual plc	11,978,984	3.26
Sanlam Investment Management Proprietary Limited	10,936,128	3.00

1 Percentage provided was correct at the date of notification. No further notifications have been received under DTR Rule 5 as at the date of this report, except as detailed below.

The following changes in interests have been notified between 1 January 2024 and the date of this report.

Date	Shareholder	Number of voting rights	%
5 January 2024	BlackRock Inc	34,157,102	7.02
8 January 2024	BlackRock Inc	34,135,128	7.01
10 January 2024	BlackRock Inc	34,144,438	7.02
15 January 2024	BlackRock Inc	34,340,777	7.06
18 January 2024	Coronation Fund Managers	24,224,004	4.99
19 January 2024	BlackRock Inc	34,388,089	7.06
31 January 2024	Public Investment Corporation Soc Limited	53,650,993	12.15
12 February 2024	Coronation Fund Managers	22,587,325	5.12

Additional information for shareholders

The information for shareholders required pursuant to the Companies Act 2006 can be found on pages 242-243 of this report.

Political donations

No political donations were made during 2023, and it is Mondi's policy not to make such donations.

Auditor

Each of the directors of Mondi plc at the date when this report was approved confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

PricewaterhouseCoopers LLP (PwC) has indicated its willingness to continue as auditor of Mondi plc. The Board has decided that a resolution to reappoint PwC will be proposed at the Annual General Meeting scheduled to be held on 3 May 2024.

The reappointment of PwC has the support of the Audit Committee, which will be responsible for determining its audit fee on behalf of the directors (see page 112 for more information).

Note 4 to the financial statements sets out the auditor's fees, both for audit and non-audit work.

Events occurring after 31 December 2023

Aside from the final ordinary dividend proposed for 2023 (see note 9), there have been the following material reportable events since 31 December 2023:

On 5 February 2024, the Group announced the completion of the acquisition of Hinton Pulp mill in Alberta (Canada) from West Fraser Timber Co. Ltd (West Fraser) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket as part of a long-term partnership with West Fraser. The Group intends to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, expand the facility primarily with a new kraft paper machine which will integrate its paper bag operations in the Americas and support future growth.

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares. See notes 9 and 22 for further details.

Annual General Meeting

The Annual General Meeting will be held at 10:30 (UK time) on Friday 3 May 2024 at Mercedes-Benz World, Brooklands Drive, Weybridge KT13 0SL, UK. The notice convening the meeting, which is sent separately to shareholders, provides further details including the business to be considered and explanatory notes for each resolution. The notice is available on the Mondi Group website at: www.mondigroup.com.

This Directors' report was approved by the Board on 21 February 2024 and is signed on its behalf.

Jenny Hampshire
Company Secretary
Mondi plc
Ground Floor, Building 5
The Heights
Brooklands
Weybridge
Surrey
KT13 0NY
Registered No. 6209386

21 February 2024

Financial statements introduction

Financial statements

"Our strong through-cycle cash generation and robust balance sheet provides strategic flexibility.

Mike Powell
Group CFO

Directors' responsibility statement

The directors are responsible for preparing the Integrated report and financial statements 2023 in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Mondi plc parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). In preparing the Group financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs issued by IASB).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Integrated report and financial statements 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance section of the Integrated report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Mondi plc parent company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that they face.

The Directors' responsibility statement was approved by the Board on 21 February 2024 and is signed on its behalf by:

Andrew King Director	**Mike Powell** Director
	Mike Powell

Independent auditors' report to the members of Mondi plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Mondi plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Integrated report and financial statements 2023 (the "Integrated Report"), which comprise: the consolidated statement of financial position and the Mondi plc parent company balance sheet as at 31 December 2023; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated and Mondi plc parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We identified one component (2022: three) as an individually significant component, which required an audit of its complete financial information due to its financial significance to the group, and a further seven components (2022: five) where we have concluded that the component engagement leader is a Key Audit Partner (as defined under ISAs (UK)). These eight components (2022: eight) are located in Austria, the Czech Republic, Poland, South Africa, Sweden and Russia (2022: Austria, the Czech Republic, Poland, Russia, Slovakia, South Africa and Sweden). We obtained full scope audit reporting from an additional twenty components (2022: nineteen), including operating units and treasury operations. An audit of specific financial statement line items was performed at a further ten components (2022: five) and group level procedures on selected transactions or balances were performed at four components (2022: three).
- In aggregate, the locations subject to audit procedures represented 77% (2022: 72%) of the group's revenue and 67% (2022: 76%) of the group's absolute profit before tax adjusted for special items from continuing operations. In addition, we received full scope reporting on JSC Mondi Syktyvkar, the main component included in discontinued operations.

Key audit matters

- Divestment of Russian operations (group)
- Audit of the fair value of forestry assets (group)
- Application of hyperinflation accounting related to subsidiaries in Türkiye (group)
- Valuation of property, plant and equipment (group)
- Impairment indicator assessment of the parent company investment in subsidiaries (parent)

Materiality

- Overall group materiality: €35 million (2022: €65 million) based on approximately 5% of profit before tax ('PBT') from continuing operations adjusted for special items (2022: based on approximately 5% of profit before tax ('PBT') from continuing operations adjusted for special items).
- Overall parent company materiality: €47 million (2022: €40 million) based on approximately 1% of total assets.
- Performance materiality: €26 million (2022: €49 million) (group) and €35 million (2022: €30 million) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of property, plant and equipment is a new key audit matter this year. Disposal of Personal Care Components ("PCC") (group), which was a key audit matter last year, is no longer included because of the disposal being completed in the prior year. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of Mondi plc continued

Key audit matter

Divestment of Russian operations (group)

On 30 June 2023, the group completed the sale of its three Russian packaging converting operations to the Gotek Group for a cash consideration of RUB 1.6 billion, resulting in cash proceeds of €30 million, and a loss on disposal of €46 million.

Subsequently, on 4 October 2023, the group completed the sale of its Syktyvkar mill 'JSC Mondi Syktyvkar' and two affiliated entities to Sezar Invest LLC (Sezar Invest) for a total cash consideration of RUB 80 billion, resulting in cash proceeds of €776 million, and a loss on disposal of €710 million.

Given the quantum of the consideration received for the disposal of the group's Russian operations and the associated complexity of the accounting for the disposal, we identified a significant audit risk in relation to the accuracy of the calculation of the loss on disposal, as well as the presentation and disclosure of the various elements of the disposal in the financial statements, specifically focused on the carrying amount of the net assets disposed and the recycling of the foreign currency translation reserve. Accordingly, this had a significant effect on our overall audit strategy and allocation of resources in the planning for and completion of our audit, and was, therefore, determined to be a key audit matter.

Refer to notes 28 and 35 of the group financial statements, and the Audit Committee's views set out on page 111.

How our audit addressed the key audit matter

We tested the loss on disposal calculation by verifying the cash received to bank statements, reading the signed sale and purchase agreements ("SPAs"), and agreeing the carrying value of the Russian businesses prior to disposal to the underlying accounting records of the group.

We also tested the associated transaction costs and performed a proof of the cumulative translation reserve, which was recycled to the consolidated income statement on disposal, to the underlying accounting records.

Given the quantum of profits, up to the date of disposal, and the net assets disposed of in relation to JSC Mondi Syktyvkar, we issued instructions to, and obtained reporting as at and for the nine month period ended 30 September 2023 from, a third party component auditor in Russia, who audited the assets and liabilities of the Syktyvkar mill. We performed oversight procedures (including a review, performed remotely, of certain working papers of the component audit team) to satisfy ourselves as to the nature, timing and extent of the audit procedures performed. We also considered potential movements between the component auditor's period end reporting date (30 September 2023) and the date of completion of the disposal (4 October 2023) to satisfy ourselves that the movement in the net asset position between the two dates could not be material.

We considered the adequacy of the group's disclosures in respect of the disposed Russian operations and confirmed the resulting loss on disposals had been recorded appropriately.

Based on the procedures performed, we noted no material issues from our work.

Key audit matter	How our audit addressed the key audit matter
Audit of the fair value of forestry assets (group) The valuation of the group's forestry assets, amounting to €519 million as at 31 December 2023 (2022: €485 million), is dependent upon various assumptions that are subject to significant estimation, and the fair value gain recorded in the year is material. The most significant assumptions included in the valuation model relate to the determination of the estimated net selling prices to be applied to the forestry assets, the conversion factor used to convert hectares of land under afforestation to tonnes of standing timber and the risk premium applied to immature timber, alongside any manual adjustments that are made outside the underlying model. The fair value gain in the year ended 31 December 2023 of €128 million (2022: €169 million), which is recorded in the consolidated income statement, has been primarily driven by the increase in net selling prices. Given the quantum of the gain and the estimation inherent in the determination of fair value, this was determined to be a key audit matter. Refer to notes 14 and 35, and the Audit Committee's views set out on page 114.	We evaluated the group's valuation model used for calculating the fair value of the forestry assets against the criteria in IAS 41, 'Agriculture' and IFRS 13, 'Fair Value Measurement'. In assessing the valuation of the forestry assets, our procedures (which were performed by our component team in South Africa, with oversight from the group audit team in the UK) primarily consisted of substantive tests of detail, where we assessed the appropriateness of the inputs and the assumptions used in the valuation model taking into account supporting evidence (where available), and analytical procedures. We also compared the inputs and assumptions in the 31 December 2022 valuation with the 31 December 2023 valuation to identify, and subsequently investigate, any unexpected variances. Our analytical procedures also focused on comparisons of the assumptions and inputs with industry averages. In addition, we performed procedures over the mathematical accuracy of the valuation model. We compared the estimated net selling prices used in the model with third party evidence and the inputs used in the conversion factor to convert hectares of land under afforestation to tonnes of standing timber with historical evidence, as well as benchmarking the conversion factor against industry data. Forestry assets were physically verified on a sample basis in addition to using geospatial imaging. We also assessed the risk premium applied in the valuation model to immature and mature timber by comparing the factors taken into account in the risk adjustment with historical experience, industry data and other evidence provided by management. We evaluated whether the climate change risks relevant to the valuation of the forestry assets were appropriately included within the model, by comparison with historical data and the climate risk assessments performed by group management. Adjustments outside the underlying model have been tested through challenging assumptions made by management, independently reperforming the calculations and obtaining supporting evidence, on a sample basis. We evaluated the director's assessment of the sensitivity of the valuation to reasonably possible changes in assumptions and we considered the appropriateness of the related disclosures in note 14 and note 35 to the financial statements. Based on the procedures performed, we noted no material issues from our work.

Independent auditors' report to the members of Mondi plc continued

Key audit matter	**How our audit addressed the key audit matter**
Application of hyperinflation accounting related to subsidiaries in Türkiye (group)	
In the year ended 31 December 2023, the group has applied IAS 29, 'Financial Reporting in Hyperinflationary Economies', for its subsidiaries in Türkiye and Lebanon (2022: Türkiye), whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years. The application of IAS 29 required the financial information of these subsidiaries of the group to be restated for changes in the general purchasing power of the local currency, being the functional currency of those subsidiaries. The effect of IAS 29 is pervasive to the consolidated income statement and applicable to all non-monetary assets and liabilities in the consolidated statement of financial position. For the year ended 31 December 2023, the adjustments from hyperinflationary accounting have resulted in an increase in group revenue of €116 million (2022: €125 million), a decrease in underlying EBITDA of €16 million (2022: €44 million) and a net monetary gain of €2 million (2022: €17 million) and an accumulated increase in total assets of €115 million (31 December 2022: €91 million) from the date of initial application to 31 December 2023. IAS 29 requires judgement to determine which general price index to select and other approximations to be made in order to prepare the financial statements of affected subsidiaries and complex calculations to determine the impact of IAS 29. Given the complexity of the accounting and the size of the group's businesses in Türkiye, this was determined to be a key audit matter. Refer to notes 1, 7, 10, 12, 13, 22, 27 and 35 of the group financial statements, and the Audit Committee's views set out on page 114.	Given the relative size of the group's businesses in Türkiye and Lebanon, we focused our testing on the impact of IAS 29 on the operations in Türkiye. We assessed the consistency of the application of the methodology in the calculation of the IAS 29 related adjustments to the group's accounting policies as well as to the prior year for all subsidiaries that were impacted materially. We verified the appropriateness of the index used to calculate the IAS 29 impact to publicly available market data. We tested a sample of items in the underlying data used in the calculations of the IAS 29 adjustments, as well as the accuracy of the calculations. These procedures were performed by our component teams in Türkiye, with oversight from the group audit team in the UK. We assessed changes made to the configuration of the group's consolidation system during the year ended 31 December 2023 to validate that the newly implemented automation of certain areas of hyperinflation accounting was in line with the group's established accounting policies and UK-adopted international accounting standards. We also tested the exchange rates used by management to translate the local currency results into Euros, the group's presentation currency, to publicly available information. We also considered the appropriateness of the disclosures in the group financial statements. Based on the procedures performed, we noted no material issues from our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment (group)	
The group has property, plant and equipment ("PPE") of €4,619 million (2022: €4,167 million). Management has assessed whether indicators of impairment or impairment reversal existed in relation to PPE as at 31 December 2023, performed at the cash generating units ("CGUs") level, being the lowest level at which largely independent cash inflows are generated. The determination of appropriate CGUs is judgemental in nature. Once the CGUs are identified, the determination of whether an indicator of impairment or impairment reversal exists for a specific CGU is also judgemental. Where an indicator of impairment or impairment reversal is identified, management must estimate the recoverable amount of the relevant CGU in order to assess the recoverability of the carrying value of the CGU. The determination of the recoverable amount, being the higher of value in use ("VIU") and fair value less costs to dispose ("FVLCD"), requires judgement and estimation by management. This is because the determination of recoverable amount reflects management's consideration of key internal inputs and external market conditions, such as future paper prices, customer demand and forecast growth rates, which all impact future cash flows, and the determination of the most appropriate discount rate. Therefore, we considered it to be a key audit matter. Refer to notes 10 and 35 of the group financial statements, and the Audit Committee's views set out on page 114.	We satisfied ourselves as to the appropriateness of the judgement related to the level at which impairment of these assets is assessed, being the lowest level at which largely independent cash inflows can be identified (the "CGU"). We evaluated management's assessment of impairment and impairment reversal indicators by comparing actual performance with the budget and considering other internal and external factors, including those set out in IAS 36 'Impairment of Assets'. In relation to the CGUs where impairment indicators were identified, for certain CGUs we engaged our component teams with oversight from the group audit team in the UK, and challenged the basis for management's estimates of growth rates and future cash flows with reference to historical trading performance, market expectations and management forecasts. We used our internal valuation experts to independently recalculate the discount rates and evaluate the long-term growth assumptions applied by management. We also checked the mathematical accuracy of management's valuation models. Where management had obtained independent, third party valuations to determine the fair value less costs to dispose of individual assets or specific CGUs, we assessed the external valuation reports and the professional qualifications of these third party valuers. Based on the procedures performed, we noted no material issues from our work.
Impairment indicator assessment of the parent company investment in subsidiaries (parent)	
The investment in Mondi South Africa (Pty) Limited held by Mondi plc at 31 December 2023 amounts to €666 million (FY22: €666 million), with an accumulated impairment of €117 million. No further impairment charges have been recorded in the year as there was no impairment trigger identified. Management has also considered whether an indicator of impairment reversal has arisen during 2023 but concluded that this was not the case. Management has considered various internal and external indicators of impairment in assessing whether the investment might be impaired in 2023. No indicator of impairment or impairment reversal was identified based on consideration of the qualitative and quantitative factors outlined in IAS 36 'Impairment of Assets'. Given the inherent judgement required and the quantum of the balances in the parent company's balance sheet, this matter was determined to be a key audit matter. Refer to notes 1 and 6 of the parent company financial statements.	We considered the adequacy and completeness of management's impairment and impairment reversal indicator analysis as at 31 December 2023 by assessing it against the requirements of IAS 36 'Impairment of Assets'. We also validated the accuracy of the data supporting the assessment. We considered the appropriateness of the disclosures in the parent company financial statements. Based on the procedures performed, we noted no material issues from our work.

Independent auditors' report to the members of Mondi plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at components by us, as the group engagement team, or component auditors operating under our instruction.

We identified one component (2022: three) as a significant component (as defined within ISAs (UK)) which, in our view, required an audit of its complete financial information, due to its financial significance to the group. Outside of this component, we obtained full scope audit reporting from a further seven components (2022: five), where we concluded that the component engagement leader is a Key Audit Partner (as defined under ISAs (UK)), and an additional 20 components where full scope audits were performed (2022: 19). Together, these components were in 11 countries (2022: 11), representing the group's principal businesses. The group engagement team performed work at two of these components, with component auditors operating under our instruction performing the work on the other full scope components.

An audit of specific financial statement line items was performed at a further ten (2022: five) components, with the component auditors operating under our instruction. In addition, the group engagement team performed specified procedures at four components (2022: three) related to transactions or balances. Central testing was also performed on selected items, such as goodwill, primarily to ensure appropriate audit coverage. In aggregate, the locations subject to audit procedures represented 77% (2022: 72%) of the group's revenue from continuing operations.

The components included within the scope of our audit were determined based on the individual component's contribution to the group's key financial statement line items (in particular revenue and profit before tax adjusted for special items), and considerations relating to aggregation risk within the group.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude on whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole.

We issued formal written instructions to all component auditors setting out the audit work to be performed by each of them and maintained regular communication with them throughout the audit cycle. These interactions included attending certain component audit clearance meetings, in person or by video conferencing, as well as reviewing and assessing any matters reported. We also held a virtual planning meeting with component auditors ahead of the year-end audit to agree on effective working arrangements and key areas of audit focus.

We issued separate instructions and held virtual meetings with the third party component team in Russia, to ensure effective remote working arrangements. We reviewed selected audit working papers for certain in-scope component teams, including the significant component and the seven components where we concluded that the component engagement leader is a Key Audit Partner.

In addition, senior members of the group engagement team visited component teams in Austria, the Czech Republic, Poland, Sweden, South Africa and Türkiye. These visits included meetings with local management and with the component auditors, and typically involved operating site tours.

The impact of climate risk on our audit

In planning our work, including identifying areas of audit risk and determining an appropriate response, we were mindful of the increased focus on the impact of climate change risk on companies and their financial reporting, and also that the group has identified climate change as a principal risk. Climate change risk is expected to have a significant impact on the group's business as the operations and strategy of the group evolve to address the potential physical and transition risks that could arise and the opportunities associated with climate change. Climate change initiatives and commitments impact the group in a variety of ways, as described within the Integrated Report.

The Board has made commitments to achieve Net-Zero GHG emissions reduction targets by 2050. As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate change risk on the group's financial statements, including considering the Mondi Action Plan 2030 ("MAP2030") science-based targets as detailed within the Integrated Report, which are in the process of being re-submitted for validation following the divestment of the Russian operations.

We challenged the completeness of management's climate risk assessment by reading external reporting made by management, including the Sustainable Development Report and Carbon Disclosure Project submissions, and making management aware of any apparent internal inconsistencies there may be in its climate reporting.

We also considered the key financial statement line items and estimates that are most likely to be impacted by climate risks, as set out in note 1 of the group financial statements. Given that the impact of climate change on the group is likely, principally, to crystallise in the medium to long-term, we concluded that the risks of material misstatement in the financial statements associated with climate change related primarily to the valuation of forestry assets and estimates of future cash flows, which are used, for example, when testing assets for impairment. Management considers that the impact of climate change does not give rise to a material financial statement impact.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in relation to the Task Force on Climate-related Financial Disclosures (TCFD)) made in the other information within the Integrated Report with the financial statements and our knowledge from our audit. This included:

- Understanding which models management has used in the TCFD scenario analysis and considering whether the assumptions in the models are consistent with the assumptions used in the financial statements; and
- Challenging the consistency of the disclosures given in the narrative reporting within the other information with the impact disclosed within the financial statements.

Where applicable, our audit response to climate change risk is included in relevant key audit matters above. Refer also to notes 1, 12, 14, 25 and 35 of the group financial statements for disclosures related to climate change. Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 December 2023.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – parent company
Overall materiality	€35 million (2022: €65 million).	€47 million (2022: €40 million).
How we determined it	based on approximately 5% of profit before tax ('PBT') from continuing operations adjusted for special items (2022: based on approximately 5% of profit before tax ('PBT') from continuing operations adjusted for special items)	based on approximately 1% of total assets (2022: based on approximately 1% of total assets)
Rationale for benchmark applied	For overall group materiality, we chose profit before tax from continuing operations adjusted for special items as the benchmark. The adjusted profit before tax measure removes the impact of significant items which do not recur from year to year or otherwise significantly affect the underlying trend of performance from continuing operations. This is the metric against which the performance of the group is most commonly assessed by management and reported to members. We chose 5% as this is consistent with the quantitative materiality threshold typically used for other profit-oriented companies.	For overall Mondi plc parent company materiality, we determined the materiality based on total assets, which is more appropriate than a performance-related measure as the parent company is an investment holding company for the group. Using professional judgement, we determined materiality for this year at €47 million (2022: €40 million), which equates to approximately 1% of the current year's total assets.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between €2 million and €31.5 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to €26 million (2022: €49 million) for the group financial statements and €35 million (2022: €30 million) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €3 million (group audit) (2022: €3.5 million) and €3 million (parent company audit) (2022: €3.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Mondi plc continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We assessed management's going concern cash flow projections, agreeing them to the latest Board approved forecasts;
- We evaluated management's future cash flows with reference to historical trading performance, market expectations from industry or economic reports and management capital investment plans;
- We tested the available committed debt facilities to our year end audit work, including checking that the key terms were applied appropriately in the going concern assessment related to the maturity dates of available committed debt facilities and satisfied ourselves that there are no financial covenants in these facilities;
- We considered the potential downside sensitivities that management had applied and considered their likelihood and whether more severe scenarios could arise and the associated impact on available liquidity;
- We assessed management's reverse stress test and considered the likelihood of events arising that could erode liquidity within the forecast period;
- We assessed the performance of the group since year end and compared it with the Board approved cash flow forecast;
- We read the basis of preparation note to the financial statements and validated that it accurately described management's going concern considerations; and
- We tested the assumption that management's assessment is performed on the basis of continuing operations only, ensuring that it excluded any proceeds from the Russian disposal.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Integrated Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic report and the Corporate governance report, is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Integrated Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Integrated Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Integrated Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Integrated Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent auditors' report to the members of Mondi plc continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibility statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and breaches of sanctions in relation to Russia, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, Internal Audit and the group's internal legal counsel, including consideration of potential instances of non-compliance with laws and regulation and fraud and the group's processes for addressing sanctions risk in Russia;
- Assessment of matters reported through the group's whistleblowing helpline and the results of management's investigation of such matters;
- Testing controls in relation to IT systems within the group, in part to identify whether opportunities exist to carry out fraud through inappropriate access to systems and data;
- Testing a sample of journal entries posted to revenue based on specific risk criteria; and
- Challenging assumptions and judgements made by management in its accounting estimates or judgements as a whole and assessing whether there has been any management bias in aggregate.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 11 May 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 31 December 2017 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Simon Morley
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 February 2024

Consolidated income statement
for the year ended 31 December 2023

€ million	Notes	2023 Underlying	2023 Special items (note 3)	2023 Total	2022 Underlying	2022 Special items (note 3)	2022 Total
From continuing operations							
Group revenue	2	**7,330**	**–**	**7,330**	**8,902**	**–**	**8,902**
Materials, energy and consumables used		(3,971)	–	(3,971)	(4,728)	–	(4,728)
Variable selling expenses		(618)	–	(618)	(741)	–	(741)
Gross margin		2,741	–	2,741	3,433	–	3,433
Maintenance and other indirect expenses		(374)	–	(374)	(346)	–	(346)
Personnel costs	5	(1,087)	(9)	(1,096)	(1,077)	–	(1,077)
Other net operating expenses		(79)	(14)	(93)	(162)	–	(162)
Gain on disposal of businesses, net of related transaction costs	26	–	–	–	–	242	242
EBITDA	2	**1,201**	**(23)**	**1,178**	**1,848**	**242**	**2,090**
Depreciation, amortisation and impairments		(411)	(4)	(415)	(405)	–	(405)
Operating profit	2	**790**	**(27)**	**763**	**1,443**	**242**	**1,685**
Net (loss)/profit from joint ventures	15	(5)	–	(5)	1	–	1
Impairment of investments in joint ventures	15	(5)	–	(5)	–	–	–
Net monetary gain arising from hyperinflationary economies	1	2	–	2	17	–	17
Investment income	6	45	–	45	6	–	6
Foreign currency gains/(losses)	6	1	–	1	(5)	–	(5)
Finance costs	6	(119)	–	(119)	(144)	–	(144)
Profit before tax		709	(27)	682	1,318	242	1,560
Tax (charge)/credit	7a	(167)	6	(161)	(296)	(5)	(301)
Profit from continuing operations		**542**	**(21)**	**521**	**1,022**	**237**	**1,259**
From discontinued operations							
(Loss)/profit from discontinued operations	28			(655)			266
(Loss)/profit for the year				**(134)**			**1,525**
Attributable to:							
Non-controlling interests	33			**19**			**73**
Shareholders				**(153)**			**1,452**

Earnings per share (EPS) attributable to shareholders euro cents	Notes	2023	2022
From continuing operations			
Basic EPS	8	**103.5**	**244.5**
Diluted EPS	8	**103.5**	**244.4**
Basic underlying EPS	8	**107.8**	**195.6**
Diluted underlying EPS	8	**107.8**	**195.6**
From continuing and discontinued operations			
Basic EPS	8	**(31.5)**	**299.3**
Diluted EPS	8	**(31.5)**	**299.2**

Consolidated statement of comprehensive income
for the year ended 31 December 2023

€ million	2023 Before tax amount	2023 Tax credit	2023 Net of tax amount	2022 Before tax amount	2022 Tax charge	2022 Net of tax amount
(Loss)/profit for the year			**(134)**			**1,525**
Items that may subsequently be or have been reclassified to the consolidated income statement						
Fair value gains arising from cash flow hedges of continuing operations	–	–	–	1	–	1
Fair value gains arising from cash flow hedges of discontinued operations (see note 28)	–	–	–	1	–	1
Exchange differences on translation of continuing non-euro operations	(70)	–	(70)	35	–	35
Exchange differences on translation of discontinued non-euro operations (see note 28)	(227)	–	(227)	72	–	72
Reclassification of foreign currency translation reserve to the consolidated income statement on disposal of businesses of continuing operations (see note 26)	–	–	–	(4)	–	(4)
Reclassification of foreign currency translation reserve to the consolidated income statement on disposal of businesses of discontinued operations (see note 28)	633	–	633	–	–	–
Items that will not subsequently be reclassified to the consolidated income statement						
Remeasurements of retirement benefits plans of continuing operations:	(23)	7	(16)	8	(3)	5
Return on plan assets	(3)			(43)		
Actuarial gains arising from changes in demographic assumptions	1			7		
Actuarial (losses)/gains arising from changes in financial assumptions	(4)			58		
Actuarial losses arising from experience adjustments	(17)			(14)		
Remeasurements of retirement benefits plans of discontinued operations (see note 28)	–	–	–	1	–	1
Other comprehensive income/(expense) for the year	**313**	**7**	**320**	**114**	**(3)**	**111**
Other comprehensive income/(expense) attributable to:						
Non-controlling interests			**(3)**			**6**
Shareholders			**323**			**105**
Total comprehensive income attributable to:						
Non-controlling interests			**16**			**79**
Shareholders			**170**			**1,557**
Total comprehensive income/(expense) attributable to shareholders arises from:						
Continuing operations			**419**			**1,217**
Discontinued operations			**(249)**			**340**
Total comprehensive income for the year			**186**			**1,636**

Consolidated statement of financial position
as at 31 December 2023

€ million	Notes	2023	2022
Property, plant and equipment	10	4,619	4,167
Goodwill	12	765	769
Intangible assets	13	68	64
Forestry assets	14	519	485
Investments in joint ventures	15	8	18
Financial instruments		28	25
Deferred tax assets	7b	24	34
Net retirement benefits asset	24	5	8
Other non-current assets		5	8
Total non-current assets		**6,041**	**5,578**
Inventories	16	1,049	1,359
Trade and other receivables	17	1,254	1,448
Current tax assets		14	9
Financial instruments		14	4
Cash and cash equivalents	27b	1,592	1,067
		3,923	3,887
Assets held for sale	28	–	1,382
Total current assets		**3,923**	**5,269**
Total assets		**9,964**	**10,847**
Short-term borrowings	21	(559)	(102)
Trade and other payables	18	(1,219)	(1,525)
Current tax liabilities		(78)	(137)
Provisions	19	(21)	(22)
Financial instruments		(4)	(10)
		(1,881)	(1,796)
Liabilities directly associated with assets held for sale	28	–	(325)
Total current liabilities		**(1,881)**	**(2,121)**
Medium- and long-term borrowings	21	(1,460)	(1,970)
Net retirement benefits liability	24	(159)	(155)
Deferred tax liabilities	7b	(322)	(307)
Provisions	19	(27)	(27)
Other non-current liabilities		(19)	(13)
Total non-current liabilities		**(1,987)**	**(2,472)**
Total liabilities		**(3,868)**	**(4,593)**
Net assets		**6,096**	**6,254**
Equity			
Share capital	22	97	97
Own shares	22	(17)	(16)
Retained earnings		5,434	5,895
Other reserves	22	141	(182)
Total attributable to shareholders		**5,655**	**5,794**
Non-controlling interests in equity	33	441	460
Total equity		**6,096**	**6,254**

The Group's consolidated financial statements on pages 166-224, including related notes 1 to 35, were approved by the Board and authorised for issue on 21 February 2024 and were signed on its behalf by:

Andrew King
Director

Mike Powell
Director

Mondi plc company registered number: 6209386

Consolidated statement of changes in equity
for the year ended 31 December 2023

€ million	Share capital	Own shares	Retained earnings	Other reserves	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2022	97	(18)	4,749	(284)	**4,544**	386	**4,930**
Total comprehensive income for the year:	–	–	1,452	105	**1,557**	79	**1,636**
Profit for the year	–	–	1,452	–	**1,452**	73	**1,525**
Other comprehensive income	–	–	–	105	**105**	6	**111**
Hyperinflation monetary adjustment	–	–	16	–	**16**	1	**17**
Transactions with shareholders in their capacity as shareholders							
Dividends	–	–	(321)	–	**(321)**	(9)	**(330)**
Purchases of own shares	–	(7)	–	–	**(7)**	–	**(7)**
Distribution of own shares	–	9	(9)	–	**–**	–	**–**
Mondi share schemes' charge	–	–	–	11	**11**	–	**11**
Issue of shares under employee share schemes	–	–	10	(10)	**–**	–	**–**
Disposal of businesses	–	–	–	(4)	**(4)**	–	**(4)**
Other movements in non-controlling interests	–	–	(2)	–	**(2)**	3	**1**
At 31 December 2022	**97**	**(16)**	**5,895**	**(182)**	**5,794**	**460**	**6,254**
Total comprehensive income for the year:	–	–	(153)	323	**170**	16	**186**
(Loss)/profit for the year	–	–	(153)	–	**(153)**	19	**(134)**
Other comprehensive income/(expense)	–	–	–	323	**323**	(3)	**320**
Hyperinflation monetary adjustment (see note 1)	–	–	16	(2)	**14**	1	**15**
Transactions with shareholders in their capacity as shareholders							
Dividends (see note 9)	–	–	(345)	–	**(345)**	(7)	**(352)**
Purchases of own shares	–	(8)	–	–	**(8)**	–	**(8)**
Distribution of own shares	–	7	(7)	–	**–**	–	**–**
Mondi share schemes' charge (see note 23)	–	–	–	9	**9**	–	**9**
Issue of shares under employee share schemes	–	–	7	(7)	**–**	–	**–**
Non-controlling interests bought out	–	–	21	–	**21**	(29)	**(8)**
At 31 December 2023	**97**	**(17)**	**5,434**	**141**	**5,655**	**441**	**6,096**

Consolidated statement of cash flows
for the year ended 31 December 2023

€ million	Notes	2023	2022
Cash flows from operating activities			
Cash generated from continuing operations	27a	1,312	1,292
Dividends received from other investments		2	2
Income tax paid		(178)	(196)
Net cash generated from operating activities of discontinued operations	28	223	350
Net cash generated from operating activities		**1,359**	**1,448**
Cash flows from investing activities			
Investment in property, plant and equipment	2	(830)	(508)
Investment in intangible assets	13	(16)	(12)
Investment in forestry assets	14	(48)	(49)
Proceeds from the disposal of property, plant and equipment		25	7
Proceeds from the disposal of financial asset investments		2	5
Acquisition of businesses, net of cash and cash equivalents	25	(37)	–
Proceeds from the disposal of businesses, net of cash and cash equivalents	26	–	642
Loans advanced to related and external parties		(1)	–
Interest received		38	6
Other investing activities		17	9
Net cash generated from/(used in) investing activities of discontinued operations	28	368	(68)
Net cash (used in)/generated from investing activities		**(482)**	**32**
Cash flows from financing activities			
Repayment of other medium- and long-term borrowings	27c	–	(53)
Proceeds from short-term borrowings[1]	27c	16	44
Repayment of short-term borrowings[1]	27c	(33)	(53)
Repayment of lease liabilities	27c	(22)	(21)
Interest paid	27c	(50)	(60)
Dividends paid to shareholders	9	(345)	(321)
Dividends paid to non-controlling interests		(7)	(9)
Purchases of own shares		(8)	(7)
Non-controlling interests bought out		(8)	–
Net cash outflow from debt-related derivative financial instruments	27c	(77)	(83)
Other financing activities		–	1
Net cash used in financing activities of discontinued operations	28	(7)	(10)
Net cash used in financing activities		**(541)**	**(572)**
Net increase in cash and cash equivalents		**336**	**908**
Cash and cash equivalents at beginning of year		1,381	455
Cash movement in the year	27c	336	908
Effects of changes in foreign exchange rates	27c	(125)	18
Cash and cash equivalents at end of year	27b	**1,592**	**1,381**

Note:
1 Net repayment of short-term borrowings as presented previously has been further analysed to separately show proceeds from, and repayment of, short-term borrowings.

Notes to the consolidated financial statements
for the year ended 31 December 2023

1 Basis of preparation

These consolidated financial statements as at and for the year ended 31 December 2023 comprise Mondi plc and its subsidiaries (referred to as 'the Group'), and the Group's share of the results and net assets of its associates and joint ventures.

The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The principal accounting policies adopted are set out in note 35 and were applied consistently throughout the year and preceding year.

The Group also applies International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and there are no differences with applying IFRSs adopted for use in the UK which may significantly or materially affect the Group's accounting policies.

The consolidated financial statements have been prepared on a going concern basis. The directors have reviewed the Group's budget and considered the assumptions contained in the budget, including the principal and emerging risks which may impact the Group's performance in the near term. The Group has a strong balance sheet. At 31 December 2023, the Group had a liquidity position of €2,346 million, comprising €754 million of undrawn committed debt facilities and cash and cash equivalents of €1,592 million, which include proceeds from the disposal of discontinued operations of €806 million. As the Group's debt facilities and loan agreements contain no financial covenants, in performing its going concern assessment the directors have focused on liquidity, which was adjusted to exclude the net proceeds from the disposal of discontinued operations, given that these were distributed to shareholders by way of a special dividend in February 2024 (see notes 9 and 22). The assessment of going concern is further described in the Strategic report under the heading Going concern on page 81, which is incorporated by reference into these financial statements. Based on this evaluation, the Board considered it appropriate to prepare the consolidated financial statements on the going concern basis.

The consolidated financial statements have been prepared under the historical cost basis of accounting, as modified by forestry assets, pension assets, certain financial assets and financial liabilities held at fair value through profit and loss, assets acquired and liabilities assumed in a business combination and accounting in hyperinflationary economies.

The Group presents certain measures of financial performance, position or cash flows that are not defined or specified according to IFRSs and UK-adopted International Accounting Standards. These measures, referred to as Alternative Performance Measures (APMs), are defined on pages 238-241.

Critical accounting judgements and significant accounting estimates

The preparation of the Group's consolidated financial statements includes the use of estimates and assumptions. Although the estimates used are based on management's best information about current circumstances and future events and actions, actual results may differ from those estimates. The critical accounting judgements and significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements', are:

Significant accounting estimates

- Fair value of forestry assets - refer to note 14
- Actuarial valuations of retirement benefit obligations - refer to note 24

Other areas of judgement and accounting estimates

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of judgement and accounting estimates include:

- Hyperinflation accounting - refer to notes 1 and 35
- Climate change - refer to note 1
- Taxation - refer to notes 7 and 35
- Residual values and useful economic lives of property, plant and equipment - refer to notes 10 and 35
- Fair value of assets acquired and liabilities assumed in business combinations - refer to notes 25 and 35

Climate change

Management has considered the impact of climate change in preparing these consolidated financial statements, in particular in the context of the disclosures included in the Strategic report, including the Group's science-based Net-Zero GHG emission reduction targets as detailed in the Mondi Action Plan 2030 (MAP2030) Taking Action on Climate section on pages 51-64. These considerations, which are integral to the Group's strategy, did not have a material impact on the accounting estimates and judgements, including the following areas:

- Estimates of future cash flows used in the impairment assessment of goodwill - refer to note 12
- Assumptions used in the fair value measurement of forestry assets - refer to note 14
- Residual values and useful economic lives of property, plant and equipment - refer to note 35
- Fair value of assets acquired and liabilities assumed in business combinations - refer to note 25

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

1 Basis of preparation continued
While these considerations did not have a material impact on the areas set out above, this may change in future periods as management evolves its understanding of climate change-related impacts on the Group.

Hyperinflation accounting (see note 35)
The Group has applied IAS 29, 'Financial Reporting in Hyperinflationary Economies', for its subsidiaries in Türkiye and Lebanon (2022: Türkiye), whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years, respectively. The consumer price index increased in Türkiye by 65% from 1,128 at 31 December 2022 to 1,859 at 31 December 2023 and in Lebanon by 212% from 1,917 at 31 December 2022 to 5,978 at 31 December 2023. For the year ended 31 December 2023, the adjustments from hyperinflationary accounting have resulted in an increase in Group revenue of €116 million (2022: €125 million), a decrease in underlying EBITDA of €16 million (2022: €44 million) and a net monetary gain of €2 million (2022: €17 million). As at 31 December 2023, the adjustments from hyperinflationary accounting have resulted in an accumulated increase in total assets of €115 million (2022: €91 million). Comparative amounts presented in euro were not restated for subsequent changes in the price level or exchange rates.

IAS 29 requires judgement to determine when to apply hyperinflationary accounting and which general price index to select and other approximations to be made in order to restate the financial statements of subsidiaries operating in a hyperinflationary economy.

2 Operating segments
The Group generates revenue from the sale of manufactured products across the packaging and paper value chain. Revenue is generally recognised at a point in time, typically when the goods have been delivered to a contractually agreed location in line with the shipment terms agreed with customers. Customer payment terms vary within the Group due to its global operations and do not contain significant financing components.

The Group provides transport services after control of certain goods has passed to the customer. The Group generated transport revenue of €91 million (2022: €139 million), which was recognised over time. The stage of completion is used to determine the amount of revenue recognised, which is based on the transportation days completed at the reporting date relative to the total expected delivery days.

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, the chief operating decision-making body. The operating segments are managed based on the nature of the underlying products produced by those businesses and, consistent with prior year, comprise three distinct segments. In 2022, the Group disposed of its Personal Care Components business.

The material product types from which the Group's operating segments derive their internal and external revenues are as follows:

Operating segments	Product types
Corrugated Packaging	Containerboard
	Corrugated solutions
Flexible Packaging	Kraft paper
	Paper bags
	Consumer flexibles
	Functional paper and films
	Pulp
Uncoated Fine Paper	Uncoated fine paper
	Pulp

The Group's previously owned operations in Russia are reported as discontinued operations and no longer reported to the Executive Committee, and hence not disclosed for all periods presented in this note. The discontinued operations' net (loss)/profit and cash flows are presented separately in the consolidated income statement and consolidated statement of cash flows for all periods presented. Financial information relating to the discontinued operations is provided in note 28.

Year ended 31 December 2023[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations
Segment revenue	2,280	3,866	1,292	–	–	(104)	**7,334**
Internal revenue[2]	(23)	(33)	(52)	–	–	104	**(4)**
External revenue	2,257	3,833	1,240	–	–	–	**7,330**
Underlying EBITDA	310	637	289	(35)	–	–	**1,201**
Depreciation and impairments[3]	(144)	(183)	(66)	(1)	–	–	**(394)**
Amortisation	(7)	(8)	(2)	–	–	–	**(17)**
Underlying operating profit/(loss)	159	446	221	(36)	–	–	**790**
Special items before tax	–	–	(27)	–	–	–	**(27)**
Capital employed	2,318	3,167	1,095	(65)	–	–	**6,515**
Trailing 12-month average capital employed	2,057	3,068	1,075	(65)	–	–	**6,135**
Additions to non-current non-financial assets	379	427	129	–	–	–	**935**
Capital expenditure cash payments	326	425	79	–	–	–	**830**
Underlying EBITDA margin (%)	13.6	16.5	22.4	–	–	–	**16.4**
Return on capital employed (%)	7.7	14.4	20.6	–	–	–	**12.8**
Average number of employees (thousands)[4]	6.5	11.6	2.8	0.1	–	–	**21.0**

Year ended 31 December 2022[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations
Segment revenue	2,991	4,299	1,613	–	181	(143)	**8,941**
Internal revenue[2]	(51)	(51)	(68)	–	(12)	143	**(39)**
External revenue	2,940	4,248	1,545	–	169	–	**8,902**
Underlying EBITDA	662	797	427	(39)	1	–	**1,848**
Depreciation and impairments[3]	(133)	(181)	(70)	(1)	(3)	–	**(388)**
Amortisation	(7)	(8)	(2)	–	–	–	**(17)**
Underlying operating profit/(loss)	522	608	355	(40)	(2)	–	**1,443**
Special items before tax	–	–	–	–	242	–	**242**
Capital employed	2,162	3,035	1,091	(67)	–	–	**6,221**
Trailing 12-month average capital employed	2,062	2,916	1,022	(78)	175	–	**6,097**
Additions to non-current non-financial assets	235	242	115	–	9	–	**601**
Capital expenditure cash payments	212	223	64	–	9	–	**508**
Underlying EBITDA margin (%)	22.1	18.5	26.5	–	0.6	–	**20.8**
Return on capital employed (%)	25.3	20.9	34.7	–	(1.1)	–	**23.7**
Average number of employees (thousands)[4]	6.4	11.5	2.9	0.1	0.5	–	**21.4**

Notes:

1 See pages 238-241 for definitions of APMs.

2 Total continuing operations' internal revenue relates to transactions with discontinued operations.

3 Includes only impairments not classified as special items.

4 Presented on a full-time employee equivalent basis.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

2 Operating segments continued
External revenue by location of production and by location of customer

	External revenue by location of production		External revenue by location of customer	
€ million	**2023**	**2022**	**2023**	**2022**
Africa				
South Africa	656	667	495	498
Rest of Africa	95	74	395	436
Africa total	751	741	890	934
Western Europe				
Austria	1,301	1,640	159	203
Germany	579	808	954	1,188
UK	3	3	192	230
Rest of Western Europe	792	888	1,691	1,988
Western Europe total	2,675	3,339	2,996	3,609
Emerging Europe				
Czech Republic	657	820	252	286
Poland	1,275	1,587	722	851
Türkiye	426	589	486	693
Rest of emerging Europe	887	1,089	521	629
Emerging Europe total	3,245	4,085	1,981	2,459
Russia	–	–	5	30
North America	561	634	825	1,000
South America	3	2	94	157
Asia and Australia	95	101	539	713
Total Group revenue from continuing operations	**7,330**	**8,902**	**7,330**	**8,902**

There were no external customers which account for more than 10% of the Group's total external revenue in either year.

There are no material contract assets or contract liabilities as at 31 December 2023 and 31 December 2022. No contract costs were capitalised in either year presented.

The Group does not disclose information about remaining performance obligations that have original expected durations of one year or less, as permitted under IFRS 15.

Net assets by location

€ million	2023 Non-current non-financial assets	2023 Segment assets	2023 Segment net assets	2022 Non-current non-financial assets	2022 Segment assets	2022 Segment net assets
Africa						
South Africa	931	1,135	1,030	922	1,133	1,015
Rest of Africa	60	158	155	68	176	170
Africa total	991	1,293	1,185	990	1,309	1,185
Western Europe						
Austria	462	902	671	470	1,070	797
Germany	522	689	627	347	571	488
UK	31	37	34	33	41	40
Rest of Western Europe	782	1,015	922	631	868	763
Western Europe total	1,797	2,643	2,254	1,481	2,550	2,088
Emerging Europe						
Czech Republic	965	1,063	927	926	1,044	843
Poland	929	1,215	1,047	759	1,112	933
Türkiye	168	328	254	182	420	320
Rest of emerging Europe	857	1,014	853	873	1,087	847
Emerging Europe total	2,919	3,620	3,081	2,740	3,663	2,943
North America	174	350	317	181	421	368
South America	17	27	27	13	19	19
Asia and Australia	78	159	147	87	170	157
Total	**5,976**	**8,092**	**7,011**	**5,492**	**8,132**	**6,760**

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

2 Operating segments continued
Reconciliation of operating segment assets

€ million	2023 Segment assets	2023 Segment net assets/(liabilities)	2022 Segment assets	2022 Segment net assets/(liabilities)
Group total	**8,092**	**7,011**	**8,132**	**6,760**
Unallocated				
Investments in joint ventures	8	8	18	18
Deferred tax assets/(liabilities)	24	(298)	34	(273)
Other non-operating assets/(liabilities)	236	(206)	212	(297)
Intra-group balances with discontinued operations	–	–	13	13
Capital employed of continuing operations	**8,360**	**6,515**	**8,409**	**6,221**
Assets held for sale and liabilities directly associated with assets held for sale (see note 28)	–	–	1,382	1,057
Intra-group balances with discontinued operations	–	–	(13)	(13)
Group capital employed	**8,360**	**6,515**	**9,778**	**7,265**
Financial instruments/(net debt)	1,604	(419)	1,069	(1,011)
Total assets/equity	**9,964**	**6,096**	**10,847**	**6,254**

Other non-operating assets/(liabilities) include non-current financial instruments and current tax assets/(liabilities) as presented in the consolidated statement of financial position, provisions for restructuring costs, employee-related and other provisions (see note 19), derivative financial instruments (see note 31d) and other non-operating receivables/(payables) of €181 million and €316 million, respectively, as at 31 December 2023 (2022: €175 million and €317 million).

Average number of employees by principal location of employment[1]

thousands	2023	2022
Africa[2]	1.9	1.9
Western Europe	6.5	6.7
Emerging Europe	10.4	10.5
North America	1.6	1.6
Asia and Australia	0.6	0.7
Total average number of employees of continuing operations	**21.0**	**21.4**

Notes:
1 Presented on a full-time employee equivalent basis.
2 South Africa and Rest of Africa, previously disclosed separately, are disclosed in aggregate under Africa.

3 Special items

The Group separately discloses special items, an APM as defined on page 238, on the face of the consolidated income statement to assist its stakeholders in understanding the underlying financial performance achieved by the Group on a basis that is comparable from year to year.

€ million	2023	2022
Operating special items		
Impairment of assets	(4)	–
Restructuring and closure costs:		
Personnel costs	(9)	–
Other restructuring and closure costs	(14)	–
Gain on disposal of businesses, net of related transaction costs (see note 26)	–	242
Total special items before tax	**(27)**	**242**
Tax credit/(charge) (see note 7)	6	(5)
Total special items	**(21)**	**237**

The operating special items resulted in a cash outflow from operating activities of €10 million for the year ended 31 December 2023 (2022: €8 million). In the prior year, the net cash received from the sale of the Personal Care Components business totalled €642 million and was presented within cash flows from investing activities.

To 31 December 2023

The special items during the year ended 31 December 2023 comprised:

- Uncoated Fine Paper
  - Closure of a paper machine and streamlining the capacity of the finishing lines at the Neusiedler operations in Austria. Restructuring and closure costs of €23 million and related impairment of assets of €4 million were recognised.

To 31 December 2022

The special items during the year ended 31 December 2022 comprised:

- Personal Care Components (divested)
  - €242 million gain on the sale of the PCC business to Nitto Denko Corporation. Transaction costs of €6 million were also recognised in the prior year and were not treated as a special item. Further detail is provided in note 26.

4 Auditors' remuneration

€ million	2023	2022
Fees payable to the auditors for the audit of Mondi plc's annual financial statements	2.0	1.9
Fees payable to the auditors and their associates for the audit of Mondi plc's subsidiaries	4.1	4.1
Total audit fees	**6.1**	**6.0**
Audit-related services	0.6	0.4
Other assurance services	–	0.7
Other services	–	–
Total non-audit fees	**0.6**	**1.1**
Total fees	**6.7**	**7.1**

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

5 Personnel costs

€ million, unless otherwise stated	2023	2022
Within underlying operating costs		
Wages and salaries	878	873
Social security costs	181	175
Defined contribution retirement plan contributions (see note 24)	14	14
Defined benefit retirement plan service costs net of loss from settlement (see note 24)	5	4
Share-based payments (see note 23)	9	11
Total within underlying operating costs	**1,087**	**1,077**
Within special items		
Personnel costs relating to restructuring (see note 3)	9	–
Within net finance costs		
Retirement benefit medical plan net interest costs	3	4
Retirement benefit pension plan net interest costs	5	2
Total within net finance costs (see note 6)	**8**	**6**
Total personnel costs	**1,104**	**1,083**
Continuing operations' average number of employees (thousands)[1]	**21.0**	**21.4**

Note:
1 Presented on a full-time employee equivalent basis.

6 Net finance costs

€ million	2023	2022
Investment income		
Investment income	**45**	**6**
Net foreign currency gains/(losses)		
Net foreign currency gains/(losses)	**1**	**(5)**
Finance costs		
Interest expense		
Interest on bank overdrafts and loans	(115)	(133)
Interest on lease liabilities (see note 11)	(7)	(7)
Net interest expense on net retirement benefits liability (see note 24)	(8)	(6)
Total interest expense	**(130)**	**(146)**
Less: Interest capitalised	**11**	**2**
Total finance costs	**(119)**	**(144)**
Net finance costs	**(73)**	**(143)**

The weighted average interest rate applicable to capitalised interest on general borrowings for the year ended 31 December 2023 was 4.9% (2022: 6.7%) and was mainly related to qualifying assets in Czech Republic (2022: Finland and Poland).

7 Taxation

(a) Analysis of tax charge for the year

The Group's effective rate of tax before special items for the year ended 31 December 2023 was 23.6% (2022: 22.5%).

€ million	2023	2022
UK corporation tax at 23.5% (2022: 19%)	–	–
Overseas tax	135	248
Current tax in respect of prior years	(13)	(8)
Current tax	**122**	**240**
Deferred tax in respect of the current year	62	64
Deferred tax in respect of prior years	(24)	(4)
Deferred tax attributable to a change in the rate of domestic income tax	7	(4)
Tax charge before special items	**167**	**296**
Current tax on special items	(6)	5
Tax (credit)/charge on special items (see note 3)	**(6)**	**5**
Tax charge for the year	**161**	**301**
Current tax charge	116	245
Deferred tax charge	45	56

On 24 May 2021, legislation was substantively enacted in the UK to increase the corporate tax rate from 19% to 25% with effect from 1 April 2023. The 23.5% UK corporation tax rate referenced in the table above reflects the average tax rate that has applied during 2023.

As the Group operates in a number of countries, each with different tax systems, a degree of tax risk is inevitable, as tax laws are complex and subject to changes in legislation and to differing interpretations. Consequently, provision has been made for such tax risk exposures within current tax liabilities of €38 million (2022: €41 million), mainly in relation to transfer pricing risks arising from cross border transactions. There is not expected to be any material change to the tax risk exposures or associated provisions within the next 12 months.

The Group is within the scope of the OECD Pillar 2 model rules. As of 31 December 2023, the effective tax rate in the majority of countries in which the Group operates exceeds the 15% minimum tax rate threshold required under Pillar 2. In certain jurisdictions, notably in Bulgaria and Hungary, there are potential impacts from this tax, given their current statutory tax rates are 10% and 9% respectively. In addition, it is expected that additional Pillar 2 tax may be triggered in jurisdictions in which the Group benefits from tax incentives on capital investments or tax holidays but this will ultimately depend year on year on the quantum of tax incentives available to the Group. Therefore, quantitative information to indicate potential exposure to Pillar 2 is currently not reasonably estimable. The Group continues to progress on the assessment and expects to complete it in 2024.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

7 Taxation continued
Factors affecting tax charge for the year
The Group's total tax charge for the year can be reconciled to the tax on the Group's profit before tax at the UK corporation tax rate of 23.5% (2022: 19%), as follows:

€ million	2023	2022
Profit before tax	**682**	**1,560**
Tax on profit before tax, calculated at the UK corporation tax rate of 23.5% (2022: 19%)	**160**	**296**
Tax effects of:		
Expenses/(income) not deductible/(taxable) for tax purposes	**2**	**(36)**
Special items not taxable	–	(43)
Other non-deductible expenses	2	7
Temporary difference adjustments	**(13)**	**(14)**
Fixed asset revaluation	(10)	(16)
Changes in local tax rates[1]	7	(4)
Current year tax losses and other temporary differences not recognised	14	10
Prior year tax losses and other temporary differences not previously recognised	(24)	(4)
Other adjustments	**12**	**55**
Current tax prior year adjustments	(13)	(8)
Tax incentives[2]	(5)	(18)
Effect of differences between local rates and UK rate	(1)	45
Hyperinflation monetary adjustments (see note 1)	19	15
Other adjustments	12	21
Tax charge for the year	**161**	**301**

Notes:
1 There have been changes in tax rates in Czech Republic, Türkiye and Austria (2022: South Africa, Türkiye and Austria).
2 The tax incentives relate to a number of countries including Poland and Serbia (2022: Slovakia and Czech Republic).

(b) Deferred tax

	Deferred tax assets		Deferred tax liabilities	
€ million	2023	2022	2023	2022
At 1 January	34	43	(307)	(290)
(Charged)/credited to the consolidated income statement	(10)	5	(35)	(61)
Credited/(charged) to the consolidated statement of comprehensive income	3	(2)	4	(1)
Disposal of businesses (see note 26)	–	–	–	8
Reclassification to assets held for sale and liabilities directly associated with assets held for sale	–	–	–	42
Reclassification	(1)	(6)	1	6
Hyperinflation monetary adjustment (see note 1)	(1)	(4)	–	(1)
Currency movements	(1)	(2)	15	(10)
At 31 December	**24**	**34**	**(322)**	**(307)**

The amount of deferred tax (charged)/credited to the consolidated income statement comprises:

€ million	2023	2022
Capital allowances in excess of depreciation	(27)	(16)
Fair value adjustments	(23)	(33)
Tax losses recognised/(utilised)	24	(25)
Other temporary differences	(19)	18
Total deferred tax charge	**(45)**	**(56)**

Deferred tax comprises:

	Deferred tax assets		Deferred tax liabilities	
€ million	2023	2022	2023	2022
Capital allowances in excess of depreciation	(34)	(26)	(265)	(249)
Fair value adjustments	–	–	(135)	(127)
Tax losses	17	4	19	8
Other temporary differences	41	56	59	61
Total	**24**	**34**	**(322)**	**(307)**

The key items within other temporary differences include retirement benefit obligations, inventory write-downs, other provisions and accruals and elimination of intercompany profit in inventory.

Based on forecast data, the Group considers it probable that there will be sufficient future taxable profits available in the relevant jurisdictions to utilise the tax losses and other temporary differences presented in the table above.

Deferred tax balances have been shown after offset when they relate to income taxes levied by the same tax authority and it is intended to settle current assets and liabilities on a net basis.

The current expectation regarding the maturity of deferred tax balances is:

	Deferred tax assets		Deferred tax liabilities	
€ million	2023	2022	2023	2022
Recoverable/(payable) within 12 months	13	23	–	(1)
Recoverable/(payable) after 12 months	11	11	(322)	(306)
Total	**24**	**34**	**(322)**	**(307)**

The Group has the following amounts in respect of which no deferred tax asset has been recognised, as it is not considered probable that there will be future profit streams or gains against which these could be utilised:

€ million	2023	2022
Tax losses - revenue	1,401	1,443
Tax losses - capital	16	16
Other temporary differences	56	27
Total	**1,473**	**1,486**

Of the total of €1,473 million (2022: €1,486 million), €1,248 million (2022: €1,269 million) relates to tax losses (with no expiry date) and other timing differences not recognised in the UK and Luxembourg due to lack of future profit streams.

There were no significant changes during the year in the expected future profit streams or gains.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

7 Taxation continued

Included in unrecognised tax losses are losses that will expire as follows:

€ million	2023	2022
Expiry date		
Within one year	7	5
One to five years	42	22
After five years	45	48
No expiry date	1,323	1,384
Total unrecognised tax losses	**1,417**	**1,459**

No deferred tax liability is recognised on gross temporary differences of €622 million (2022: €679 million) relating to the unremitted earnings of overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. UK tax legislation largely exempts, from UK tax, overseas dividends received. As a result, the gross temporary differences at 31 December 2023 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings would still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate and non-UK corporate taxes on dividends.

8 Earnings per share (EPS)

	EPS attributable to shareholders	
euro cents	2023	2022
From continuing operations		
Basic EPS	103.5	244.5
Diluted EPS	103.5	244.4
Basic underlying EPS	107.8	195.6
Diluted underlying EPS	107.8	195.6
From continuing and discontinued operations		
Basic EPS	(31.5)	299.3
Diluted EPS	(31.5)	299.2
Basic headline EPS	145.3	264.3
Diluted headline EPS	145.3	264.2

The calculation of basic and diluted EPS, basic and diluted underlying EPS and basic and diluted headline EPS is based on the following data:

€ million	Earnings 2023	Earnings 2022
(Loss)/profit for the year attributable to shareholders	**(153)**	**1,452**
Arises from:		
Continuing operations	502	1,186
Discontinued operations (see note 28)	(655)	266
Special items attributable to shareholders (see note 3)	27	(242)
Related tax (see note 3)	(6)	5
Total earnings for the year (prior to special items)	**(132)**	**1,215**
Arises from:		
Continuing operations	523	949
Discontinued operations (see note 28)	(655)	266
Gain on disposal of property, plant and equipment	(13)	(2)
Insurance reimbursements for property damages	(27)	–
Restructuring and closure costs (see note 3)	(23)	–
Impairments not included in special items (see note 10)	3	11
Loss on disposal of businesses from discontinued operations (see note 28)	756	–
Impairments included in loss/profit from discontinued operations (see note 28)	113	57
Related tax	28	1
Headline earnings for the year	**705**	**1,282**

million	Weighted average number of shares 2023	Weighted average number of shares 2022
Basic number of ordinary shares outstanding	**485.1**	**485.1**
Effect of dilutive potential ordinary shares	–	0.1
Diluted number of ordinary shares outstanding	**485.1**	**485.2**

Underlying earnings, total earnings (prior to special items) and headline earnings represent APMs which are defined on pages 238-241.

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to its shareholders by way of a special dividend (see note 9). In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares (see note 22). The weighted average number of ordinary shares outstanding for 2023 and 2022, respectively, is based on the number of existing ordinary shares throughout the relevant years (i.e. before share consolidation).

9 Dividends

	2023 euro cents per share	2023 € million	2022 euro cents per share	2022 € million
Final ordinary dividend paid in respect of the prior year	48.33	231	45.00	218
Interim ordinary dividend paid in respect of the current year	23.33	114	21.67	103
Total ordinary dividends paid		**345**		**321**
Final ordinary dividend proposed to shareholders[1]	**46.67**	**206**	**48.33**	**234**

Note:
1 The 2023 final ordinary dividend proposed of 46.67 euro cents per share is based on the new ordinary shares issued after share consolidation, as described below.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

9 Dividends continued

The final ordinary dividend proposed in respect of the financial year ended 31 December 2023 has been recommended by the Board and is subject to the approval of the shareholders of Mondi plc at the Annual General Meeting scheduled for 3 May 2024.

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares (see note 22).

10 Property, plant and equipment

€ million	Land and buildings[1]	Plant and equipment	Assets under construction	Other	Total
Net carrying value					
At 1 January 2022	1,436	2,971	337	160	**4,904**
Additions	43	100	393	39	**575**
Disposal of assets	(4)	(2)	(3)	(2)	**(11)**
Disposal of businesses	(44)	(108)	(9)	(13)	**(174)**
Reclassification to assets held for sale	(323)	(496)	(75)	(47)	**(941)**
Depreciation charge for the year	(68)	(296)	–	(41)	**(405)**
Impairment losses recognised	(4)	(7)	–	–	**(11)**
Reclassification	45	207	(266)	11	**(3)**
Hyperinflation monetary adjustment	26	20	2	2	**50**
Currency movements	60	94	19	10	**183**
At 31 December 2022	**1,167**	**2,483**	**398**	**119**	**4,167**
Cost	2,031	7,077	415	386	**9,909**
Accumulated depreciation and impairments	(864)	(4,594)	(17)	(267)	**(5,742)**
Additions	50	169	576	38	**833**
Disposal of assets	(7)	(4)	–	(7)	**(18)**
Acquired through business combinations (see note 25)	17	20	–	–	**37**
Depreciation charge for the year	(65)	(292)	–	(34)	**(391)**
Impairment losses recognised	(1)	(6)	–	–	**(7)**
Reclassification	51	168	(234)	13	**(2)**
Hyperinflation monetary adjustment (see note 1)	28	31	6	3	**68**
Currency movements	(22)	(41)	(2)	(3)	**(68)**
At 31 December 2023	**1,218**	**2,528**	**744**	**129**	**4,619**
Cost	2,139	7,216	761	409	**10,525**
Accumulated depreciation and impairments	(921)	(4,688)	(17)	(280)	**(5,906)**

Note:
1 The land carrying value included in land and buildings is €227 million (2022: €211 million).

Included in the additions above is €11 million (2022: €2 million) of interest incurred on qualifying assets which has been capitalised during the year. The amount is deductible for tax purposes either when incurred or included in the amount permitted to be deducted for capital expenditure, depending on the jurisdiction in which they are capitalised.

The Group recognised income from insurance reimbursements relating to damages of property, plant and equipment of €27 million (2022: €7 million) in other net operating expenses in the consolidated income statement with reimbursements received in cash of €17 million (2022: €8 million) classified as other investing activities within the consolidated statement of cash flows.

The recoverable amount of property, plant and equipment is determined based on the use of the asset within the current business plans. Any change in future intentions could result in an impairment of varying magnitude, depending on the assets affected.

11 Leases

The Group has entered into various lease agreements. Leases over land and buildings have a weighted average term of 35 years (2022: 35 years), plant and equipment a weighted average term of 12 years (2022: 12 years) and other assets a weighted average term of 5 years (2022: 5 years).

The principal lease agreements in place include the following:

South African land lease

The Group entered into a land lease agreement on 1 January 2001 for a total term of 70 years. The lease commitment and annual escalation rate are renegotiated every five years. The lease does not contain any clauses with regard to contingent rent or an option to purchase the land at the end of the lease term, and does not impose any significant restrictions on the Group as a lessee.

Office building

The Group entered into an office building lease agreement in Vienna (Austria) for a total term of 20 years from October 2013. The lease may only be terminated by the Group, after six months' notice, in September 2023 (which did not occur) and again in September 2028. Rent escalates on an annual basis by the consumer price index of the local jurisdiction. The lease does not contain any option to purchase the building at the end of the lease term, and does not impose any significant restrictions on the Group as a lessee. Variable lease payments are included in the lease liability and calculated at the consumer price index. The Group does not intend to exercise the termination option in September 2028, and thus it was not considered in the calculation of the right-of-use asset.

Right-of-use assets

	Right-of-use assets		Depreciation charge	
€ million	**2023**	**2022**	**2023**	**2022**
Land and buildings	61	61	(10)	(11)
Plant and equipment	39	43	(9)	(8)
Other	16	15	(7)	(6)
Total	**116**	**119**	**(26)**	**(25)**

Additions to the right-of-use assets during 2023 were €34 million (2022: €36 million).

Lease liabilities

€ million	**2023**	**2022**
Maturity analysis - contractual undiscounted cash flows		
Less than one year	28	25
One to two years	24	22
Two to five years	49	47
More than five years	89	99
Total undiscounted cash flows	**190**	**193**
Total lease liabilities	**125**	**128**
Current	21	19
Non-current	104	109

Lease liabilities are effectively secured as the rights to the leased assets recognised in the consolidated financial statements revert to the lessor in the event of default. The continuing operations' total cash outflow for leases during 2023 was €31 million (2022: €32 million).

Amounts recognised in the consolidated income statement

€ million	**2023**	**2022**
Depreciation charge in respect of leases	(26)	(25)
Interest on lease liabilities	(7)	(7)
Expenses relating to short-term leases	(1)	(3)
Expenses relating to leases of low-value assets	(1)	(1)

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

12 Goodwill
(a) Reconciliation

€ million	2023	2022
Net carrying value		
At 1 January	769	936
Disposal of businesses (see note 26)	–	(141)
Reclassification to assets held for sale (see note 28)	–	(34)
Hyperinflation monetary adjustment (see note 1)	11	11
Currency movements	(15)	(3)
At 31 December	**765**	**769**

(b) Assumptions
Goodwill acquired through business combinations is allocated to the group of cash-generating units (CGUs) that are expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored for internal management purposes. Goodwill is assessed for impairment at least annually. In performing this impairment test, the recoverable amounts of these groups of CGUs are the higher of fair value less costs to dispose and value in use (see note 35 for further details).

Goodwill is allocated to three groups of CGUs, as follows:

	Weighted average pre-tax discount rate		Growth rate beyond year 3		Carrying value	
€ million, unless otherwise stated	2023	2022	2023	2022	2023	2022
Corrugated Packaging	10.2%	9.9%	3%	3%	328	329
Flexible Packaging	9.2%	9.2%	2%	2%	422	425
Uncoated Fine Paper	11.1%	10.2%	–%	–%	15	15
Total goodwill					**765**	**769**

Key assumptions for 2023
The key assumptions in the value-in-use calculations are as follows:

- Cash flow forecasts are derived from the budget most recently approved by the Board covering the three-year period to 31 December 2026.
- Sales volumes, sales prices and input cost assumptions in the budget period are derived from a combination of economic forecasts for the regions in which the Group operates, industry forecasts for individual product lines, internal management projections, historical performance and announced and expected industry capacity changes.
- The impact of climate change such as regulatory risks on carbon pricing, yield losses on plantations or the effects of droughts as well as climate-change related opportunities in the budget period are considered in the cash flow forecasts. The Group's climate change risks and opportunities identified according to the TCFD recommendations are disclosed on pages 55-64 of this report.
- Cash flow projections in year four are based on internal management projections taking into consideration industry forecasts and growth rates in the regions in which the Group operates. Growth rates are applied to the groups of CGUs for all years from year four onwards (as per the table above).
- Capital expenditure forecasts are based on historical experience and include expenditure necessary to maintain the assets in their current condition.

The pre-tax discount rate is derived from the Group's weighted average cost of capital. In determining the discount rate applicable to each group of CGUs, adjustments are made to reflect the impacts of country risk.

Sensitivity analyses

Expected future cash flows are inherently uncertain and could change materially over time. They are affected by a number of factors, including market and production estimates, together with economic factors such as prices, discount rates, currency exchange rates, estimates of production costs and future capital expenditure. Risks associated with increased operating costs such as carbon pricing mechanisms have also been considered.

Sensitivity analyses of reasonably possible changes in the underlying assumptions for each group of CGUs included:

- 100 bps increase in discount rate;
- 0% growth rate assumed for cash flow projections beyond three years in the Corrugated Packaging and Flexible Packaging groups of CGUs;
- 2% decrease in sales prices of paper in all years in the Corrugated Packaging group of CGUs;
- 1% decrease in sales prices of paper in 2024 in the Flexible Packaging group of CGUs; and
- 3% decrease in sales prices of paper in all years in the Uncoated Fine Paper group of CGUs.

None of these downside sensitivity analyses, in isolation, indicated the need for an impairment.

13 Intangible assets

€ million	2023	2022
Net carrying value		
At 1 January	64	78
Additions	16	12
Acquired through business combinations (see note 25)	1	–
Disposal of businesses (see note 26)	–	(2)
Reclassification to assets held for sale (see note 28)	–	(7)
Impairment charge for the year	–	(2)
Amortisation charge for the year	(17)	(18)
Reclassification	2	3
Hyperinflation monetary adjustment (see note 1)	4	3
Currency movements	(2)	(3)
At 31 December	**68**	**64**
Cost	251	235
Accumulated amortisation and impairments	(183)	(171)

The intangible assets comprise mainly software development costs.

R&D expenditure incurred by the Group and charged to the consolidated income statement during the year amounted to €21 million (2022: €22 million).

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

14 Forestry assets

€ million	2023	2022
At 1 January	485	348
Investment in forestry assets	48	49
Fair value gains	128	169
Felling costs	(87)	(78)
Currency movements	(55)	(3)
At 31 December	**519**	**485**
Mature	359	309
Immature	160	176

The Group has 254,858 hectares (2022: 252,857 hectares) of owned and leased land available for forestry activities, all of which is in South Africa. 80,614 hectares (2022: 80,227 hectares) are set aside for conservation activities and infrastructure needs. 1,044 hectares (2022: 1,045 hectares) relate to non-core activities. The balance of 173,200 hectares (2022: 171,585 hectares) are under afforestation, which forms the basis of the valuation set out above.

Mature forestry assets are those plantations that are harvestable, while immature forestry assets have not yet reached that stage of growth. Timber is harvested according to a rotation plan, once trees reach maturity. The maturity period ranges from 6.5 to 14.5 years (2022: 6.5 to 14.5 years) depending on species, climate and location.

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy, consistent with prior years.

The following assumptions have a significant impact on the valuation of the Group's forestry assets:

- The net selling price is defined as the selling price less the costs of transport, harvesting, extraction and loading, and all selling prices and costs are denominated in South African rand. The net selling price is based on third-party transactions and is influenced by the species, maturity profile and location of timber. In 2023, the net selling price used ranged from the South African rand equivalent of €15 per tonne to €53 per tonne (2022: €14 per tonne to €47 per tonne), with a weighted average of €34 per tonne (2022: €33 per tonne).
- The conversion factor, which is used to convert hectares of land under afforestation to tonnes of standing timber, is dependent on the species, the maturity profile of the timber, the geographic location and a variety of other environmental factors, such as the anticipated impact of climate change on water scarcity and fire risks. In 2023, the conversion factors ranged from 7.6 to 25.0 (2022: 7.9 to 23.9).
- The risk premium on immature timber of 12.4% (2022: 12.5%) is based on an assessment of the risks associated with forestry assets in South Africa and is applied for the years the immature timber has left to reach maturity. A risk premium on mature timber of 4.0% (2022: 4.0%) was applied. The risk premium applied to immature and mature timber includes factors for the anticipated impact of climate change on water scarcity and fire risks. An increase in the severity and frequency of extreme weather events, such as higher temperatures, changes in rainfall patterns and drought conditions, may result in higher timber losses in future years caused by stronger winds, erosion, fires, pests and diseases.

The valuation of the Group's forestry assets is determined in South African rand and converted to euro at the closing exchange rate on 31 December of each year.

Management has performed sensitivity analyses of reasonably possible changes in the significant assumptions and the EUR/ZAR exchange rate. The sensitivity table is based on historical experience; however, the estimates may vary by greater amounts. Therefore, the Board considers the forestry assets valuation to be a significant accounting estimate. The reported value of owned forestry assets would change as follows should there be a change in these underlying assumptions on the basis that all other factors remain unchanged:

€ million	2023	2022
Effect of €5/tonne increase in net selling price	79	75
Effect of 1% increase in conversion factor (hectares to tonnes)	6	5
Effect of 1% increase in risk premium	(8)	(7)
Effect of 10% increase in EUR/ZAR exchange rate	(47)	(44)

15 Investments in joint ventures

€ million	2023	2022
At 1 January	18	17
Net (loss)/profit from joint ventures	(5)	1
Impairment losses recognised	(5)	–
At 31 December	**8**	**18**

The joint ventures of the Group as at 31 December 2023 are set out in note 11 of the Mondi plc parent company financial statements. All of these interests are accounted for using the equity method. None of the joint ventures are assessed as being individually material to the Group.

16 Inventories

€ million	2023	2022
Valued using the first-in, first-out cost formula		
Raw materials and consumables	16	18
Work in progress	5	7
Finished products	28	35
Total valued using the first-in, first-out cost formula	**49**	**60**
Valued using the weighted average cost formula		
Raw materials and consumables	509	639
Work in progress	86	153
Finished products	405	507
Total valued using the weighted average cost formula	**1,000**	**1,299**
Total inventories	**1,049**	**1,359**
Of which, held at net realisable value	141	174

Consolidated income statement

€ million	2023	2022
Within materials, energy and consumables used		
Cost of inventories recognised as an expense	(3,575)	(3,928)
Write-down of inventories to net realisable value	(77)	(65)
Aggregate reversal of previous write-downs of inventories	45	40
Within other net operating expenses		
Green energy sales and disposal of emissions credits	92	50

The reversal of previous write-downs of inventories relates to goods that had been written down to their estimated net realisable value and were subsequently sold above their carrying value.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

17 Trade and other receivables

€ million	2023	2022
Trade receivables	995	1,250
Credit loss allowance	(25)	(26)
Net trade receivables	**970**	**1,224**
Other receivables	45	20
Tax and social security	148	158
Prepayments	91	46
Total trade and other receivables	**1,254**	**1,448**

Trade receivables: credit risk

The Group has a large number of unrelated customers and does not have significant credit risk exposure to any particular customer. The Group considers that there is no significant geographical or customer concentration of credit risk.

Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the relevant markets that it serves. The Group considers that management of credit risk on a decentralised basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management are observed across all business segments, such as the use of credit rating agencies, credit guarantee insurance, where appropriate, and the maintenance of a credit control function.

€ million	2023	2022
Credit risk exposure		
Gross trade receivables	995	1,250
Credit insurance	(837)	(995)
Net exposure to credit risk	**158**	**255**

In addition, the Group is in possession of bank guarantees and letters of credit securing trade and other receivables to the value of €6 million (2022: €17 million).

Credit periods offered to customers vary according to the credit risk profiles of participants and invoicing conventions established in the various markets in which the Group operates. Interest is charged at appropriate market rates on balances which are considered overdue in the relevant market.

To the extent that recoverable amounts are expected to be less than their associated carrying values, impairment charges have been recorded in the consolidated income statement and the carrying values have been written down to their expected recoverable amounts. The total gross carrying value of trade receivables that were subject to credit loss allowance during the year was €36 million (2022: €42 million).

Included within the Group's aggregate trade receivables balance are specific debtor balances with customers totalling €140 million (2022: €173 million) which are past due and where the Group considers that their credit quality remains intact.

The expected credit loss allowance for trade receivables was determined as follows:

		Past due by				
2023/€ million, unless otherwise stated	**Within terms**	**<1 month**	**1-2 months**	**2-3 months**	**>3 months**	**Total**
Expected loss rate %	1	3	4	14	68	
Trade receivables	837	108	24	7	19	**995**
Credit loss allowance	(7)	(3)	(1)	(1)	(13)	**(25)**

		Past due by				
2022/€ million, unless otherwise stated	**Within terms**	**<1 month**	**1-2 months**	**2-3 months**	**>3 months**	**Total**
Expected loss rate %	1	2	6	14	67	
Trade receivables	1,059	135	31	7	18	**1,250**
Credit loss allowance	(8)	(3)	(2)	(1)	(12)	**(26)**

Movement in the credit loss allowance

€ million	2023	2022
At 1 January	26	29
Increase in allowance recognised in consolidated income statement	7	10
Amounts written off or recovered	(6)	(8)
Reclassification to assets held for sale (see note 28)	–	(2)
Currency movements	(2)	(3)
At 31 December	**25**	**26**

18 Trade and other payables

€ million	2023	2022
Trade payables	633	879
Capital expenditure payables	60	48
Tax and social security	59	68
Other payables	66	59
Accruals	387	454
Deferred income	14	17
Total trade and other payables	**1,219**	**1,525**

19 Provisions

€ million	Restructuring costs	Employee-related provisions	Environmental restoration	Other	Total
At 1 January 2023	3	29	4	13	49
Charged to consolidated income statement	16	6	–	9	31
Released to consolidated income statement	–	(1)	–	(3)	(4)
Amounts used	(12)	(7)	–	(21)	(40)
Acquired through business combinations (see note 25)	–	–	–	13	13
Currency movements	–	(1)	–	–	(1)
At 31 December 2023	**7**	**26**	**4**	**11**	**48**
Current	7	6	–	8	21
Non-current	–	20	4	3	27

The provisions for restructuring costs are expected to be settled over the next year. Restructuring provisions include severance costs, when management has made a formal decision to eliminate certain positions and this has been communicated to the groups of employees affected, and other related costs that are typically expected to be incurred in the course of a restructuring programme.

Employee-related provisions comprise provisions for jubilee awards and other short-term benefits. Given the nature of jubilee provisions, the amounts are likely to be settled over many years.

The Group provides for the costs of environmental remediation that have been identified at the time of plant closure, as part of acquisition due diligence or in other circumstances where remediation by the Group is required and a probable outflow of economic resources is identified. Judgement and experience are used by management in determining the expected timing, closure and decommissioning methods, which can vary over time and between locations in response to the relevant legal requirements in each territory or the impact of applying new technologies. As of 31 December 2023, such provisions totalled €4 million (2022: €4 million).

The Group does not provide for any potential future environmental remediation or asset retirement obligations in respect of plants that the Group continues to own and operate into the foreseeable future based on the existing strategy of the Group, unless a legal or constructive obligation exists at the reporting date.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

19 Provisions continued
Provisions may be identified at a future date if a change in strategy results in planned plant closure or disposal and the Group identifies the need for future environmental remediation subject to the existence of a legal or constructive obligation.

Other provisions are mainly attributable to potential claims against the Group and onerous contracts, none of which are individually material to the Group. The Group expects to settle the majority of the provisions over the next year.

All non-current provisions are discounted using a discount rate relevant in the local countries, based on a pre-tax yield on long-term bonds.

20 Capital management
The Group defines its capital employed as equity, as presented in the consolidated statement of financial position, plus net debt.

€ million	2023	2022
Equity attributable to shareholders	5,655	5,794
Equity attributable to non-controlling interests	441	460
Total equity	**6,096**	**6,254**
Net debt (see note 27c)	**419**	**1,011**
Capital employed (see page 240)	**6,515**	**7,265**

Capital employed is managed on a basis that enables the Group to continue trading as a going concern, while delivering acceptable returns to shareholders. The Group is committed to managing its cost of capital by maintaining an appropriate capital structure, with a balance between equity and net debt.

The Group utilises its capital employed to fund its business.

The primary sources of the Group's liquidity include its Guaranteed Euro Medium Term Note Programme, which the Group increased from €2.5 billion to €3.0 billion in June 2023, its €750 million Syndicated Revolving Credit Facility and financing from various banks and other credit agencies, thus providing the Group with access to diverse sources of debt financing.

The principal loan arrangements in place are the following:

€ million	Maturity	Interest rate %	2023	2022
Financing facilities				
Syndicated Revolving Credit Facility	June 2028[1]	EURIBOR + margin	750	750
€500 million Eurobond	April 2024	1.500%	500	500
€600 million Eurobond	April 2026	1.625%	600	600
€750 million Eurobond	April 2028	2.375%	750	750
Long Term Facility Agreement	December 2026	EURIBOR + margin	20	27
Other	Various	Various	4	8
Total committed facilities			**2,624**	**2,635**
Drawn			(1,870)	(1,878)
Total committed facilities available			**754**	**757**

Note:
1 In April 2023 the Group opted for a one-year extension on the facility, which moved the maturity from June 2027 to June 2028.

The Group's Eurobonds incur a fixed rate of interest. Swap agreements are utilised by the Group to raise non-euro-denominated currency to fund subsidiaries' liquidity needs, thereby exposing the Group to floating interest rates.

The €750 million 5-year revolving multi-currency credit facility agreement (RCF) incorporates key sustainability targets linked to MAP2030, classifying the facility as a Sustainability Linked Loan. Under the terms of the agreement, the margin will be adjusted according to the Group's performance against specified sustainability targets.

Short-term liquidity needs are met by cash and the RCF. As at 31 December 2023, the Group had no financial covenants in any of its financing facilities.

The Group reviews its capital employed on a regular basis and makes use of several indicative ratios which are appropriate to the nature of its operations and consistent with conventional industry measures. The principal ratios used include:

	2023	2022
Pre-tax weighted average cost of capital (%)	10.5	10.0
Gearing (%) (see page 241)	6.4	16.3
Net debt to underlying EBITDA (times) (see page 240)	0.3	0.5
Return on capital employed (%) (see page 240)	12.8	23.7

In order to manage its cost of capital, maintain an appropriate capital structure and meet its ongoing cash flow needs, the Group may issue new debt instruments; adjust the level of dividends paid to shareholders; issue new shares to, or repurchase shares from, investors; or dispose of assets to reduce its net debt exposure.

21 Borrowings

	2023			2022		
€ million	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans and overdrafts	–	–	–	1	–	1
Lease liabilities (see note 11)	21	104	125	19	109	128
Total secured	**21**	**104**	**125**	**20**	**109**	**129**
Unsecured						
Bonds	500	1,345	1,845	–	1,843	1,843
Bank loans and overdrafts	38	11	49	82	18	100
Total unsecured	**538**	**1,356**	**1,894**	**82**	**1,861**	**1,943**
Total borrowings	**559**	**1,460**	**2,019**	**102**	**1,970**	**2,072**
Committed facilities drawn			1,870			1,878
Uncommitted facilities drawn			149			194

The Group's borrowings as at 31 December are analysed by nature and underlying currency as follows:

2023/€ million	Floating rate borrowings	Fixed rate borrowings	Total carrying value	Fair value
Euro	20	1,911	1,931	1,895
South African rand	–	23	23	23
Turkish lira	5	28	33	33
US dollar	–	12	12	12
Other currencies	–	20	20	20
Carrying value	**25**	**1,994**	**2,019**	
Fair value	**25**	**1,958**		**1,983**

2022/€ million	Floating rate borrowings	Fixed rate borrowings	Total carrying value	Fair value
Euro	30	1,906	1,936	1,820
South African rand	–	23	23	23
Turkish lira	33	41	74	74
US dollar	–	14	14	14
Other currencies	2	23	25	25
Carrying value	**65**	**2,007**	**2,072**	
Fair value	**65**	**1,891**		**1,956**

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

21 Borrowings continued
The fair values of the Eurobonds are estimated with reference to the last price quoted in the secondary market. All other financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The maturity analysis of the Group's borrowings, presented net of interest, is as follows:

2023/€ million	<1 year	1-2 years	2-5 years	>5 years	Total[1]
Bonds	500	–	1,345	–	**1,845**
Bank loans and overdrafts	38	6	5	–	**49**
Lease liabilities (see note 11)	21	18	36	50	**125**
Total borrowings	**559**	**24**	**1,386**	**50**	**2,019**
Effective interest on borrowings net of amortised costs and discounts	45	33	62	40	**180**
Total undiscounted cash flows	**604**	**57**	**1,448**	**90**	**2,199**

2022/€ million	<1 year	1-2 years	2-5 years	>5 years	Total[1]
Bonds	–	499	598	746	**1,843**
Bank loans and overdrafts	83	7	11	–	**101**
Lease liabilities	19	17	35	57	**128**
Total borrowings	**102**	**523**	**644**	**803**	**2,072**
Effective interest on borrowings net of amortised costs and discounts	51	37	80	51	**219**
Total undiscounted cash flows	**153**	**560**	**724**	**854**	**2,291**

Note:
1 It has been assumed that, where applicable, interest and foreign exchange rates prevailing at the reporting date will not vary over the time periods remaining for future cash outflows.

In addition to the above, the Group swaps euro debt into other currencies through the foreign exchange market, as disclosed in note 31, which has the effect of exposing the Group to the floating interest rate of those currencies.

22 Share capital and other reserves
Mondi plc is not restricted in the number of shares that can be issued. Any issue of shares is subject to shareholder approval. Mondi plc ordinary shares issued on the London Stock Exchange and Johannesburg Stock Exchange have a nominal value of €0.20. All ordinary shares are called up, allotted and fully paid.

2023 & 2022	Number of shares	Share capital in € million
Mondi plc €0.20 ordinary shares issued	485,553,780	97

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares with a nominal value of €0.22 each for every 11 existing ordinary shares with a nominal value of €0.20 each. To effect the share consolidation, the Group issued 3 additional ordinary shares prior to the record date for the share consolidation, increasing the number of ordinary shares from 485,553,780 ordinary shares to 485,553,783 ordinary shares, so that the number of the existing ordinary shares in issue at the time of the consolidation was exactly divisible by 11, such that there was no remaining fraction of a share. Following the share consolidation, the total number of ordinary shares issued decreased by 44,141,253 ordinary shares from 485,553,783 ordinary shares to 441,412,530 ordinary shares, while the total nominal value of the share capital of the Group remained unchanged at €97 million.

Own shares
Own shares represent the cost of shares in Mondi plc purchased in the market to satisfy share awards under the Group's employee share schemes (see note 23). These costs are reflected in the consolidated statement of changes in equity.

	Own shares held			
	2023		2022	
at 31 December	Number of shares held	Average price per share	Number of shares held	Average price per share
Mondi Incentive Schemes Trust	128,478	ZAR201.84	147,357	ZAR206.88
Mondi Employee Share Trust	492,184	GBP14.10	401,802	GBP14.69

Dividend waivers are in place in respect of the shares held by the Mondi Incentive Schemes Trust and the Mondi Employee Share Trust.

Other reserves

€ million	Cumulative translation adjustment reserve	Post-retirement benefits reserve	Share-based payment reserve	Cash flow hedge reserve	Merger reserve	Other sundry reserves	Total
At 1 January 2022	(953)	(40)	16	(1)	667	27	**(284)**
Other comprehensive income for the year	98	5	–	2	–	–	**105**
Mondi share schemes' charge	–	–	11	–	–	–	**11**
Issue of shares under employee share schemes	–	–	(10)	–	–	–	**(10)**
Disposal of businesses	(4)	–	–	–	–	–	**(4)**
At 31 December 2022	**(859)**	**(35)**	**17**	**1**	**667**	**27**	**(182)**
Other comprehensive income/(expense) for the year	339	(16)	–	–	–	–	**323**
Hyperinflation monetary adjustment (see note 1)	–	(2)	–	–	–	–	**(2)**
Mondi share schemes' charge (see note 23)	–	–	9	–	–	–	**9**
Issue of shares under employee share schemes	–	–	(7)	–	–	–	**(7)**
At 31 December 2023	**(520)**	**(53)**	**19**	**1**	**667**	**27**	**141**

A description of the nature and purpose of each reserve is provided below. The accounting policies applied to each reserve are further described in note 35.

Cumulative translation adjustment reserve
Exchange differences arising on the translation of the Group's non-euro operations into the presentation currency of the Group are recognised in other comprehensive income and accumulated in the cumulative translation adjustment reserve. The cumulative amount is reclassified to profit or loss only on disposal or partial disposal of the non-euro operation.

Post-retirement benefits reserve
Actuarial gains and losses and the return on plan assets arising from the Group's defined benefit pension and post-retirement medical plans are recognised in other comprehensive income and accumulated in the post-retirement benefits reserve. Remeasurements recorded in other comprehensive income are not recycled to the consolidated income statement, but those amounts recognised in other comprehensive income may be transferred to retained earnings within equity.

Share-based payment reserve
The share-based payment reserve is used to recognise the grant date fair value of options issued to employees but not exercised and the grant date fair value of shares awarded to employees but not yet vested.

Cash flow hedge reserve
The cash flow hedge reserve is used to recognise the effective portion of changes in the fair value of derivative financial instruments that are designated as hedges of future cash flows.

Merger reserve
The merger reserve was recognised in respect of the demerger from Anglo American plc in 2007 and the simplification of the dual-listed company structure in 2019.

Other sundry reserves
The other sundry reserves comprise various other reserves, which individually are not material and typically are not subject to material changes.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

23 Share-based payments
Mondi share awards
The Group has established its own share-based payment arrangements to incentivise employees. Further details of the Group's share schemes are set out in the Remuneration report on page 133.

The fair values of the share awards granted under the Mondi schemes are calculated with reference to the facts and assumptions presented below:

	BSP 2023	BSP 2022	BSP 2021
Date of grant	6 March 2023	10 March 2022	12 March 2021
Vesting period (years)	3	3	3
Expected leavers p.a. (%)	5	5	5
Grant date fair value per instrument (GBP)	13.98	14.03	18.46
Grant date fair value per instrument (ZAR)	306.00	281.55	383.47
Number of shares conditionally awarded	596,448	541,730	234,516

	LTIP 2023	LTIP 2022	LTIP 2021
Date of grant	6 March 2023	10 March 2022	12 March 2021
Vesting period (years)	3	3	3
Expected leavers p.a. (%)	5	5	5
Grant date fair value per instrument (GBP)			
ROCE component	13.98	14.03	18.46
TSR component[1]	3.50	3.51	4.62
EPS component	13.98	–	–
Grant date fair value per instrument (ZAR)			
ROCE component	306.00	281.55	383.47
TSR component[1]	76.50	70.39	95.87
EPS component	306.00	–	–
Number of shares conditionally awarded	613,826	614,253	506,519

Note:
1 The base fair value has been adjusted for contractually determined market-based performance conditions.

For the 2023 LTIP grant, performance was assessed against ROCE, relative TSR and an additional EPS metric. The inclusion of this growth metric, together with ROCE and relative TSR, provides a more rounded assessment of performance.

All of these scheme awards will be settled at the end of the vesting cycle in either the award of ordinary shares in Mondi plc or the award of nil-cost options to ordinary shares in Mondi plc. The Group has no obligation to settle the awards made under these schemes in cash. An amount equal to the dividends that would have been paid on Bonus Share Plan (BSP) and Long-Term Incentive Plan (LTIP) share awards during the holding period is paid to participants upon vesting.

The total fair value charge in respect of all the Mondi share awards for the year ended 31 December is made up as follows:

€ million	2023	2022
Bonus Share Plan	6	5
Long-Term Incentive Plan	3	6
Total share-based payment expense	**9**	**11**

The weighted average share price of share awards that vested during the period is as follows:

	2023	2022
Mondi plc – Johannesburg Stock Exchange	ZAR308.52	ZAR280.33
Mondi plc – London Stock Exchange	GBP14.00	GBP14.36

A reconciliation of share award movements for the Mondi share schemes is shown below:

number of shares	BSP	LTIP
At 1 January 2022	621,534	1,327,607
Shares conditionally awarded	541,730	614,253
Shares vested	(257,041)	(186,227)
Shares lapsed	(27,140)	(257,295)
At 31 December 2022	**879,083**	**1,498,338**
Shares conditionally awarded	596,448	613,826
Shares vested	(159,633)	(226,044)
Shares lapsed	(85,841)	(389,797)
At 31 December 2023	**1,230,057**	**1,496,323**

24 Retirement benefits

The Group operates post-retirement defined contribution, post-retirement defined benefit pension plans and post-retirement medical plans.

Defined contribution plans

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans of €14 million (2022: €14 million) is calculated on the basis of the contribution payable by the Group in the financial year. There were no material outstanding or prepaid contributions recognised in relation to these plans as at the reporting dates presented. The expected contributions to be paid to defined contribution plans during 2024 are €15 million.

Defined benefit pension plans and post-retirement medical plans

The Group operates in excess of 100 defined benefit retirement plans across its global operations. A large proportion of the Group's defined benefit plans are closed to new members.

The majority of these plans are unfunded and provide pensions and severance benefits to members of those plans.

The most significant unfunded defined benefit plans are operated in Austria and Germany, and funded plans are operated primarily in the UK. These plans are established in accordance with applicable local labour legislation and/or collective agreements with participating employees.

The benefits are based on a variety of factors, the most significant of which are a combination of pensionable service and final salary. A number of these plans also provide additional benefits in the event of death in service, disability or ill-health retirement, which are derived from the final salary benefit formula.

The assets of the funded plans are held separately in independently administered funds, in accordance with statutory requirements or local practice where those funds are operated. The boards of trustees of these plans are required to act in the best interests of the plans and all relevant stakeholders of the plans (active employees, inactive employees, retirees and employers), and are responsible for the Investment policy with regard to the assets of the plans.

The post-retirement medical plans provide health benefits to retired employees and certain of their dependants. Eligibility for cover is dependent upon certain criteria. The South African plan is unfunded and has been closed to new participants since 1 January 1999.

Except for the actuarial risks set out below, the Group has not identified any additional specific risks in respect of these plans.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

24 Retirement benefits continued
Defined benefit plans typically expose the Group to the following actuarial risks:

Investment risk (asset volatility)	The present value of the net retirement benefit liability/asset is calculated using a discount rate determined by reference to high-quality bond yields. If the return on plan assets is below this rate, it will create a plan deficit that needs to be funded/guaranteed by the employer.
Interest risk	A decrease in the bond interest rate will increase plan liabilities; however, this will be partially offset by an increase in the value of the plan's fixed rate debt instruments.
Longevity risk	The present value of the net retirement benefit liability/asset is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liabilities.
Salary risk	The present value of the net retirement benefit liability/asset is calculated by reference to the expected future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liabilities.
Medical cost inflation risk	The present value of the post-retirement medical plans is calculated by reference to expected future medical costs. An increase in medical cost inflation will increase the plan liabilities.

Independent qualified actuaries carry out full valuations every year using the projected unit credit method.

Actuarial assumptions
The weighted average principal assumptions used in the actuarial valuations are detailed below:

	2023			2022		
%	South Africa	Europe	Other regions	South Africa	Europe	Other regions
Discount rate	10.8	3.6	18.1	11.3	4.1	10.1
Rate of inflation	6.1	2.5	14.8	6.6	2.5	8.3
Rate of increase in salaries	7.1	2.7	15.9	7.6	2.6	8.8
Rate of increase of pensions in payment	–	2.7	–	–	2.6	–
Expected average increase of medical costs	8.7	–	–	8.7	–	–

The assumption for the discount rate for plan liabilities is based on AA corporate bonds which are of a suitable duration and currency. In South Africa, the discount rate assumption has been based on the zero coupon government bond yield curve.

Mortality assumptions
The assumed remaining life expectancies on retirement at age 65 are:

	2023			2022		
years	South Africa	Europe	Other regions	South Africa	Europe	Other regions
Retiring today						
Males	16.3	13.6-23.3	15.3-20.7	16.3	13.6-23.2	15.0-20.7
Females	20.4	17.5-25.8	17.7-25.3	20.4	17.5-25.5	17.0-25.3
Retiring in 20 years						
Males	18.7	13.6-26.6	15.3-20.0	18.7	13.6-25.4	15.3-20.0
Females	23.0	17.5-28.8	17.7-25.3	23.0	17.5-26.1	17.7-25.3

The mortality assumptions have been based on published mortality tables in the relevant jurisdictions.

The amounts recognised in the consolidated statement of financial position are determined as follows:

€ million	2023 South Africa	2023 Europe	2023 Other regions	2023 Total	2022 South Africa	2022 Europe	2022 Other regions	2022 Total
Present value of unfunded liabilities	(29)	(97)	(14)	**(140)**	(33)	(91)	(16)	**(140)**
Present value of funded liabilities	–	(84)	–	**(84)**	–	(80)	–	**(80)**
Present value of plan liabilities	**(29)**	**(181)**	**(14)**	**(224)**	**(33)**	**(171)**	**(16)**	**(220)**
Fair value of plan assets	–	70	–	**70**	–	73	–	**73**
Plan liabilities net of plan assets	**(29)**	**(111)**	**(14)**	**(154)**	**(33)**	**(98)**	**(16)**	**(147)**
Amounts reported in consolidated statement of financial position								
Defined benefit pension plans	–	5	–	**5**	–	8	–	**8**
Net retirement benefits asset	**–**	**5**	**–**	**5**	**–**	**8**	**–**	**8**
Defined benefit pension plans	–	(116)	(14)	**(130)**	–	(106)	(16)	**(122)**
Post-retirement medical plans	(29)	–	–	**(29)**	(33)	–	–	**(33)**
Net retirement benefits liability	**(29)**	**(116)**	**(14)**	**(159)**	**(33)**	**(106)**	**(16)**	**(155)**

The changes in the present value of defined benefit liabilities and fair value of plan assets are as follows:

€ million	Defined benefit liabilities 2023	Defined benefit liabilities 2022	Fair value of plan assets 2023	Fair value of plan assets 2022	Net liability 2023	Net liability 2022
At 1 January	(220)	(302)	73	131	(147)	(171)
Included in consolidated income statement						
Current service cost	(4)	(4)	–	–	(4)	(4)
(Loss)/gain from settlement	(1)	6	–	(6)	(1)	–
Interest	(11)	(8)	3	2	(8)	(6)
Included in consolidated statement of comprehensive income						
Remeasurement (losses)/gains	(20)	51	–	–	(20)	51
Return on plan assets	–	–	(3)	(43)	(3)	(43)
Acquired through business combinations (see note 25)	(3)	–	–	–	(3)	–
Reclassification to assets held for sale and liabilities directly associated with assets held for sale (see note 28)	–	14	–	–	–	14
Contributions paid by employer	–	–	2	1	2	1
Benefits paid	28	20	(6)	(7)	22	13
Currency movements	7	3	1	(5)	8	(2)
At 31 December	**(224)**	**(220)**	**70**	**73**	**(154)**	**(147)**

The expected maturity analysis of undiscounted retirement benefits is as follows:

€ million	2023 Defined benefit pension plans	2023 Post-retirement medical plans	2023 Total	2022 Defined benefit pension plans	2022 Post-retirement medical plans	2022 Total
Less than a year	10	3	**13**	9	4	**13**
Between one and two years	10	3	**13**	9	4	**13**
Between two to five years	29	11	**40**	25	13	**38**
After five years	148	135	**283**	138	182	**320**

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24 Retirement benefits continued
The weighted average duration of the defined retirement benefits liability for South Africa is 7 years (2022: 7 years), Europe 10 years (2022: 10 years) and other regions 15 years (2022: 12 years).

It is expected that the Group's share of contributions will increase as the schemes' members age. The expected contributions to be paid to defined benefit pension plans and post-retirement medical plans during 2024 are €14 million.

The market values of the plan assets in these plans are detailed below:

	2023			2022		
€ million	**Quoted**	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Bonds	–	3	**3**	–	15	**15**
Insurance contracts	–	64	**64**	–	51	**51**
Cash	3	–	**3**	6	–	**6**
Liability-driven investment (LDI) portfolio	–	–	**–**	–	1	**1**
Fair value of plan assets	**3**	**67**	**70**	**6**	**67**	**73**

The majority of the Group's plan assets are located in two UK pension schemes. These schemes are closed, have no active members and have undertaken 'buy-ins' in 2022 and 2023 by purchasing insured annuity contracts to fund their future liabilities. The next stage for these two schemes is to complete buy-outs by transferring their liabilities to third parties, followed by the closure of these schemes. The purchased insured annuity contracts exactly fund the future payment benefits of the scheme, eliminating the risks for future scheme deficits.

The fair values of plan assets are determined in accordance with IAS 19.

The actual return on plan assets in respect of defined benefit plans was €nil (2022: loss of €41 million).

The market value of assets is used to determine the funding level of the plans and is sufficient to cover 83% (2022: 91%) of the benefits which have accrued to members, after allowing for expected increases in future earnings and pensions. Companies within the Group are paying contributions at rates agreed with the plans' trustees and in accordance with local independent actuarial advice and statutory provisions.

In certain jurisdictions, Group plans are subject to minimum funding requirements. At 31 December 2023, these minimum funding requirements did not give rise to the recognition of any additional liabilities.

Sensitivity analyses
The sensitivity analyses below have been determined based on reasonably possible changes to the respective assumptions occurring at the end of the financial year, while holding all other assumptions constant.

The sensitivity analyses may not be representative of the actual changes in the net retirement benefits asset/(liability), as it is unlikely that the changes in assumptions would occur in isolation of one another and some of the assumptions may be inter-related. The projected unit credit method was used to calculate the sensitivity analyses below.

The sensitivity table is based on a 1% change by reference to the movement in actuarial assumptions in the tables above; however, the estimates may vary by greater amounts. Therefore, the Board considers the retirement benefit obligations a significant accounting estimate.

€ million	1% increase	1% decrease
Discount rate		
(Decrease)/increase in current service cost	(1)	1
(Decrease)/increase in net retirement benefits liability	(19)	22
Rate of inflation		
Increase/(decrease) in current service cost	–	(1)
Increase/(decrease) in net retirement benefits liability	12	(13)
Rate of increase in salaries		
Increase/(decrease) in current service cost	–	(1)
Increase/(decrease) in net retirement benefits liability	5	(7)
Rate of increase of pensions in payment		
Decrease in current service cost	–	–
Increase/(decrease) in net retirement benefits liability	8	(7)
Medical cost trend rate		
Decrease in aggregate of the current service cost and interest cost	–	–
Increase/(decrease) in net retirement benefits liability	2	(2)
Mortality rates	**1-year increase**	
Decrease in current service cost	–	
Increase in net retirement benefits liability	–	

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for the year ended 31 December 2023 continued

25 Business combinations

To 31 December 2023

On 12 January 2023, the Group completed the acquisition of the Duino mill near Trieste (Italy) from the Burgo Group. The mill operated one paper machine producing lightweight coated mechanical paper. During the year, production was permanently stopped and a €200 million investment to convert the existing paper machine into a 420,000 tonne per annum high-quality, cost-competitive recycled containerboard machine commenced, with start-up expected in 2025. For the year ended 31 December 2023, the mill generated revenue of €21 million and a loss after tax of €11 million, which have been included in the consolidated income statement. The loss is primarily attributable to the annual depreciation of property, plant and equipment and expenses for the integration of the mill into the Group's structure.

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	Book value	Revaluation	Fair value
Net assets acquired			
Property, plant and equipment	39	(2)	37
Intangible assets	1	–	1
Deferred tax asset	1	(1)	–
Inventories	4	13	17
Total assets	**45**	**10**	**55**
Net retirement benefits liability	(3)	–	(3)
Other provisions	–	(13)	(13)
Total liabilities	**(3)**	**(13)**	**(16)**
Net assets acquired	**42**	**(3)**	**39**
Gain on bargain purchase			(2)
Net cash paid per consolidated statement of cash flows			**37**

Transaction costs of €2 million were charged to other net operating expenses in the consolidated income statement.

The purchase price allocation resulted in a gain on bargain purchase of €2 million as the fair value of net assets acquired was in excess of the consideration paid. The gain on bargain purchase is attributable to the need for investment. This corresponds with the Group's investment plans to convert the paper machine and the limited reusability of certain assets after the conversion and the future costs associated with the mill while the conversion is pending. The gain was recognised in other net operating expenses in the consolidated income statement.

The fair values of assets acquired and liabilities assumed in business combinations are level 3 measures in terms of the fair value measurement hierarchy. Property, plant and equipment has been measured at fair value using relevant valuation methods accepted under IFRS 13, 'Fair Value Measurement', with related deferred tax adjustments. Management has considered the impact of environmental and climate risks on the estimated fair values of Duino's property, plant and equipment. These considerations did not have a material impact.

To 31 December 2022

There were no business combinations during the year ended 31 December 2022.

26 Disposal of businesses

To 31 December 2023

There were no disposals of businesses from continuing operations during the year ended 31 December 2023. Refer to note 28 for disclosures on the disposal of the Russian discontinued operations.

To 31 December 2022

On 30 June 2022, the Group sold its Personal Care Components (PCC) business to Nitto Denko Corporation for an enterprise value of €615 million. The sale enabled the Group to simplify its portfolio and focus on its strategic priority to grow in sustainable packaging. PCC manufactured a range of components for personal and home care products needed in everyday life such as diapers, feminine care, adult incontinence and wipes.

€ million	2022
Proceeds from the disposal of business per the consolidated statement of cash flows	642
Cash and cash equivalents disposed	15
Consideration in cash	**657**
Carrying amount of net assets disposed	(412)
Gain on reclassification of foreign currency translation reserve	4
Related transaction costs[1]	(7)
Gain on disposal of business, net of related transaction costs	**242**
Tax charge	(5)
Gain on disposal of business, net of related tax	**237**

Note:
1 Excludes transaction costs of €6 million recognised in 2021, which were not treated as a special item.

The carrying amounts of assets and liabilities as at the date of sale (30 June 2022) were:

€ million	30 June 2022
Property, plant and equipment	174
Goodwill	141
Intangible assets	2
Inventories	58
Trade and other receivables	88
Cash and cash equivalents	15
Total assets	**478**
Trade and other payables	(49)
Provisions	(4)
Deferred tax liabilities	(8)
Other liabilities	(5)
Total liabilities	**(66)**
Carrying amount of net assets disposed	**412**

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

27 Consolidated cash flow analysis
(a) Reconciliation of profit before tax to cash generated from operations

€ million	2023	2022
Profit before tax from continuing operations	**682**	**1,560**
Depreciation and amortisation	408	394
Impairment of property, plant and equipment (not included in special items)	3	11
Share-based payments	9	11
Net cash flow effect of current and prior year special items	17	(253)
Net finance costs	73	143
Net monetary gain arising from hyperinflationary economies	(2)	(17)
Net loss/(profit) from joint ventures	5	(1)
Impairment of investments in joint ventures	5	–
Decrease in provisions	(17)	(1)
Decrease in net retirement benefits	(19)	(12)
Net movement in working capital	229	(419)
Decrease/(increase) in inventories	389	(254)
Decrease/(increase) in operating receivables	56	(472)
(Decrease)/increase in operating payables	(216)	307
Fair value gains on forestry assets	(128)	(169)
Felling costs	87	78
Net gain on disposal of property, plant and equipment	(13)	(2)
Insurance reimbursements for property damages	(17)	(8)
Other adjustments	(10)	(23)
Cash generated from continuing operations	**1,312**	**1,292**

(b) Cash and cash equivalents

€ million	2023	2022
Cash and cash equivalents per consolidated statement of financial position	1,592	1,067
Bank overdrafts included in short-term borrowings	–	(6)
Cash and cash equivalents held by continuing operations (see note 27c)	**1,592**	**1,061**
Cash and cash equivalents classified as assets held for sale (see note 28)	–	320
Cash and cash equivalents per consolidated statement of cash flows	**1,592**	**1,381**

The cash and cash equivalents of €1,592 million (2022: €1,067 million) include money market funds of €840 million (2022: €595 million) valued at fair value through profit and loss, with the remaining balance carried at amortised cost.

The Group operates in certain countries where the existence of exchange controls or access to hard currency may restrict the use of certain cash balances outside of those countries. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

The fair values of cash and cash equivalents carried at amortised cost approximate their carrying values presented.

(c) Movement in net debt

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Current financial asset investments[1]	Subtotal	Debt due within 1 year[2]	Debt due after 1 year	Debt-related derivative financial instruments[1]	Subtotal	Total net debt
At 1 January 2022	455	1	**456**	(106)	(2,104)	(9)	**(2,219)**	**(1,763)**
Cash flow	908	–	**908**	32	53	82	**167**	**1,075**
Cash movement from continuing operations	636	–	**636**	–	–	–	**–**	**636**
Proceeds from borrowings	–	–	**–**	(44)	–	–	**(44)**	**(44)**
Repayment of borrowings	–	–	**–**	53	53	–	**106**	**106**
Repayment of lease liabilities	–	–	**–**	21	–	–	**21**	**21**
Net cash outflow from debt-related derivative financial instruments	–	–	**–**	–	–	83	**83**	**83**
Discontinued operations	272	–	**272**	2	–	(1)	**1**	**273**
Additions to lease liabilities	–	–	**–**	(15)	(35)	–	**(50)**	**(50)**
Disposal of lease liabilities	–	–	**–**	1	4	–	**5**	**5**
Movement in unamortised loan costs	–	–	**–**	–	(2)	–	**(2)**	**(2)**
Net movement in fair value of derivative financial instruments	–	–	**–**	–	–	(80)	**(80)**	**(80)**
Reclassification	–	–	**–**	(21)	21	–	**–**	**–**
Assets and liabilities classified as held for sale	(320)	–	**(320)**	3	99	–	**102**	**(218)**
Currency movements	18	–	**18**	10	(6)	–	**4**	**22**
At 31 December 2022	**1,061**	**1**	**1,062**	**(96)**	**(1,970)**	**(7)**	**(2,073)**	**(1,011)**
Cash flow	336	–	**336**	40	–	77	**117**	**453**
Cash movement from continuing operations	(248)	–	**(248)**	–	–	–	**–**	**(248)**
Proceeds from borrowings	–	–	**–**	(16)	–	–	**(16)**	**(16)**
Repayment of borrowings	–	–	**–**	33	–	–	**33**	**33**
Repayment of lease liabilities	–	–	**–**	22	–	–	**22**	**22**
Net cash outflow from debt-related derivative financial instruments	–	–	**–**	–	–	77	**77**	**77**
Discontinued operations	584	–	**584**	1	–	–	**1**	**585**
Additions to lease liabilities	–	–	**–**	(14)	(18)	–	**(32)**	**(32)**
Disposal of lease liabilities	–	–	**–**	2	6	–	**8**	**8**
Movement in unamortised loan costs	–	–	**–**	(1)	(2)	–	**(3)**	**(3)**
Net movement in fair value of derivative financial instruments	–	–	**–**	–	–	(63)	**(63)**	**(63)**
Reclassification	–	–	**–**	(519)	519	–	**–**	**–**
Elimination of assets and liabilities previously classified as held for sale	320	–	**320**	(1)	(23)	–	**(24)**	**296**
Currency movements	(125)	–	**(125)**	30	28	–	**58**	**(67)**
At 31 December 2023	**1,592**	**1**	**1,593**	**(559)**	**(1,460)**	**7**	**(2,012)**	**(419)**

Notes:

1 Included in financial instruments in the consolidated statement of financial position.

2 Excludes bank overdrafts of €nil (2022: €6 million), which are included in cash and cash equivalents (see note 27b).

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

27 Consolidated cash flow analysis continued
The Group incurred interest expense of €122 million (2022: €140 million) in relation to bank overdrafts, loans and lease liabilities. Included in this expense is €53 million (2022: €67 million) relating to forward exchange rates on derivative contracts and interest paid on borrowings of €50 million (2022: €60 million).

28 Russian operations (discontinued operations)
On 4 May 2022, the Board decided to divest the Group's Russian assets and subsequently concluded, in June 2022, that the Russian operations satisfied the criteria to be classified as held for sale and that they should also be classified as discontinued operations.

With the completion of the disposal of its Russian packaging converting operations and its Syktyvkar mill on 30 June 2023 and 4 October 2023 respectively, as further described below, the Group has concluded its exit from Russia and the net proceeds from the sale of its Russian assets were distributed to shareholders on 13 February 2024 by way of a special dividend (see notes 9, 22 and 34 for further details).

Syktyvkar mill
On 12 August 2022, the Group entered into an agreement to sell its Syktyvkar mill, comprising JSC Mondi Syktyvkar together with two affiliated entities, to Augment Investments Limited (Augment).

On 5 June 2023, following discussions with Augment on its lack of progress in gaining the necessary approval from the Russian Federation's Government Sub-Commission for the Control of Foreign Investments to complete this transaction, the Group withdrew from the agreement with Augment.

At that time, the Board remained committed to the divestment of the Syktyvkar mill. Following the withdrawal, the Group entered into dialogue with a number of potential buyers and the Group had received conditional offers for the Syktyvkar mill. In approximating a fair value less costs to sell as at 30 June 2023 in the context of the Group's half-year results for the period then ended, the Board considered the offers received to date and also obtained an independent valuation by an authorised valuer in Russia. As reported at the half year, the available information suggested a range of fair values, and there were ongoing negotiations with the potential buyers about various aspects of their offers which meant that the final offer price and the associated assets within the perimeter of the transaction were not, in the case of all offers, clearly defined. Based on all information available at the time of the half-year results being published, the Group impaired the Syktyvkar mill by €97 million, net of related tax, to its estimated fair value less costs to sell as at 30 June 2023.

On 17 September 2023, the Group announced that it had entered into an agreement to sell its Syktyvkar mill to Sezar Invest LLC (Sezar Invest) for a total cash consideration of RUB 80 billion. The disposal was completed and ownership of the Syktyvkar mill was transferred to Sezar Invest on 4 October 2023 after the Group had received RUB 57 billion (€547 million) into its London bank account and a letter of credit for the remaining RUB 23 billion. The final two instalments of the consideration for RUB 23 billion (€229 million) were received in November and December 2023 respectively, resulting in total proceeds received in cash of €776 million.

€ million	2023
Proceeds from the disposal of business, net of cash and cash equivalents	389
Cash and cash equivalents disposed	387
Consideration in cash	**776**
Carrying amount of net assets disposed	(875)
Loss on reclassification of foreign currency translation reserve	(599)
Related transaction costs[1]	(12)
Loss on disposal of business, net of related transaction costs and tax	**(710)**

Note:
1 Excludes transaction costs of €4 million already recognised in the prior year.

The carrying amounts of assets and liabilities of the Syktyvkar mill as at the date of sale (4 October 2023) were:

€ million	4 October 2023
Property, plant and equipment	584
Intangible assets	4
Inventories	93
Trade and other receivables	47
Cash and cash equivalents	387
Total assets	**1,115**
Borrowings	(77)
Trade and other payables	(94)
Current tax liabilities	(17)
Provisions	(9)
Net retirement benefits liability	(10)
Deferred tax liabilities	(33)
Total liabilities	**(240)**
Carrying amount of net assets disposed	**875**

Packaging converting operations

On 30 June 2023, the Group completed the sale of its three Russian packaging converting operations to the Gotek Group for a consideration of RUB 1.6 billion resulting in proceeds of €30 million. The three packaging converting operations comprise a corrugated solutions plant, LLC Mondi Lebedyan, and two consumer flexibles plants, LLC Mondi Aramil and LLC Mondi Pereslavl.

€ million	2023
Proceeds from the disposal of business, net of cash and cash equivalents	12
Cash and cash equivalents disposed	18
Consideration in cash	**30**
Carrying amount of net assets disposed	(40)
Loss on reclassification of foreign currency translation reserve	(34)
Related transaction costs	(2)
Loss on disposal of business, net of related transaction costs and tax	**(46)**

The carrying amounts of assets and liabilities of the Russian packaging converting operations as at the date of sale (30 June 2023) were:

€ million	30 June 2023
Inventories	18
Trade and other receivables	33
Cash and cash equivalents	18
Total assets	**69**
Trade and other payables	(24)
Current tax liabilities	(2)
Deferred tax liabilities	(3)
Total liabilities	**(29)**
Carrying amount of net assets disposed	**40**

Notes to the consolidated financial statements
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28 Russian operations (discontinued operations) continued

Financial performance

The financial performance and cash flow information of the discontinued operations are set out in the tables below and cover the period until the respective dates of disposal in 2023:

€ million	2023	2022
External revenue	709	1,178
Expenses[1]	(561)	(820)
Profit before tax	**148**	**358**
Related tax charge[1]	(47)	(92)
Profit for the year of discontinued operations	**101**	**266**
Loss on sale of business, net of related transaction costs and tax	(756)	–
(Loss)/profit from discontinued operations attributable to shareholders	**(655)**	**266**
Fair value gains arising from cash flow hedges of discontinued operations	–	1
Exchange differences on translation of discontinued non-euro operations	(227)	72
Reclassification of foreign currency translation reserve to consolidated income statement on disposal of businesses of discontinued operations	633	–
Remeasurements of retirement benefits plans of discontinued operations	–	1
Other comprehensive income from discontinued operations attributable to shareholders	**406**	**74**
Total comprehensive (expense)/income from discontinued operations attributable to shareholders	**(249)**	**340**

Note:
1 Includes impairment of assets of €97 million (2022: €57 million), comprising impairment of €113 million (2022: €57 million) and related deferred tax credit of €16 million (2022: €nil).

Earnings per share (EPS) from discontinued operations attributable to shareholders

euro cents	2023	2022
Basic EPS	(135.0)	54.8
Diluted EPS	(135.0)	54.8

Cash flow statement

€ million	2023	2022
Net cash generated from operating activities	223	350
Net cash generated from/(used in) investing activities[1]	368	(68)
Net cash used in financing activities	(7)	(10)
Net increase in cash and cash equivalents of discontinued operations	**584**	**272**

Note:
1 Includes proceeds from the sale of the Russian operations of €806 million (2022: €nil) less cash disposed of €405 million (2022: €nil).

Assets and liabilities classified as held for sale
The following assets and liabilities were classified as held for sale in relation to the discontinued operations:

€ million	2023	2022
Property, plant and equipment	–	805
Goodwill	–	34
Intangible assets	–	4
Deferred tax assets	–	1
Inventories	–	131
Trade and other receivables	–	87
Cash and cash equivalents	–	320
Total assets held for sale	**–**	**1,382**
Borrowings	–	(102)
Trade and other payables	–	(131)
Current tax liabilities	–	(14)
Provisions	–	(14)
Net retirement benefits liability	–	(12)
Deferred tax liabilities	–	(52)
Total liabilities directly associated with assets classified as held for sale	**–**	**(325)**

The cumulative foreign exchange loss recognised in other comprehensive income in relation to the discontinued operations as at 31 December 2023 was €nil (2022: loss of €405 million).

29 Capital commitments
Capital expenditure contracted for at the end of the financial year but not recognised as liabilities is as follows:

€ million	2023	2022
Intangible assets	2	2
Property, plant and equipment	632	441
Total capital commitments	**634**	**443**

30 Contingent liabilities
The Group's contingent liabilities as at 31 December 2023 were €3 million (2022: €11 million). No acquired contingent liabilities have been recorded in the Group's consolidated statement of financial position for either year presented.

31 Financial instruments
The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group manages all of these financial risks in order to minimise their potential adverse impact on the Group's financial performance.

The principles, practices and procedures governing the Group-wide financial risk management process have been approved by the Board and are overseen by the Executive Committee. In turn, the Executive Committee delegates authority to a central Treasury function (Group Treasury) for the practical implementation of the financial risk management process across the Group and for ensuring that the Group's entities adhere to specified financial risk management policies. Group Treasury continually reassesses and reports on the financial risk environment, identifying, evaluating and hedging financial risks by entering into derivative contracts with counterparties where appropriate. The Group does not take speculative positions on derivative contracts.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

31 Financial instruments continued
(a) Financial instruments by category

2023/€ million	Fair value hierarchy[1]	At amortised cost	At fair value through profit or loss	Total
Financial assets				
Trade and other receivables[2]		1,015	–	**1,015**
Financial asset investments	Level 2	16	13	**29**
Derivative financial instruments	Level 2	–	13	**13**
Cash and cash equivalents	Level 1	752	840	**1,592**
Total		**1,783**	**866**	**2,649**

2022/€ million	Fair value hierarchy[1]	At amortised cost	At fair value through profit or loss	Total
Financial assets				
Trade and other receivables[2]		1,244	–	**1,244**
Financial asset investments	Level 2	14	12	**26**
Derivative financial instruments	Level 2	–	3	**3**
Cash and cash equivalents	Level 1	472	595	**1,067**
Total		**1,730**	**610**	**2,340**

Notes:
1 Fair value hierarchy level is disclosed for financial assets measured at fair value through profit or loss.
2 Excludes tax, social security and prepayments.

The fair values of financial assets investments represent the published prices of the securities concerned.

2023/€ million	Fair value hierarchy[1]	At amortised cost	At fair value through profit or loss	Total
Financial liabilities				
Borrowings - bonds		(1,845)	–	**(1,845)**
Borrowings - loans and overdrafts		(49)	–	**(49)**
Borrowings - lease liabilities[2]		(125)	–	**(125)**
Trade and other payables[3]		(1,146)	–	**(1,146)**
Derivative financial instruments	Level 2	–	(4)	**(4)**
Total		**(3,165)**	**(4)**	**(3,169)**

2022/€ million	Fair value hierarchy[1]	At amortised cost	At fair value through profit or loss	Total
Financial liabilities				
Borrowings - bonds		(1,843)	–	**(1,843)**
Borrowings - loans and overdrafts		(101)	–	**(101)**
Borrowings - lease liabilities[2]		(128)	–	**(128)**
Trade and other payables[3]		(1,440)	–	**(1,440)**
Derivative financial instruments	Level 2	–	(10)	**(10)**
Total		**(3,512)**	**(10)**	**(3,522)**

Notes:
1 Fair value hierarchy level is disclosed for financial liabilities measured at fair value through profit or loss.
2 Lease liabilities are financial instruments outside of scope of IFRS 9, 'Financial Instruments', and are accounted for under IFRS 16, 'Leases' (see note 35).
3 Excludes tax, social security and deferred income.

(b) Fair value measurement
There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

Except as detailed below, the carrying values of financial instruments at amortised cost as presented in the consolidated financial statements approximate their fair values.

	Carrying amount		Fair value	
€ million	**2023**	**2022**	**2023**	**2022**
Financial liabilities				
Borrowings	2,019	2,072	1,983	1,956

The fair values of the Eurobonds represent level 1 fair values and are estimated with reference to the last price quoted in the secondary market. The fair values of all other borrowings represent level 3 fair values and are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(c) Financial risk management
Market risk
The Group's activities expose it primarily to foreign exchange and interest rate risk. Both risks are actively monitored on a regular basis and managed through the use of foreign exchange contracts and interest rate swaps as appropriate. Although the Group's cash flows are exposed to movements in key input and output prices, such movements represent the commercial rather than financial risks inherent to the Group.

Foreign exchange risk
The Group operates globally and is exposed to foreign exchange risk in the normal course of its business. Multiple currency exposures arise from commercial transactions denominated in foreign currencies, recognised financial assets and liabilities (monetary items) denominated in foreign currencies and translational exposure on net investments in non-euro operations.

Foreign exchange contracts
The Group's Treasury policy requires subsidiaries to actively manage foreign currency transactional exposures against their functional currencies by entering into foreign exchange contracts. For segmental reporting purposes, each subsidiary enters into, and accounts for, foreign exchange contracts with Group treasury or with counterparties that are external to the Group, whichever is more commercially appropriate.

Only material balance sheet exposures and highly probable forecast capital expenditure transactions are hedged.

Foreign currency sensitivity analysis
Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures inherent in the Group's financial assets and financial liabilities at the reporting dates presented, net of related foreign exchange contracts. The sensitivity analysis provides an indication of the impact on the Group's reported earnings of reasonably possible changes in the currency exposures embedded within the functional currency environments that the Group operates in. In addition, an indication is provided of how reasonably possible changes in foreign exchange rates might impact on the Group's equity, as a result of fair value adjustments to foreign exchange contracts designated as cash flow hedges. Reasonably possible changes are based on an analysis of historical currency volatility, together with any relevant assumptions regarding near-term future volatility.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

31 Financial instruments continued
Net monetary foreign currency exposures by functional currency zone for continuing operations

	Net monetary foreign currency exposures – assets/(liabilities)[1]			
	2023		2022	
€ million	**EUR**	**Other**	**EUR**	**Other**
Functional currency zones[2]				
Euro[3]	–	(17)	–	135
South African rand	1	(7)	1	(6)
Egyptian pound	(79)	1	(56)	(4)
Czech koruna	(3)	–	(14)	(2)
Polish zloty	(5)	2	2	2
Swedish krona	(11)	2	(3)	–
Turkish lira	6	1	–	1
Other	(42)	(2)	(28)	7

Notes:
1 Presented in euro, the presentation currency of the Group.
2 Net monetary exposures represent financial assets less financial liabilities denominated in currencies other than the applicable functional currency, adjusted for the effects of foreign exchange risk hedging, excluding cash flow hedging of non-monetary assets and liabilities.
3 Included in the other net monetary exposure is €nil (2022: €148 million) worth of Russian rouble dividend receivable.

Functional to foreign currency net monetary exposure sensitivity
Functional to foreign currency net monetary exposure sensitivity is €1 million or less for each major currency assuming a 5% appreciation and/or depreciation of functional currency, with the exception of euro which has an exposure sensitivity of €1 million (2022: €7 million) and Egyptian pound of €4 million (2022: €3 million).

Interest rate risk
The Group holds cash and cash equivalents, which earn interest at a variable rate, and has variable and fixed rate debt in issue. Consequently, the Group is exposed to interest rate risk. Although the Group has fixed rate debt in issue, the Group's Accounting policy stipulates that all borrowings are held at amortised cost. As a result, the carrying value of fixed rate debt is not sensitive to changes in credit conditions in the relevant debt markets, and there is, therefore, no exposure to fair value interest rate risk.

Management of cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term highly liquid investments which have a maturity of three months or less from the date of acquisition. Centralised cash pooling arrangements are in place, which ensure that cash is utilised most efficiently for the ongoing working capital needs of the Group's operating units and, in addition, to ensure that the Group earns the most advantageous rates of interest available.

Management of variable rate debt
The Group has multiple variable rate debt facilities, of which the most significant is the Syndicated Revolving Credit Facility (see note 20).

The Group's cash and cash equivalents act as a natural hedge to movements in the relevant interbank lending rates on its variable rate debt, subject to any interest rate differentials that exist between the Group's corporate saving and lending rates.

Net variable rate debt sensitivity analysis
The net variable rate exposure represents variable rate debt less the future cash outflows swapped from variable to fixed via interest rate swap instruments and cash and cash equivalents. Reasonably possible changes in interest rates have been applied to the net variable rate exposure, denominated by currency, in order to provide an indication of the possible impact on the Group's consolidated income statement.

Interest rate risk sensitivities on variable rate debt

	Interest rate risk exposures					
	2023			2022		
€ million	**EUR**	**Other**	**Total**	**EUR**	**Other**	**Total**
Total borrowings	1,931	88	**2,019**	1,936	136	**2,072**
Less:						
Fixed rate borrowings	(1,844)	(25)	**(1,869)**	(1,842)	(37)	**(1,879)**
Lease liabilities	(67)	(58)	**(125)**	(64)	(64)	**(128)**
Cash and cash equivalents	(985)	(607)	**(1,592)**	(887)	(180)	**(1,067)**
Net variable rate debt and exposure	**(965)**	**(602)**	**(1,567)**	**(857)**	**(145)**	**(1,002)**

Included in other is net variable exposure to various currencies, the most significant of which is Turkish lira (2022: Turkish lira and South African rand).

The potential impact on the Group's consolidated equity resulting from the application of a 50 basis point increase to the variable interest rate exposure would be a profit of €8 million and vice versa for a 50 basis point reduction.

In addition to the above, the Group swaps euro debt into other currencies through the foreign exchange market using foreign exchange contracts, which has the effect of exposing the Group to the interest rates of these currencies. The currencies swapped into/(out of) and the amounts as at 31 December were as follows:

€ million	**2023**	**2022**
Short-dated contracts with tenures of less than 12 months		
Czech koruna	514	304
Great British pound	107	8
Polish zloty	552	303
South African rand	212	191
Swedish krona	61	(18)
Thai baht	70	70
US dollar	413	101
Other	160	140
Total swapped against the euro	**2,089**	**1,099**

Credit risk

The Group's principal credit risk is the risk of customers defaulting on sales invoices raised. The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in note 17. Additionally, the Group has credit risk on the investment of cash with certain financial institutions. The Group Treasury manages the risk on these investments within approved credit limits.

Several Group entities have also issued certain financial guarantees to external counterparties in order to achieve competitive funding rates for specific debt agreements entered into by other Group entities. None of these financial guarantees contractually obligates the Group to pay more than the recognised financial liabilities in the entities concerned. As a result, these financial guarantee contracts have no bearing on the credit risk profile of the Group as a whole.

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment. The Group manages its liquidity risk by using reasonable and retrospectively assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

31 Financial instruments continued

The following table shows the amounts available to draw down on the Group's committed loan facilities:

€ million	2023	2022
Expiry date		
Within one year	–	3
Two to five years	750	750
Above five years	4	4
Total committed facilities available (see note 20)	**754**	**757**

Forecast liquidity represents the Group's expected cash inflows, generated principally from sales made to customers, less the Group's expected cash outflows, related principally to the payment of employees, supplier payments and the repayment of borrowings plus the payment of any interest accruing thereon. The matching of these cash inflows and outflows rests on the expected ageing profiles of the underlying assets and liabilities.

Short-term financial assets and financial liabilities are represented primarily by the Group's trade receivables and trade payables. The matching of the cash flows that result from trade receivables and trade payables typically takes place over a period of three to four months from recognition in the consolidated statement of financial position and is managed to ensure the ongoing operating liquidity of the Group.

Financing cash outflows may be longer-term in nature. The Group does not hold long-term financial assets to match against these commitments, but is significantly invested in long-term non-financial assets which generate the sustainable future cash inflows, net of future capital expenditure requirements, needed to service and repay the Group's borrowings.

(d) Derivative financial instruments

At 31 December 2023, the Group recognised total derivative assets of €13 million (2022: €3 million) and derivative liabilities of €4 million (2022: €10 million). The net asset of €9 million (2022: net liability of €7 million) will mature within one year.

The notional amount of €2,678 million (2022: €1,710 million) is the aggregate face value of all derivatives outstanding at the reporting date. They do not indicate the contractual future cash flows of the derivative instruments held or their current fair value and, therefore, do not indicate the Group's exposure to credit or market risks. Of the €2,678 million (2022: €1,710 million) aggregate notional amount, €2,643 million (2022: €1,698 million) relates primarily to the economic hedging of foreign exchange exposures on short-term inter-company funding balances, which are fully eliminated on consolidation.

Derivative financial instruments are subject to International Swaps and Derivatives Association (ISDA) master netting agreements. The amounts are not offset in the consolidated statement of financial position. The amount subject to an enforceable master netting arrangement or similar agreement that is not netted off is €4 million (2022: €3 million).

Hedging

The Group designates certain derivative financial instruments as cash flow hedges. The fair value gains/(losses) are reclassified from the cash flow hedge reserve to the consolidated income statement in the period when the hedged transaction affects profit and loss. For non-current non-financial assets, these gains/(losses) are included in the carrying value of the asset and depreciated over the same useful life as the cost of the asset.

The Group designates both the spot and forward elements of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group's policy is for critical terms of the forward exchange contracts to align with the hedged items and uses the same method to determine hedge ineffectiveness.

Fair value losses of €1 million (2022: gains of €1 million) were reclassified from the cash flow hedge reserve to property, plant and equipment during the current year. There were no fair value losses in the current year (2022: losses of €4 million) arising on cash flow hedges due to ineffectiveness which were charged to the (loss)/profit from discontinued operations in the consolidated income statement.

32 Related party transactions

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with associated undertakings in which the Group has a material interest. These related party transactions have been contracted on an arm's-length basis.

Transactions between Mondi plc and its subsidiaries, which are related parties, and transactions between its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

	Joint ventures	
€ million	**2023**	**2022**
Sales to related parties	7	8
Purchases from related parties	663	715
Trade and other receivables from related parties	1	1
Trade and other payables due to related parties	86	112
Loans receivable from related parties	11	10

Compensation for the Board and key management

In accordance with IAS 24, 'Related Party Disclosures', key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and includes directors (both executive and non-executive) of Mondi plc. The Board and those members of the Group Executive Committee who are not directors comprise the key management personnel of the Group. The remuneration of the directors is disclosed in the Remuneration report.

€ million	**2023**	**2022**
Salaries and short-term employee benefits	6.1	8.4
Non-executive directors	1.4	1.2
Defined contribution plan payments	0.5	0.6
Social security costs	1.1	1.1
Share-based payments	3.6	5.6
Total	**12.7**	**16.9**

Details of the transactions between the Group and its pension and post-retirement medical plans are disclosed in note 24.

33 Group companies

Composition of the Group

The subsidiaries of the Group as at 31 December 2023 are set out in note 11 of the Mondi plc parent company financial statements. All of these interests are consolidated within the Group's financial statements.

Refer to Mondi's global footprint on pages 10-11 of the overview to the Integrated report for more information on the places of operation.

A list of subsidiaries taking advantage of an exemption from audit under Section 479A of the Companies Act 2006 is disclosed in note 9 of the Mondi plc parent company financial statements.

Details of non-wholly-owned subsidiaries

	Proportion of ownership interests and voting rights held by non-controlling interests (%)		Profit attributable to non-controlling interests		Equity attributable to non-controlling interests	
€ million, unless otherwise stated	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Mondi SCP, a.s. and its subsidiaries	49	49	3	41	328	349
Individually immaterial subsidiaries with non-controlling interests			16	32	113	111
Total			**19**	**73**	**441**	**460**

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

33 Group companies continued

Summarised financial information on the Group's material non-wholly-owned subsidiaries is as follows:

Mondi SCP, a.s. and its subsidiaries

The summarised financial information represents amounts before elimination of intra-group transactions conducted in the ordinary course of business. The results of the subsidiary on the stand-alone basis may differ from those included in the Group. The subsidiary's registered office as disclosed in note 11 of the Mondi plc parent company financial statements is also its principal place of business.

Statement of financial position

€ million	2023	2022
Non-current assets	676	753
Current assets	230	409
Current liabilities	(150)	(313)
Non-current liabilities	(79)	(129)
Net assets	**677**	**720**
Equity attributable to non-controlling interests	328	349

Income statement and statement of comprehensive income

€ million	2023	2022
Revenue	735	1,232
Operating costs (including taxation)	(733)	(1,148)
Profit for the year	**2**	**84**
Attributable to non-controlling interests	3	41
Total comprehensive income for the year	**2**	**87**
Attributable to non-controlling interests	3	43

Statement of cash flows

€ million	2023	2022
Net cash inflow from operating activities	29	115
Net cash outflow from investing activities	(34)	(31)
Net cash outflow from financing activities	(31)	(23)
Net cash (outflow)/inflow	**(36)**	**61**

Mondi AG acquired 100% of the shares in Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH for a purchase price of €10 each from Mondi SCP, a.s. and Obaly SOLO, s.r.o. respectively on 27 February 2023, thereby increasing the Group's effective ownership from 51% to 100% with no changes in the Group's ownership of Mondi SCP, a.s. and Obaly SOLO, s.r.o.

34 Events occurring after 31 December 2023

Aside from the final ordinary dividend proposed for 2023 (see note 9), there have been the following material reportable events since 31 December 2023:

- On 5 February 2024, the Group announced the completion of the acquisition of Hinton Pulp mill in Alberta (Canada) from West Fraser Timber Co. Ltd (West Fraser) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket as part of a long-term partnership with West Fraser. The Group intends to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, expand the facility primarily with a new kraft paper machine which will integrate its paper bag operations in the Americas and support future growth.
- On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares. See notes 9 and 22 for further details.

35 Accounting policies

Basis of consolidation

The consolidated financial statements incorporate the revenues, expenses, assets, liabilities, equity and cash flows of Mondi plc and its subsidiaries (the Group), and the Group's share of associates and joint ventures drawn up to 31 December each year. All intra-group balances and transactions are eliminated.

A subsidiary is an entity over which the Group has control. Control is evident where the Group is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated income statement from the effective date of acquiring control or up to the effective date of disposal.

Non-controlling interests are measured, at initial recognition, as the non-controlling proportion of the fair values of the assets and liabilities recognised at acquisition.

After initial recognition, non-controlling interests are measured as the aggregate of the value at initial recognition and their subsequent proportionate share of profits and losses less any distributions made.

Changes in the Group's interests in subsidiaries that do not result in a change in control are accounted for as equity transactions. Any resulting difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration payable or receivable is recognised directly in equity and attributed to the shareholders.

Foreign currency transactions and translation

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the entity that has undertaken the transaction, using the exchange rates ruling on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising on translation are included in the consolidated income statement and are classified as either operating or financing consistent with the nature of the monetary item giving rise to them.

Translation of non-euro operations

The Group's results are presented in euro, the currency in which most of its business is conducted. On consolidation, the assets and liabilities of the Group's non-euro operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items, except those which arise in countries with hyperinflationary economies (see note 1), are translated at the average exchange rates for the month in which they occur, where these approximate the rates on the dates of the underlying transactions. Exchange differences, if any, are recognised directly in other comprehensive income, and accumulated in the Group's currency translation adjustment reserve in equity. Such translation differences are reclassified to profit or loss only on disposal or partial disposal of the non-euro operation.

Hyperinflation accounting (note 1)

The Group has applied IAS 29, 'Financial Reporting in Hyperinflationary Economies', to its subsidiaries in Türkiye and Lebanon, whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years. Assets, liabilities, the financial position and results of non-euro operations in hyperinflationary economies are translated to euro at the exchange rates prevailing on the reporting date. The exchange differences are recognised directly in other comprehensive income or expense, and accumulated in the Group's cumulative translation adjustment reserve in equity. Such translation differences are reclassified to profit or loss only on disposal or partial disposal of the non-euro operation.

Prior to translating the financial statements of the Turkish and Lebanese operations, the non-monetary assets and liabilities stated at historical cost are restated to account for changes in the general purchasing power of the local currencies based on the consumer price index (Turkish operations: TÜFE, 2003=100; Lebanese operations: CPI 2013=100) published by the Turkish Statistical Institute (TURKSTAT) and Central Administration of Statistics of the Lebanese Republic, respectively. Gains or losses resulting from the restatement of non-monetary assets and liabilities are recorded in the consolidated income statement as a net monetary gain or loss arising from hyperinflationary economies. Comparative amounts presented in euro are not restated for subsequent changes in the price level or exchange rates. The results of the Turkish and Lebanese operations are restated to the index level at the end of the period, with hyperinflationary gains and losses being reported in net monetary gain or loss arising from hyperinflationary economies.

Fair value measurement

Assets and liabilities that are measured at fair value, or where the fair value of financial instruments has been disclosed in notes to the consolidated financial statements, are based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

35 Accounting policies continued
The assets measured at fair value on level 3 of the fair value measurement hierarchy are the Group's forestry assets, as set out in note 14, and certain assets acquired and liabilities assumed in a business combination (see note 25).

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) require a degree of estimation and judgement and are determined using generally accepted valuation techniques. These valuation techniques maximise the use of observable market data and rely as little as possible on Group-specific estimates.

Specific valuation methodologies used to value financial instruments include the following:

- The fair values of foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates.
- The fair values of the Group's commodity price derivatives are calculated as the present value of expected future cash flows based on observable market data.
- Other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Segmental reporting (note 2)
The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, the chief operating decision-making body. The operating segments are managed based on the nature of the underlying products produced by those businesses and comprise three distinct segments. The number of reportable segments is the same as the number of identified operating segments.

Measurement of operating segment revenues, profit or loss, assets and non-current non-financial assets
Each of the operating segments derives its income from the sale of manufactured products.

The operating segment measures adhere to the recognition and measurement criteria presented in the Group's accounting policies and are presented on an underlying basis, excluding special items. The Group has presented certain non-IFRS measures (Alternative Performance Measures), as defined on pages 238-241, by segment to supplement the user's understanding. All intra-group transactions are conducted on an arm's-length basis.

Revenue from contracts with customers (note 2)
Sale of goods
Revenue is recognised from the sale of goods and is measured at the amount of the transaction price received or receivable in exchange for transferring goods. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future, after deducting discounts, volume rebates, value added tax and other sales taxes. When the period of time between delivery of goods and subsequent payment by the customer is less than one year, no adjustment for a financing component is made.

Control of goods is passed when title and insurance risk have passed to the customer, which is typically when the goods have been delivered to a contractually agreed location.

The incremental costs of obtaining a contract are recognised as an expense when the period of amortisation over which the costs would have been recognised is one year or less. If not, these costs are capitalised and amortised on a basis consistent with the transfer of goods to the customer to which the asset relates.

Transport revenue
Transport revenue is considered distinct when the Group provides transport services after the point in time when control of goods has passed to the customer. Such revenue is recognised over time.

Other income
Sale of green energy and CO_2e credits (note 16)
Income generated from the sale of green energy and CO_2e credits issued under international trading schemes are accounted for as government grants and are measured at the consideration received in exchange for transferring such credits. The income is recorded within other net operating expenses in the consolidated income statement when ownership rights pass to the buyer. Any unsold green energy credits are recorded in inventory at cost, which is often at nil value.

Insurance reimbursements (note 10)
Compensation for insurance reimbursements, including compensation for business interruptions and for the loss or impairment of property, plant and equipment, is recognised within other net operating expenses in the consolidated income statement when receipt is virtually certain.

Fair value gains/(losses) from forestry assets (note 14)
Changes in the fair value of forestry assets are recognised within other net operating expenses in the consolidated income statement.

Investment income (note 6)
Interest income, which is derived from cash and cash equivalents and other interest-bearing financial assets, is accrued on a time proportion basis, by reference to the principal outstanding and at the applicable effective interest rate.

Taxation (note 7)

The tax expense represents the sum of the current tax charge and the deferred tax charge.

Current tax

The current tax charge is based on taxable profit for the year. The Group's asset/liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. The Group is regularly subject to routine tax audits. Provision is made based on the tax laws in the relevant country and the expected outcomes of any negotiations or settlements. Current tax is presented as a special item if the corresponding taxable income/expense is accounted for as a special item.

The Group is subject to corporate taxes in a number of jurisdictions and a degree of estimation and judgement is required in determining the appropriate tax provision for transactions where the tax treatment is uncertain. In these circumstances, the Group recognises provisions for taxes based on information available where the anticipated liability is both probable and estimable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the Group's consolidated financial statements and the corresponding tax bases used in the computation of taxable profits and is accounted for using the balance sheet liability method. Deferred tax is presented as a special item if the corresponding temporary difference arises from a special item.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date. In considering their recoverability, the Group assesses the likelihood of the assets being recoverable within a reasonably foreseeable timeframe, typically a three-year period consistent with the period applied to the Group's viability assessment. The carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Similarly, it is increased to the extent that it becomes probable that sufficient taxable profit will be available in the future for all or part of the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted and which are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group applies the initial recognition exemption model to account for any investment tax credits. Deferred tax is not recognised for temporary differences relating to investment tax credits due to the availability of the initial recognition exemption.

The OECD Pillar 2 rules have been enacted in the United Kingdom and are effective for accounting periods beginning on or after 31 December 2023, except for the Undertaxed Payments Rule (UTPR) which is still in draft and expected to be effective after 31 December 2024 at the earliest. The Group is therefore within the enacted Pillar 2 rules from 1 January 2024. In light of recent amendments to IAS 12, 'Income Taxes', which clarify that Pillar 2 related balances are not within the scope of IAS 12 for deferred tax purposes, the Group has applied the exemption to recognising and disclosing information about deferred tax assets and liabilities arising from the implementation of the Pillar 2 rules. The Group's ongoing assessment of the OECD Pillar 2 rules is provided in note 7.

Earnings per share (EPS) (note 8)

Basic EPS

The basic EPS is calculated by dividing net profit attributable to ordinary shareholders by the weighted average number of Mondi plc shares in issue during the year, net of own shares.

Diluted EPS

For diluted EPS, the weighted average number of Mondi plc ordinary shares in issue, net of own shares, is adjusted to assume conversion of all dilutive potential ordinary shares. At present these only include share awards granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease EPS.

The weighted average number of ordinary shares in issue is the weighted number of shares in issue throughout the year and excludes own shares held by employee benefit trusts. A share consolidation combined with a special dividend reduces the weighted average number of ordinary shares in issue in the period when the transaction occurs from the date the special dividend is recognised.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

35 Accounting policies continued
EPS, if relevant, is presented separately for continuing operations and in total from continuing and discontinued operations on the face of the consolidated income statement.

Non-current non-financial assets excluding goodwill, deferred tax and net retirement benefit assets
Property, plant and equipment (note 10)
Property, plant and equipment principally comprise land and buildings, plant and equipment, assets under construction and other.

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Land and assets under construction are carried at cost less impairment. Cost includes site preparation, the purchase price of the equipment and directly attributable labour and installation costs. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Borrowing costs are capitalised on qualifying assets. The capitalisation of costs ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Start-up and ongoing maintenance costs are recognised immediately as an expense.

Depreciation is charged to the consolidated income statement so as to write off the cost of assets, other than freehold land and assets under construction, over their estimated useful lives on a straight-line basis to their estimated residual values of nil or scrap value. Depreciation commences when the assets are ready for their intended use.

Residual values and useful lives are reviewed and adjusted, if appropriate, at least annually. An adjustment is made to the estimated useful lives of assets where climate change is anticipated to have a material impact. Estimated useful lives range from 3 years to 25 years for items of plant and equipment and other categories and up to a maximum of 40 years for buildings.

Insurance reimbursements for the loss or impairment of property, plant and equipment are recognised within other net operating expenses in the consolidated income statement when receipt is virtually certain.

Leases (note 11)
To the extent that a right of control exists over an identified asset subject to a lease, a right-of-use asset, representing the Group's right to use the underlying leased asset, is recognised within property, plant and equipment in the consolidated statement of financial position. A corresponding lease liability, representing the Group's obligation to make lease payments, is recognised, depending on the maturity of the underlying lease payments, within short-term borrowings or medium- and long-term borrowings in the consolidated statement of financial position at the commencement of the lease.

The right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in terms of the lease. Depreciation is charged to the consolidated income statement so as to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the implicit interest rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised within finance costs in the consolidated income statement over the period of the lease.

Lease expenses for leases with a duration of one year or less and low-value assets are not recognised in the consolidated statement of financial position, and are charged to the consolidated income statement when incurred. Low-value assets are determined based on quantitative criteria.

Intangible assets and R&D expenditure (note 13)
Intangible assets are measured initially at purchase consideration and are amortised on a straight-line basis over their estimated useful lives. Estimated useful lives vary between 3 years and 10 years and are reviewed at least annually.

Research expenditure is expensed in the year in which it is incurred. Development costs are capitalised when the completion of the asset is both commercially and technically feasible and are amortised on a systematic basis over the economic life of the related development. Development costs are recognised immediately as an expense if they do not qualify for capitalisation.

Impairment of property, plant and equipment and intangible assets
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated. If the recoverable amount of an asset, or cash-generating unit (CGU) to which the asset relates, is less than its carrying amount, the carrying amount of the asset, or CGU, is reduced to its recoverable amount and an impairment recognised as an expense.

The recoverable amount of the asset, or CGU, is the higher of its fair value less costs to dispose and its value in use. In assessing value in use, the estimated future cash flows generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the smallest CGU to which the asset belongs.
Where the underlying circumstances change such that a previously recognised impairment subsequently reverses, the carrying amount of the asset, or CGU, is increased to the revised estimate of its recoverable amount. Such a reversal is limited to the carrying amount that would have been determined (taking into account depreciation or amortisation in the intervening period) had no impairment been recognised for the asset, or CGU, in prior years. A reversal of an impairment is recognised in the consolidated income statement.

Agriculture - owned forestry assets (note 14)

Owned forestry assets are biological assets measured at fair value less costs to sell, calculated by applying the expected selling price, less costs to harvest and deliver, to the estimated volume of timber on hand at each reporting date. The fair value less costs to sell is determined using a market-based approach. The estimated volume of timber on hand is determined based on the maturity profile of the area under afforestation, the species, the geographic location, climate and other environmental considerations and excludes future growth. The product of these is then adjusted for risks associated with forestry assets.

Changes in fair value are recognised in the consolidated income statement within other net operating expenses. At point of harvest, the carrying value of forestry assets is transferred to inventory and recorded as a felling cost reduction to the fair value of forestry assets.

Directly attributable costs incurred during the year of biological growth and investments in standing timber are capitalised and presented within cash flows from investing activities.

Investments in joint ventures (note 15)

A joint venture is an entity in which the Group holds a long-term interest with contractually agreed sharing of control over the strategic, financial and operating decisions with one or more other venturers. Typically, the Group owns between 20% and 50% of the voting equity of its joint ventures. Investments in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

The Group's share of the profit or loss of joint ventures is recognised in net profit/(loss) from joint ventures. Any impairment is presented adjacent to the share of the joint venture's results in impairment of investments in joint ventures in the consolidated income statement.

Non-current assets held for sale and discontinued operations (note 28)

Non-current assets, and disposal groups, are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and its sale must be highly probable. Non-current assets, and disposal groups, classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell from the date on which these conditions are met. The deferred tax assets, assets arising from employee benefits and financial assets are specifically exempt from this requirement.

Any resulting impairment is reported through the consolidated income statement. From the time of classification as held for sale, the assets are no longer depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Comparative amounts in the consolidated statement of financial position are not adjusted.

Discontinued operations are either a separate major line of business or geographical area of operations that have been disposed of or are part of a single coordinated plan for disposal which satisfy the held for sale criteria. The discontinued operations' net profit or loss, other comprehensive income or expense and cash flows for current and comparative periods are presented separately in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows, including related notes to these statements. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

Business combinations (note 25)

Identifiable net assets

The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on the acquisition date. If the initial accounting for assets and liabilities is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional fair values. The measurement period ends no later than 12 months from the acquisition date. Any non-controlling interest in the acquiree is recorded at the non-controlling interest's proportionate share of the acquired net assets.

Cost of a business combination

The cost of a business combination includes the fair value of assets provided, liabilities incurred or assumed and any equity instruments issued by a Group entity, in exchange for control of an acquiree. The directly attributable costs associated with a business combination are expensed as incurred and recognised within other net operating expenses into the consolidated income statement.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

35 Accounting policies continued

Goodwill (note 12)
Any excess of the consideration of the acquisition over the fair values of the identifiable net assets acquired is attributed to goodwill. Goodwill is subsequently measured at cost less any impairment.

Impairment of goodwill
Goodwill acquired through business combinations is allocated to the group of CGUs that is expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of the group of CGUs to which goodwill has been allocated is tested for impairment annually in the fourth quarter of each financial year and when events or changes in circumstances indicate that it may be impaired.

The recoverable amount of a group of CGUs is determined based on the higher of value in use or its fair value less costs of disposal. Value-in-use calculations use cash flow projections based on financial budgets covering a three-year period that are based on the latest forecasts for revenue and costs as approved by the Board. Projected revenues and costs are determined taking into consideration relevant industry forecasts for individual product lines, climate change, internal management projections, historical performance and announced industry capacity changes.

Cash flow projections beyond three years are based on internal management projections. Growth rates in the countries in which the Group operates are determined with reference to published gross domestic product information, and for specific product lines are determined with reference to published industry studies.

The discount rate is derived from the Group's weighted average cost of capital using published market data and published borrowing rates and adjusted for country risk and tax.

Any impairment is recognised in the consolidated income statement. Impairments of goodwill are not subsequently reversed.

Current non-financial assets

Inventories (note 16)
Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) or weighted average cost basis, as appropriate. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is defined as the selling price less any estimated costs to sell.

Equity instruments

Own shares (note 22)
The purchase by any Group entity of Mondi plc's equity instruments results in the recognition of own shares. The consideration paid or payable is deducted from equity. Where own shares are subsequently sold, reissued or otherwise disposed of, any consideration received or receivable is included in equity attributable to the shareholders of Mondi plc, net of any directly attributable incremental transaction costs and the related tax effects.

Dividend payments (note 9)
The dividend distributions to Mondi plc's ordinary shareholders are recognised as a liability when the dividends are declared and approved. Final dividends are accrued when approved by Mondi plc's ordinary shareholders at its Annual General Meeting and interim dividends are recognised when paid.

Share-based payments (note 23)
The Group operates a number of equity-settled, share-based compensation schemes. The fair value of the employee services received in exchange for the grant of share awards is recognised concurrently as an expense and an adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards granted, as adjusted for market performance conditions and non-market vesting conditions. Vesting conditions are included in assumptions about the number of awards that are expected to vest. At each reporting date, the Group revises its estimates of the number of share awards that are expected to vest as a result of changes in non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

Financial instruments (note 31)
Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

Cash and cash equivalents (note 27b)

Cash and cash equivalents comprise cash on hand, money market funds, demand deposits and short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The money market funds are held at fair value through profit and loss, with the remaining balance of cash and cash equivalents carried at amortised cost. Bank overdrafts are shown within short-term borrowings in current liabilities in the consolidated statement of financial position. Cash and cash equivalents presented in the consolidated statement of cash flows are net of overdrafts and include cash and cash equivalents classified as assets held for sale.

Trade receivables (note 17)

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Impairment of trade receivables (note 17)

A simplified lifetime expected credit loss (ECL) model is used to assess trade receivables for impairment. ECL is the present value of all cash shortfalls over the expected life of a trade receivable. Expected credit losses are based on historical loss experience on trade receivables, adjusted to reflect information about current economic conditions and reasonable and supportable forecasts of future economic conditions. At the date of initial recognition, the credit losses expected to arise over the lifetime of a trade receivable are recognised as an impairment.

Trade payables (note 18)

Trade payables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

Borrowings (note 21)

Interest-bearing loans and overdrafts are initially recognised at fair value, net of direct transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the consolidated income statement over the term of the borrowings using the effective interest rate method.

Borrowing costs (note 6)

Interest on borrowings directly relating to the acquisition, construction or production of qualifying assets is capitalised until such time as the assets are substantially ready for their intended use. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the construction period.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Derivative financial instruments and hedge accounting (note 31d)

The Group enters into forward and swap contracts in order to hedge its exposure to foreign exchange, interest rate and commodity price risks.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and subsequently measured at fair value in the consolidated statement of financial position within financial instruments, and are classified as current or non-current depending on the maturity of the derivative.

Changes in the fair value of derivative financial instruments that are not formally designated in hedge relationships are recognised immediately in the consolidated income statement and are classified within operating profit or net finance costs, depending on the type of risk to which the derivative relates.

Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments that are designated as hedges of future cash flows are recognised directly in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. If the cash flow hedge of a forecast transaction results in the recognition of a non-financial asset, then, at the time the asset is recognised, the associated gains or losses on the derivative that had previously been recognised in the Group's cash flow hedge reserve in equity are included in the initial measurement of the asset. For hedges that do not result in the recognition of a non-financial asset, amounts deferred in the Group's cash flow hedge reserve in equity are recognised in the consolidated income statement in the same period in which the hedged item affects profit or loss on a proportionate basis.

Hedge accounting is discontinued when the hedge relationship is revoked or the hedging instrument expires, is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity remains in equity and is recognised in the consolidated income statement when the forecast transaction is ultimately recognised. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss deferred in equity is included immediately in the consolidated income statement.

Notes to the consolidated financial statements
for the year ended 31 December 2023 continued

35 Accounting policies continued

Retirement benefits (note 24)

The Group operates post-retirement defined contribution plans, post-retirement defined benefit pension plans and post-retirement medical plans for many of its employees.

Defined contribution plans

For defined contribution plans, the amount charged to the consolidated income statement is the contributions paid or payable during the financial year.

Defined benefit pension plans and post-retirement medical plans

For defined benefit pension and post-retirement medical plans, actuarial valuations are performed at each financial year end using the projected unit credit method. The average discount rate for the plans' liabilities is based on investment-grade-rated corporate bonds or similar government bonds of a suitable duration and currency. Plans' assets are measured using market values at the end of the financial year.

The net retirement benefits liability recognised in the consolidated statement of financial position represents the present value of the defined benefit liability as reduced by the fair value of any plan assets.

Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to personnel costs as service costs. Past service costs resulting from plan amendments or curtailments and gains or losses on settlements are charged to personnel costs. A net interest expense or net interest income is calculated by applying the discount rate, on a per plan basis, to the net defined benefit liability or asset and recognised in the consolidated income statement within finance costs.

Remeasurements comprising actuarial gains and losses and the return on plan assets (after recognising the net finance charge) are charged or credited to equity in other comprehensive income, net of deferred tax, in the financial year in which they occur. Remeasurements recorded in other comprehensive income are not recycled to the consolidated income statement, but those amounts recognised in other comprehensive income may be transferred within equity.

Provisions (note 19)

Provisions are recognised when the Group has a present obligation as a result of a past event, which it is probable it will be required to settle. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using country-specific discount rates for periods matching the duration of the underlying liability where the effect of discounting is material.

New accounting policies, early adoption and future requirements

Amendments to published Standards effective during 2023

The following new Standards and the amendments to Standards have been adopted for the financial year beginning on 1 January 2023, and have had no significant impact on the Group's results:

- IFRS 17 – Insurance Contracts, including Amendments to IFRS 17
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 – Income Taxes – International Tax Reform – Pillar 2 Model Rules

Amendments to published Standards effective for the financial year beginning on 1 January 2024

The following amendments to Standards will be effective for the financial year beginning on 1 January 2024. The amendments are not expected to have a significant impact on the Group's results:

- Amendments to IAS 1 – Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 – Statement of Cash Flows and Financial instruments: Disclosures – Supplier Finance Arrangements

Mondi plc parent company balance sheet
as at 31 December 2023

€ million	Notes	2023	2022
Fixed assets			
Tangible assets	5	3	3
Shares in Group undertakings	6	3,604	3,604
Current assets			
Debtors: due within one year	7	1,138	606
Current liabilities			
Creditors: amounts falling due within one year		(10)	(10)
Net current assets		**1,128**	**596**
Total assets less current liabilities		**4,735**	**4,203**
Creditors: amounts falling due after more than one year		(3)	(4)
Provisions for liabilities		(2)	(1)
Net assets		**4,730**	**4,198**
Capital and reserves			
Called-up share capital	8	97	97
Profit and loss account		3,951	3,421
Merger reserve	8	637	637
Capital redemption reserve	8	29	29
Share-based payments reserve	8	16	14
Total shareholders' funds		**4,730**	**4,198**

Mondi plc reported a profit of €876 million (2022: profit of €550 million) for the year ended 31 December 2023.

The balance sheet and statement of changes in equity of Mondi plc and related notes 1 to 11 on pages 225-234 were approved by the Board and authorised for issue on 21 February 2024 and were signed on its behalf by:

Andrew King
Director

Mike Powell
Director

Mondi plc company registered number: 6209386

Mondi plc parent company statement of changes in equity
for the year ended 31 December 2023

€ million	Called-up share capital	Profit and loss account	Merger reserve	Capital redemption reserve	Share-based payments reserve	Total equity
At 1 January 2022	97	3,189	637	29	13	**3,965**
Total comprehensive income for the year	–	550	–	–	–	**550**
Dividends	–	(321)	–	–	–	**(321)**
Mondi share schemes' charge	–	–	–	–	11	**11**
Issue of shares under employee share schemes	–	10	–	–	(10)	–
Purchases of own shares	–	(7)	–	–	–	**(7)**
At 31 December 2022	**97**	**3,421**	**637**	**29**	**14**	**4,198**
Total comprehensive income for the year	–	876	–	–	–	**876**
Dividends (see note 9 of the Group's consolidated financial statements)	–	(345)	–	–	–	**(345)**
Mondi share schemes' charge (see note 3)	–	–	–	–	9	**9**
Issue of shares under employee share schemes	–	7	–	–	(7)	–
Purchases of own shares	–	(8)	–	–	–	**(8)**
At 31 December 2023	**97**	**3,951**	**637**	**29**	**16**	**4,730**

Notes to the Mondi plc parent company financial statements
for the year ended 31 December 2023

1 Accounting policies
Basis of preparation
Mondi plc meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), as issued by the Financial Reporting Council and the Companies Act 2006.

As permitted by FRS 101, Mondi plc has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain items, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the consolidated Group financial statements of Mondi plc, which are publicly available. The results, assets and liabilities of Mondi plc are included in the publicly available consolidated Group financial statements.

Mondi plc has made use of the exemption from presenting a profit and loss account, in accordance with Section 408 of the Companies Act 2006.

The financial statements have been prepared on a going concern basis. The assessment of going concern is disclosed in the Strategic report as part of the viability statement under the heading Going concern on page 81, which is incorporated by reference into these financial statements.

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Principal accounting policies
The principal accounting policies applied by Mondi plc are the same as those presented in notes 1 and 35 to the Group's consolidated financial statements, to the extent that the Group's transactions and balances are applicable to the company financial statements. Principally, the accounting policies which are not directly relevant to the Mondi plc parent company financial statements are those relating to consolidation accounting, the recognition and subsequent measurement of goodwill and accounting in hyperinflationary economies.

The accounting policy, which is additional to those applied by the Group, is stated as follows:

Shares in Group undertakings
Shares in Group undertakings are stated at cost, less, where appropriate, provisions for impairment.

Impairment reviews are performed when there is an indicator that the carrying value of the shares in Group undertakings could exceed their recoverable amounts based on their value in use or fair value less costs to dispose. Value in use is calculated by discounting future expected cash flows. These calculations use cash flow projections based on Board-approved budgets and forecasts which reflect management's current experience and future expectations of the markets in which the Group undertaking operates.

Costs incremental and directly attributable to the acquisition of investments are capitalised.

Critical accounting judgements and significant accounting estimates
The preparation of the financial statements of Mondi plc includes the use of estimates and assumptions. Although the estimates used are based on management's best information about current circumstances and future events and actions, actual results may differ from those estimates. No critical accounting judgements or significant accounting estimates were identified.

2 Auditors' remuneration and employee information
Disclosure of the audit fees payable to the auditors for the audit of Mondi plc's financial statements is set out in note 4 of the Group's consolidated financial statements.

Mondi plc had 28 employees during the year (2022: 27).

Notes to the Mondi plc parent company financial statements
for the year ended 31 December 2023 continued

3 Share-based payments
The share schemes and the underlying assumptions used to estimate the associated fair value charge are set out in note 23 of the Group's consolidated financial statements.

4 Deferred tax
No deferred tax asset is recognised on gross temporary differences of €21 million (2022: €15 million) relating to share-based payment arrangements. Mondi plc has tax losses of €197 million (2022: €198 million) in respect of which no deferred tax asset has been recognised due to the low probability of future taxable profit streams or gains against which these could be utilised. Although Mondi plc receives dividend income from its subsidiaries, this dividend income is exempt from corporation tax.

5 Tangible assets
Mondi plc entered into an office building lease agreement for a total term of 10 years from 2 August 2021 and recognised a right-of-use asset of €3 million (2022: €3 million) accordingly. Corresponding lease liabilities are included in creditors and further split by maturity as presented in the balance sheet. The lease may only be terminated by Mondi plc after 5 years. Mondi plc does not intend to exercise the termination option, and thus it was not considered in the calculation of the right-of-use asset.

6 Shares in Group undertakings

€ million	2023	2022
Unlisted		
Shares at cost	3,721	3,721
Accumulated impairment	(117)	(117)
Total shares in Group undertakings	**3,604**	**3,604**

The shares in Group undertakings are in Mondi Investments Limited (incorporated in the UK), a wholly owned subsidiary which acts as an investment holding company, and Mondi South Africa (Pty) Limited (incorporated in South Africa), a wholly owned subsidiary which manages forestry operations and manufactures pulp, uncoated fine paper and containerboard.

7 Debtors: due within one year
Amounts held on deposit in a cash pool facility with a subsidiary of €1,131 million (2022: €600 million) are included in debtors: due within one year. No provision on expected credit losses is recognised at 31 December 2023 (2022: €nil). The carrying amount of such deposits held at amortised cost approximated their fair value at 31 December 2023 and at 31 December 2022.

8 Capital and reserves
Full disclosure of the called-up share capital of Mondi plc is set out in note 22 of the Group's consolidated financial statements.

The merger reserve was recognised in respect of the simplification of the dual-listed company structure in 2019.

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of own shares out of distributable profits or, in certain circumstances, from the proceeds of a fresh issue of shares.

The share-based payment reserve is used to recognise the grant date fair value of options issued to employees but not exercised and the grant date fair value of shares awarded to employees but not yet vested.

9 Financial guarantees

Mondi plc has issued financial guarantees in respect of the UK pension schemes of its subsidiaries, obligations incurred in the ordinary course of business and the borrowings of other Group undertakings. The likelihood of these financial guarantees being called is considered to be remote, and therefore the estimated financial effect of issuance is €nil (2022: €nil). The fair value of these issued financial guarantees is deemed to be immaterial.

€ million	2023	2022
Pension scheme guarantees	69	79
Guarantees of obligations of subsidiaries of Mondi plc		
Incurred in the ordinary course of business	4	4
In favour of banks and bondholders	3,061	3,037
Total exposure from financial guarantees	**3,134**	**3,120**

The following subsidiaries have taken advantage of an exemption from audit under Section 479A of the Companies Act 2006. As the ultimate parent, Mondi plc has provided a statutory guarantee for any outstanding liabilities of those subsidiaries. All subsidiary undertakings have been included in the consolidation of the Group.

- Mondi Consumer Goods Packaging UK Limited (registered number: 05188170)
- Mondi Packaging Limited (registered number: 01846191)
- Mondi Packaging UK Holdings Limited (registered number: 03714255)
- Mondi Scunthorpe Limited (registered number: 01446927)

10 Events occurring after 31 December 2023

Aside from the final ordinary dividend proposed for 2023, included in note 9 of the Group's consolidated financial statements, there has been the following material reportable event since 31 December 2023:

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares. See notes 9 and 22 of the Group's consolidated financial statements for further details.

Notes to the Mondi plc parent company financial statements
for the year ended 31 December 2023 continued

11 List of subsidiaries, associated undertakings and other significant holdings

The subsidiaries, associated undertakings and other significant holdings of Mondi plc at 31 December 2023 are set out below. Except where noted, all shares are held indirectly through a subsidiary or associated undertaking and the shares held are ordinary shares.

Company	Registered office	Principal activities	% of shares held by Group
Austria			
Mondi AG	Marxergasse 4A, 1030 Vienna	Holding, Corporate	100.00
Mondi Coating Zeltweg GmbH	Bahnhofstrasse 3, 8740 Zeltweg	Production, Flexible Packaging	100.00
Mondi Consumer Packaging GmbH	Marxergasse 4A, 1030 Vienna	Holding, Flexible Packaging	100.00
Mondi Corrugated Holding Österreich GmbH	Marxergasse 4A, 1030 Vienna	Holding, Corrugated Packaging	100.00
Mondi Corrugated Services GmbH	Marxergasse 4A, 1030 Vienna	Service, Corrugated Packaging	100.00
Mondi Engineered Materials GmbH	Marxergasse 4A, 1030 Vienna	Holding, Flexible Packaging	100.00
Mondi Finance Europe GmbH	Marxergasse 4A, 1030 Vienna	Service, Corporate	100.00
Mondi FlexPack Trading GmbH	Marxergasse 4A, 1030 Vienna	Distribution, Flexible Packaging	100.00
Mondi Frantschach GmbH	Frantschach 5, 9413 St. Gertraud	Production, Flexible Packaging	100.00
Mondi Grünburg GmbH	Steyrtalstrasse 5, 4594 Grünburg	Production, Corrugated Packaging	100.00
Mondi Holdings Austria GmbH	Marxergasse 4A, 1030 Vienna	Holding, Corporate	100.00
Mondi Industrial Bags GmbH	Marxergasse 4A, 1030 Vienna	Holding, Flexible Packaging	100.00
Mondi Korneuburg GmbH	Erwin Schrödinger Strasse 2, 2100, Korneuburg	Production, Flexible Packaging	100.00
Mondi Neusiedler GmbH & Co KG[1]	Theresienthalstrasse 50, 3363 Ulmerfeld-Hausmening	Production, Uncoated Fine Paper	100.00
Mondi Neusiedler Verwaltungs GmbH[2]	Theresienthalstrasse 50, 3363 Ulmerfeld-Hausmening, Austria	Service, Uncoated Fine Paper	100.00
Mondi Oman Holding GmbH	Marxergasse 4A, 1030 Vienna	Holding, Flexible Packaging	70.00
Mondi Paper Sack Zeltweg GmbH	Bahnhofstrasse 3, 8740 Zeltweg	Distribution, Flexible Packaging	100.00
Mondi Paper Sales GmbH	Marxergasse 4A, 1030 Vienna	Distribution, Corrugated Packaging, Flexible Packaging, Uncoated Fine Paper	100.00
Mondi Release Liner Austria GmbH	Waidhofnerstrasse 11, 3331 Hilm	Production, Flexible Packaging	100.00
Mondi Styria GmbH	Bahnhofstrasse 3, 8740 Zeltweg	Production, Flexible Packaging	100.00
Mondi Uncoated Fine & Kraft Paper GmbH	Marxergasse 4A, 1030 Vienna	Holding, Corrugated Packaging, Flexible Packaging, Uncoated Fine Paper	100.00
Papierholz Austria GmbH	Frantschach 5, 9413 St. Gertraud	Service, Flexible Packaging	25.00
Belgium			
Mondi Poperinge N.V.	Nijverheidslaan 11, 8970 Poperinge	Production, Flexible Packaging	100.00

Company	Registered office	Principal activities	% of shares held by Group
Bulgaria			
Mondi Stambolijski E.A.D	1 Zavodska Street, Stambolijski 4210, Plovdiv Region	Production, Flexible Packaging	100.00
Canada			
Mondi Hinton Inc.	600-12220 Stony Plain Rd NW, Edmonton AB T5N 3Y4	Dormant, Flexible Packaging	100.00
Colombia			
Mondi Cartagena SAS	LT No CA-4 Zona Franca la Candelaria, Sector Cospique, Zona Industrial Mamonal, Cartagena, Bolivar	Production, Flexible Packaging	100.00
Côte d'Ivoire			
Mondi Abidjan S.A.	Zone Industrielle de Yopougon 01, Abidjan, BP 5676	Production, Flexible Packaging	50.00
Czech Republic			
EURO WASTE a.s.	Litoměřická 272, 41108 Štětí	Service, Flexible Packaging	100.00
Labe Wood s.r.o.[3]	Litoměřická 272, 41108 Štětí	Production, Flexible Packaging	24.99
Mondi Bags Štětí a.s.	Litoměřická 272, 41108 Štětí	Production, Flexible Packaging	100.00
Mondi Bupak s.r.o.	Papírenská 41, 37052 České Budějovice	Production, Corrugated Packaging	100.00
Mondi Coating Štětí a.s.	Litoměřická 272, 41108 Štětí	Production, Flexible Packaging	100.00
Mondi Štětí a.s.	Litoměřická 272, 41108 Štětí	Production, Flexible Packaging	100.00
Mondi Štětí White Paper s.r.o	Litoměřická 272, 41108 Štětí	Production, Flexible Packaging	100.00
Wood & Paper a.s.[3]	c.p. 138, 66491 Hlína	Service, Flexible Packaging	46.50
Egypt			
Mondi Cairo for Packaging Material S.A.E.	El-motawer El-turky (Polaris) Plots No. 7, 6th of October, Giza	Production, Flexible Packaging	100.00
Suez Bags Company (S.A.E.)	K30 Maadi, Ein Soukhna Road, 1002 Cairo	Production, Flexible Packaging	98.30
Finland			
Harvestia Oy	Selluntie 142, 70420 Kuopio	Service, Corrugated Packaging	100.00
Mondi Finland Services Oy	Selluntie 142, 70420 Kuopio	Holding, Corrugated Packaging	100.00
Mondi Powerflute Oy	Selluntie 142, 70420 Kuopio	Production, Corrugated Packaging	100.00
France			
Mondi Gournay Sarl	22 Avenue Pierre 1er de Serbie 75016 Paris	Service, Flexible Packaging	100.00
Mondi Lembacel SAS	11 rue de Reims, 51490 Bétheniville	Production, Flexible Packaging	100.00
Mondi Paper Sales France Sarl	22 Avenue Pierre 1er de Serbie, 75016 Paris	Distribution, Corrugated Packaging	100.00

Company	Registered office	Principal activities	% of shares held by Group
Germany			
Mondi Bad Rappenau GmbH	Wilhelm-Hauff-Strasse 41, 74906 Bad Rappenau	Production, Corrugated Packaging	100.00
Mondi Consumer Packaging International GmbH	Wielandstrasse 2, 33790 Halle	Holding, Flexible Packaging	100.00
Mondi Eschenbach GmbH	Am Stadtwald 14, 92676 Eschenbach	Production, Corrugated Packaging	100.00
Mondi Estonteco GmbH	Wielandstrasse 2, 33790 Halle	Dormant, Corrugated Packaging	100.00
Mondi Halle GmbH	Wielandstrasse 2, 33790 Halle	Production, Flexible Packaging	100.00
Mondi Hammelburg GmbH	Thüringenstrasse 1-3, 97762 Hammelburg	Production, Flexible Packaging	100.00
Mondi Holding Deutschland GmbH	Wielandstrasse 2, 33790 Halle	Holding, Corporate	100.00
Mondi Inncoat GmbH	Angererstrasse 25, 83064 Raubling	Production, Flexible Packaging	100.00
Mondi Jülich GmbH	Rathausstrasse 29, 52428 Jülich	Production, Flexible Packaging	100.00
Mondi Paper Sales Deutschland GmbH	Schauenburgerstraße 49, 20095, Hamburg, Germany	Distribution, Corrugated Packaging	100.00
Mondi Sendenhorst GmbH	Thüringenstrasse 1-3, 97762 Hammelburg	Distribution, Flexible Packaging	100.00
Mondi Trebsen GmbH	Erich-Hausmann-Strasse 1, 04687 Trebsen	Production, Flexible Packaging	100.00
Mondi Wellpappe Ansbach GmbH	Robert-Bosch-Strasse 3, 91522 Ansbach	Production, Corrugated Packaging	100.00
wood2M GmbH[3]	Hauptstrasse 16, 07366 Rosenthal am Rennsteig	Service, Corporate	50.00
Greece			
Mondi Thessaloniki A.E.	Sindos Industrial Zone – Block 18, 57022 Thessaloniki	Distribution, Flexible Packaging	100.00
Hungary			
Mondi Bags Hungária Kft.	Tünde u. 2, 4400 Nyíregyháza	Production, Flexible Packaging	100.00
Mondi Békéscsaba Kft.	Tevan Andor u. 2, 5600 Békéscsaba	Production, Flexible Packaging	100.00
Mondi Szada Kft.	Vasút u. 13, 2111 Szada	Production, Flexible Packaging	100.00
Iraq			
Mondi Kaso Iraq Industrial Bags Ltd.	Takya, Bazian, Sulaimaniyah	Production, Flexible Packaging	34.55
Italy			
Mondi Duino S.r.l.[2]	S.Giovanni di Duino, 24/D, 34011, Duino Aurisina (TS)	Production, Corrugated Packaging	100.00
Mondi Gradisac S.r.l.	Via dell'Industria 11, 34072 Gradisca d'Isonzo, Gorizia	Production, Flexible Packaging	100.00
Mondi Italia S.r.l.	Via Balilla 32, 24058 Romano di Lombardia, Bergamo	Production, Flexible Packaging	100.00
Mondi Padova S.r.l.	Via Mazzini 21, 35010 San Pietro in Gu, Padua	Production, Flexible Packaging	100.00
Mondi Paper Sales Italia S.r.l.	Via A. Locatelli 2, 20124 Milano	Distribution, Corrugated Packaging, Flexible Packaging, Uncoated Fine Paper	100.00
Mondi Silicart S.r.l.	Via Mazzini 21, 35010 San Pietro in Gu, Padua	Service, Flexible Packaging	100.00
Mondi Tolentino S.r.l.	Via Giovanni Falcone 1, 62029 Tolentino, Macerata	Production, Flexible Packaging	100.00

Company	Registered office	Principal activities	% of shares held by Group
NATRO TECH S.r.l.	Via Copernico snc, 24053 Brignano Gera d'Adda	Service, Flexible Packaging	100.00
Powerflute Italia S.r.l. in liquidazione	Via Giacomo Matteotti 2, 21013 Gallarate	Dormant, Corrugated Packaging	100.00
Japan			
Mondi Tokyo KK	7th floor 14-5, Akasaka 2-chrome, Minato-ku, Tokyo	Service, Flexible Packaging	100.00
Jordan			
Jordan Paper Sacks Co. Ltd.	Al Salt, Industrial Area, P.O. Box 119, 19374, Ain Al Basha	Production, Flexible Packaging	67.74
Republic of Korea			
Krauzen Co., Ltd.	48-29, 439 Hongandaero, Dongang-gu, Anyang-si, Gyunggi-do	Dormant, Flexible Packaging	100.00
Mondi KSP Co., Ltd.	48-29, 439 Hongandaero, Dongang-gu, Anyang-si, Gyunggi-do	Distribution, Flexible Packaging	95.00
Lebanon			
Mondi Lebanon SAL	7th Floor, Bloc C, Kassis Building, Antelias Highway, Antelias	Production, Flexible Packaging	66.00
Luxembourg			
Mondi Packaging S.à r.l.	1, rue Hildegard von Bingen, 1282	Holding, Corporate	100.00
Mondi S.à r.l.	1, rue Hildegard von Bingen, 1282	Holding, Corporate	100.00
Mondi Services S.à r.l.	1, rue Hildegard von Bingen, 1282	Holding, Corporate	100.00
Malaysia			
Mondi Kuala Lumpur Sdn. Bhd.[4]	Lot Nos. PT 5034 & 5036, Jalan Teluk Datuk 28/40, 40000 Shah Alam, Selangor	Production, Flexible Packaging	100.00
Mexico			
Caja de Ahorro de Personal de Mondi Mexico Servicios A.C.	Av. San Nicolás No. 249, Colonia Cuauhtémoc, San Nicolás de los Garza, Nuevo Léon, 66450	Service, Flexible Packaging	100.00
Mondi Mexico S. de R.L. de C.V.	Av. San Nicolás No. 249, Colonia Cuauhtémoc, San Nicolás de los Garza, Nuevo Léon, 66450	Production, Flexible Packaging	100.00
Morocco			
Ensachage Moderne Sarl	Km 16, Route d'El Jadida, Casablanca	Dormant, Flexible Packaging	80.64
Mondi Tanger S.A.	Lot N 28 Zone D'exploitation de la Zone Franche, D.Exploitation de Tanger Automobile Cite Dite Tac 2, Tanger, Jouamaa Province Fahsanjra	Production, Flexible Packaging	100.00
Pap Sac Maghreb SA	Km 16, Route d'El Jadida, Casablanca	Production, Flexible Packaging	80.64

Notes to the Mondi plc parent company financial statements
for the year ended 31 December 2023 continued

11 List of subsidiaries, associated undertakings and other significant holdings continued

Company	Registered office	Principal activities	% of shares held by Group
Netherlands			
Mondi Coating B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Flexible Packaging	100.00
Mondi Consumer Bags & Films B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Flexible Packaging	100.00
Mondi Consumer Bags & Films Benelux B.V.	Fort Willemweg 1, 6219 PA Maastricht	Distribution, Flexible Packaging	100.00
Mondi Corrugated B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Corrugated Packaging	100.00
Mondi Corrugated Poland B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Corrugated Packaging	100.00
Mondi Heerlen B.V.	Imstenraderweg 15, 6422 PM Heerlen	Production, Flexible Packaging	100.00
Mondi Industrial Bags B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Flexible Packaging	100.00
Mondi International Holdings B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Corrugated Packaging	100.00
Mondi Maastricht N.V.	Fort Willemweg 1, 6219 PA Maastricht	Production, Flexible Packaging	100.00
Mondi MENA B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Flexible Packaging	70.00
Mondi Packaging Paper B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Flexible Packaging	100.00
Mondi Paper Sales Netherlands B.V.	Bruynvisweg 14, 1531 AZ Wormer	Distribution, Corrugated Packaging, Flexible Packaging, Uncoated Fine Paper	100.00
Mondi SCP Holdings B.V.	Fort Willemweg 1, 6219 PA Maastricht	Holding, Uncoated Fine Paper	100.00
Norway			
Mondi Moss AS	Rådmann Sirasvei 1, 1712 Grålum	Distribution, Flexible Packaging	100.00
Oman			
Mondi Oman LLC	Rusayl Industrial Estate, Road 20, P.O. Box 20, 124, Muscat Governorate, Rusayl	Production, Flexible Packaging	49.00
Poland			
Agromasa Sp. z o.o.	ul. Bydgoska 1, 86-100 Świecie	Service, Corrugated Packaging	100.00
Fredonia Investments Sp. z o.o.	ul. Bydgoska 1, 86-100 Świecie	Service, Corrugated Packaging	100.00
Mondi Bags Mielec Sp. z o.o.	ul. Wojska Polskiego 12, 39-300 Mielec	Production, Flexible Packaging	100.00
Mondi Bags Świecie Sp. z o.o.	ul. Bydgoska 12, 86-100 Świecie	Production, Flexible Packaging	100.00
Mondi BZWP Sp. z o.o.	ul. Zamenhofa 36, 57-500 Bystrzyca Kłodzka	Production, Corrugated Packaging	100.00
Mondi Corrugated Świecie Sp. z o.o.	ul. Tucholska 9, 86-100 Świecie	Production, Corrugated Packaging	100.00
Mondi Dorohusk Sp. z o.o.	ul. Swierkowa 8, 22-174 Brzezno	Production, Corrugated Packaging	100.00
Mondi Krapkowice Sp. z o.o.	ul. Opolska 103, 47-300, Krapkowice	Production, Flexible Packaging	100.00
Mondi Poznań Sp. z o.o.	ul. Wyzwolenia 34/36, 62-070 Dopiewo	Production, Flexible Packaging	100.00
Mondi Recykling Polska Sp. z o.o.	ul. Bydgoska 1, 86-100 Świecie	Service, Corrugated Packaging	100.00
Mondi Simet Sp. z o.o.	Grabonóg 77, 63-820 Piaski	Production, Corrugated Packaging	100.00
Mondi Solec Sp. z o.o.	Solec 143, 05-532 Baniocha	Production, Flexible Packaging	100.00
Mondi Świecie S.A.	ul. Bydgoska 1, 86-100 Świecie	Production, Corrugated Packaging	100.00
Mondi Szczecin Sp. z o.o.	ul. Sloneczna 20, 72-123 Kliniska Wielkie	Production, Corrugated Packaging	100.00
Mondi Warszawa Sp. z o.o.	ul. Tarczyńska 98, 96-320 Mszczonów	Production, Corrugated Packaging	100.00
Mondi Wierzbica Sp. z o.o.	Kolonia Rzecków 76, 26-680 Wierzbica	Production, Flexible Packaging	100.00
PLWD Sp. z o.o.[3]	ul. Bydgoska 1, 86-100 Świecie	Service, Corrugated Packaging	50.67
Świecie Rail Sp. z o.o.	ul. Bydgoska 1, 86-100 Świecie	Service, Corrugated Packaging	100.00
Romania			
Mondi Bucharest S.R.L.	Olympia Tower, 25-29, Decebal Blvd, 3rd Floor (Level 4), 030971 Bucharest	Distribution, Flexible Packaging	100.00
Senegal			
Mondi Senegal S.A.[2]	Zone Economique speciale integree. Commune de Diass. Thies - Senegal	Production, Flexible Packaging	70.00
Serbia			
Mondi Šabac d.o.o. Šabac	Severna 4 No.2, 15000 Šabac	Production, Flexible Packaging	100.00
Singapore			
Mondi Packaging Paper Sales Asia Pte. Ltd.	77 Robinson Road, #13-00, Robinson 77, Singapore, 068896	Distribution, Flexible Packaging	100.00
Slovakia			
East Paper, spol. s.r.o.[3]	Rastislavova 98, 04346 Kosice	Service, Corrugated Packaging	26.01
Mondi SCP, a.s.	Tatranská cesta 3, 03417 Ružomberok	Production, Corrugated Packaging, Flexible Packaging, Uncoated Fine Paper	51.00
Obaly SOLO, s.r.o	Tatranská cesta 3, 03417 Ružomberok	Holding, Uncoated Fine Paper	51.00
RECOPAP, s.r.o.[3]	Bratislavska 18, 90051 Zohor	Service, Corrugated Packaging	25.50
Slovpaper Collection s.r.o.	Tatranská cesta 3, 03417 Ružomberok	Service, Corrugated Packaging	51.00
Slovpaper Recycling s.r.o.	Tatranská cesta 3, 03417 Ružomberok	Service, Corrugated Packaging	51.00
SLOVWOOD Ružomberok a.s.	Tatranská cesta 3, 03417 Ružomberok	Service, Uncoated Fine Paper	33.66
STRÁŽNA SLUŽBA VLA-STA s.r.o.	Tatranská cesta 3, 03417 Ružomberok	Service, Uncoated Fine Paper	51.00

Company	Registered office	Principal activities	% of shares held by Group
South Africa			
Arctic Sun Trading 17 Proprietary Limited[5]	380 Old Howick Road, Mondi House, Hilton, 3245	Distribution, Uncoated Fine Paper	66.67
Bongani Development Close Corporation	Merebank Mill, Travencore Drive, Merebank, 4052	Dormant, Uncoated Fine Paper	100.00
Mondi Forests Partners Programme Proprietary Limited	380 Old Howick Road, Mondi House, Hilton, 3245	Service, Uncoated Fine Paper	100.00
Mondi Sacherie Moderne Holdings Proprietary Limited	Merebank Mill, Travencore Drive, Merebank, 4052	Holding, Uncoated Fine Paper	100.00
Mondi Sahel Holdings (Pty) Ltd	Merebank Mill, Travencore Drive, Merebank, 4052	Holding, Corporate	100.00
Mondi South Africa (Pty) Limited[6]	Merebank Mill, Travencore Drive, Merebank, 4052	Production, Corrugated Packaging, Uncoated Fine Paper	100.00
Mondi Timber (Wood Products) Proprietary Limited	Merebank Mill, Travencore Drive, Merebank, 4052	Holding, Uncoated Fine Paper	100.00
Mondi Zimele Job Funds Proprietary Limited	380 Old Howick Road, Mondi House, Hilton, 3245	Service, Uncoated Fine Paper	100.00
Mondi Zimele Proprietary Limited	380 Old Howick Road, Mondi House, Hilton, 3245	Service, Uncoated Fine Paper	100.00
MZ Technical Services Proprietary Limited	128 Lansdowne Road, Jacobs, 4052	In liquidation, Uncoated Fine Paper	56.00
Professional Starch Proprietary Limited	380 Old Howick Road, Mondi House, Hilton, 3245	In liquidation, Uncoated Fine Paper	100.00
Siyaqhubeka Forests Proprietary Limited	Merebank Mill, Travencore Drive, Merebank, 4052	Service, Uncoated Fine Paper	51.00
Zimshelf Eight Investment Holdings Proprietary Limited	4th Floor, No 3 Melrose Boulevard, Melrose Arch, 2196	In liquidation, Uncoated Fine Paper	100.00
Spain			
Mondi Bags Ibérica S.L.U.	Autovía A-2, Km 582, 08630 Abrera	Production, Flexible Packaging	100.00
Mondi Ibersac S.L.U.	Calle La Perenal 4, 48840 Güeñes, Bizcaia	Production, Flexible Packaging	100.00
Mondi Sales Ibérica S.L.	Calle Blasco Garay n°94 5D, 28003 Madrid	Distribution, Flexible Packaging	100.00

Company	Registered office	Principal activities	% of shares held by Group
Sweden			
Mondi Dynäs AB	87381 Väja	Production, Flexible Packaging	100.00
Mondi Örebro AB	Papersbruksallen 3A, Box 926, 70130 Örebro	Production, Flexible Packaging	100.00
Switzerland			
Dipeco AG	Bruehlstrasse 5, 4800 Zofingen	Distribution, Flexible Packaging	100.00
Thailand			
Mondi Bangkok Company, Limited	789/10 Moo 9 Bang Pla Sub-District, Bang Phli District, Bangkok, Samut Prakan Province	Production, Flexible Packaging	100.00
Mondi Coating (Thailand) Co. Ltd.	Nr 888/100-101 Soi Yingcharoen Moo 19, Bangplee-Tamru Road, Bangpleeyai, Bangplee, Samutprakam 10540	Production, Flexible Packaging	100.00
Mondi TSP Company Limited	110, Moo 3, Nong Chumphon Nuea, Khao Yoi District, Petchaburi Province, 76140	Production, Flexible Packaging	97.55
Türkiye			
Doğal Kağıt Hammaddeleri Sanayi ve Ticaret Limited Şirketi	Esentepe Mahallesi Harman 1 sk.Nida Kule Levent Ap. No:7/9/54 Şişli, İstanbul	Service, Corrugated Packaging	84.65
Mondi Istanbul Ambalaj Limited Şti.	No. 12A Türkgücü OSB Mah. Yilmaz Alpaslan Caddesi Corlu, Tekirdag, 59870	Production, Flexible Packaging	100.00
Mondi Kale Nobel Ambalaj Sanayi Ve Ticaret A.Ş.	Sevketiye Cobancesme Kavsagi, A2 Blok, No. 229/230 Yeşilköy, Bakirköy/Istanbul	Production, Flexible Packaging	100.00
Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi Anonim Şirketi	Toki Mahallesi, Hasan Tahsin Caddesi, No. 28, Tire, Izmir 35900	Production, Corrugated Packaging	84.65
Ukraine			
Mondi Packaging Bags Ukraine LLC	Fabrychna Street 20, Zhydachiv, Lviv Region, 81700	Production, Flexible Packaging	100.00

Notes to the Mondi plc parent company financial statements
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11 List of subsidiaries, associated undertakings and other significant holdings continued

Company	Registered office	Principal activities	% of shares held by Group
UK			
Frantschach Holdings UK Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Flexible Packaging	100.00
Medway Packaging Pension Trustee Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Service, Flexible Packaging	100.00
Mondi Aberdeen Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Distribution, Flexible Packaging	100.00
Mondi Consumer Goods Packaging UK Ltd	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Flexible Packaging	100.00
Mondi Finance plc	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Service, Corporate	100.00
Mondi Holcombe Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Corrugated Packaging	100.00
Mondi Investments Limited[6]	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Holding, Corporate	100.00
Mondi Packaging (Delta) Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Corrugated Packaging	100.00
Mondi Packaging Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Corrugated Packaging	100.00
Mondi Packaging UK Holdings Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Corrugated Packaging	100.00
Mondi Pension Trustee Limited[6]	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Service, Corporate	100.00
Mondi Scunthorpe Limited[7]	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Flexible Packaging	100.00
Mondi Services (UK) Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Service, Corporate	100.00
Powerflute Group Holdings Limited	Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	Dormant, Corrugated Packaging	100.00

Company	Registered office	Principal activities	% of shares held by Group
USA			
Mondi Bags USA, LLC	251 Little Falls Drive, Wilmington DE 19808	Production, Flexible Packaging	100.00
Mondi Jackson LLC	251 Little Falls Drive, Wilmington DE 19808	Production, Flexible Packaging	100.00
Mondi Minneapolis, Inc.	220 South Sixth Street, Suite 2200, Minneapolis 55402	Service, Flexible Packaging	100.00
Mondi Romeoville LLC	251 Little Falls Drive, Wilmington DE 19808	Production, Flexible Packaging	100.00
Mondi Tekkote LLC	251 Little Falls Drive, Wilmington DE 19808	Production, Flexible Packaging	100.00
Mondi U.S. Holdings LLC	251 Little Falls Drive, Wilmington DE 19808	Holding, Corporate	100.00

Notes:
1 % of shares held by the Group in 2022: 51%.
2 % of shares held by the Group in 2022: nil.
3 Joint venture accounted for using the equity method.
4 % of shares held by the Group in 2022: 62%.
5 Associate accounted for using the equity method.
6 These companies are held directly.
7 These companies have ordinary and preference shares.

Production statistics

		2023	2022
Continuing operations			
Containerboard	000 tonnes	2,312	2,383
Kraft paper	000 tonnes	1,085	1,309
Uncoated fine paper	000 tonnes	855	913
Pulp	000 tonnes	3,218	3,566
Internal consumption	000 tonnes	2,741	3,103
Market pulp	000 tonnes	477	463
Corrugated solutions	million m^2	1,880	1,937
Paper bags	million units	5,414	5,994
Consumer flexibles	million m^2	1,818	2,039
Functional paper and films	million m^2	2,667	3,279

Exchange rates

	Average		Closing	
Versus euro	**2023**	**2022**	**2023**	**2022**
South African rand (ZAR)	19.96	17.21	20.35	18.10
Czech koruna (CZK)	24.00	24.57	24.72	24.12
Polish zloty (PLN)	4.54	4.69	4.34	4.68
Pound sterling (GBP)	0.87	0.85	0.87	0.89
Russian rouble (RUB)	92.47	73.94	100.00	78.43
Turkish lira (TRY)[1]	25.76	17.41	32.65	19.96
US dollar (USD)	1.08	1.05	1.11	1.07

Note:
1 The Group has applied hyperinflation accounting for its subsidiaries in Türkiye (see notes 1 and 35).

Group financial record

Financial performance 2014–2023

On 4 May 2022, the Board decided to divest the Group's Russian assets and subsequently concluded, in June 2022, that the Russian operations satisfied the criteria to be classified as held for sale and that they should also be classified as discontinued operations (see note 28). Income, expenses and cash flows for the years ended 2021 and thereafter are presented on a continuing basis and exclude the results from the Russian discontinued operations. Profit and cash flow measures for the years ended 2014 to 2020 include the results from Russian discontinued operations.

Consolidated income statement

€ million, unless otherwise stated	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Group revenue	**7,330**	**8,902**	**6,974**	**6,663**	**7,268**	**7,481**	**7,096**	**6,662**	**6,819**	**6,402**
Underlying EBITDA	**1,201**	**1,848**	**1,157**	**1,353**	**1,658**	**1,764**	**1,482**	**1,366**	**1,325**	**1,126**
Corrugated Packaging	310	662	543	518	583	707	477	408	427	381
Flexible Packaging	637	797	567	557	589	495	480	419	400	353
Uncoated Fine Paper	289	427	55	266	444	516	464	481	448	349
Corporate	(35)	(39)	(34)	(30)	(34)	(32)	(37)	(34)	(34)	(32)
Personal Care Components (divested)	–	1	26	42	76	78	98	92	84	75
Underlying operating profit	**790**	**1,443**	**782**	**925**	**1,223**	**1,318**	**1,029**	**981**	**957**	**767**
Special items before tax	(27)	242	7	(57)	(16)	(126)	(61)	(38)	(57)	(52)
Net finance costs (excluding financing special item)	(73)	(143)	(83)	(95)	(104)	(88)	(85)	(101)	(105)	(97)
Underlying earnings	**523**	**949**	**534**	**627**	**829**	**916**	**721**	**667**	**647**	**519**
Basic earnings	502	1,186	543	582	812	824	668	638	600	471
Basic underlying EPS (euro cents)	**107.8**	**195.6**	**110.1**	**129.3**	**171.1**	**189.1**	**148.9**	**137.8**	**133.7**	**107.3**
Basic EPS (euro cents)	103.5	244.5	112.0	120.0	167.6	170.1	137.9	131.8	124.0	97.4
Total ordinary dividend per share paid and proposed (euro cents)[1]	**70.00**	**70.00**	**65.00**	**60.00**	**57.03**	**76.00**	**62.00**	**57.00**	**52.00**	**42.00**

Note:
1 A special dividend of €1.60 per existing ordinary share was paid on 13 February 2024 to return the net proceeds from the sale of the Russian assets to the Group's shareholders (see notes 9, 22 and 34 for further details).

Significant ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Underlying EBITDA (decline)/growth (%)[1]	(35.0)	59.7	n/a	(18.4)	(6.0)	19.0	8.5	3.1	17.7	5.4
Underlying EBITDA margin (%)	16.4	20.8	16.6	20.3	22.8	23.6	20.9	20.5	19.4	17.6
Underlying operating profit margin (%)	10.8	16.2	11.2	13.9	16.8	17.6	14.5	14.7	14.0	12.0
ROCE (%)	12.8	23.7	13.9	15.2	19.8	23.6	19.3	20.3	20.5	17.2
Net debt to underlying EBITDA (times)	0.3	0.5	1.5	1.3	1.3	1.3	1.0	1.0	1.1	1.4
Dividend cover (times)	1.5	2.8	2.4	2.2	3.0	2.5	2.4	2.4	2.6	2.6
PE ratio	16.4	8.1	14.1	14.8	12.2	9.6	14.6	14.2	13.5	12.6
Mondi plc (LSE) – share price at end of year (GBP pence per share)	1,538	1,410	1,826	1,720	1,773	1,634	1,931	1,666	1,334	1,050
Mondi plc (JSE) – share price at end of year (ZAR per share)	363	291	395	343	326	304	319	279	309	190
Market capitalisation (€ million)	8,590	7,738	10,555	9,342	10,165	8,901	10,523	9,457	8,803	6,563

Note:
1 EBITDA change (%) 2021 is not applicable as 2021 EBITDA is presented on a continuing basis while 2020 EBITDA includes the result from Russian discontinued operations.

Significant cash flows

€ million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash generated from continuing operations	**1,312**	**1,292**	**1,001**	**1,485**	**1,635**	**1,654**	**1,363**	**1,401**	**1,279**	**1,033**
Working capital cash flows	229	(419)	(195)	125	35	(117)	(122)	68	9	(87)
Income tax paid	(178)	(196)	(138)	(168)	(248)	(248)	(151)	(173)	(160)	(106)
Capital expenditure cash payments	**(830)**	**(508)**	**(481)**	**(630)**	**(757)**	**(709)**	**(611)**	**(465)**	**(595)**	**(562)**
Interest paid	(50)	(60)	(67)	(82)	(96)	(73)	(97)	(82)	(93)	(125)
Ordinary dividends paid to shareholders[1]	**(345)**	**(321)**	**(298)**	**(237)**	**(396)**	**(309)**	**(273)**	**(274)**	**(209)**	**(193)**

Note:
1 A special dividend of €1.60 per existing ordinary share was paid on 13 February 2024 to return the net proceeds from the sale of the Russian assets to the Group's shareholders (see notes 9, 22 and 34 for further details).

Consolidated statement of financial position

€ million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Property, plant and equipment	4,619	4,167	4,870	4,641	4,800	4,340	4,128	3,788	3,554	3,432
Goodwill	765	769	926	923	948	942	698	681	590	545
Working capital	1,084	1,282	988	739	952	972	899	799	794	811
Other assets[1]	673	2,034	558	557	620	540	530	532	422	434
Other liabilities[2]	(626)	(987)	(690)	(687)	(728)	(749)	(716)	(721)	(675)	(715)
Net assets excluding net debt	**6,515**	**7,265**	**6,652**	**6,173**	**6,592**	**6,045**	**5,539**	**5,079**	**4,685**	**4,507**
Equity	5,655	5,794	4,498	4,002	4,015	3,485	3,683	3,392	2,905	2,628
Non-controlling interests in equity	441	460	391	380	370	340	324	304	282	266
Net debt	419	1,011	1,763	1,791	2,207	2,220	1,532	1,383	1,498	1,613
Capital employed	**6,515**	**7,265**	**6,652**	**6,173**	**6,592**	**6,045**	**5,539**	**5,079**	**4,685**	**4,507**

Notes:
1 Includes assets held for sale of €nil (2022: €1,382 million).
2 Includes liabilities directly associated with assets held for sale of €nil (2022: €325 million).

Alternative Performance Measures

The Group presents certain measures of financial performance, position or cash flows in the consolidated financial statements that are not defined or specified according to IFRSs and UK-adopted International Accounting Standards in order to provide additional performance-related measures to its stakeholders. These measures, referred to as Alternative Performance Measures (APMs), are prepared on a consistent basis for all periods presented in this report.

By their nature, the APMs used by the Group are not necessarily uniformly applied by peer companies and therefore may not be comparable with similarly defined measures and disclosures applied by other companies. Such measures should not be viewed in isolation or as a substitute to the equivalent IFRSs measure.

Internally, the Group and its operating segments apply the same APMs in a consistent manner in planning and reporting on performance to management, the Executive Committee and the Board. Three of the Group's APMs, underlying EBITDA, basic underlying EPS and ROCE, link to the Group's strategy, as described on pages 22-23, and form part of the executive directors' and senior management's remuneration targets.

The most significant APMs used by the Group are described below, together with a reconciliation to the equivalent IFRSs. The reconciliations are based on Group figures and represent the continuing operations of the Group, unless otherwise stated. The reporting segment equivalent APMs are measured in a consistent manner.

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Special items		
Special items are generally material, non-recurring items from continuing operations that exceed €10 million. The Audit Committee regularly assesses the monetary threshold of €10 million on a net basis and considers the threshold in the context of both the Group as a whole and individual operating segment performance. The Group separately discloses special items on the face of the consolidated income statement to assist its stakeholders in understanding the underlying financial performance achieved by the Group on a basis that is comparable from year to year. Examples of special item charges or credits include, but are not limited to, significant restructuring programmes, impairment of assets or cash-generating units, profits or losses from the disposal of businesses, and the settlement of significant litigation or claims. Subsequent adjustments to items previously recognised as special items, including any related credits received subsequently, continue to be reflected as special items in future periods even if they do not exceed the quantitative reporting threshold. Subsequent adjustments to items, or charges and credits on items that are closely related, which previously did not qualify for reporting as special items, continue to be reported in the underlying result even if the cumulative net charge/credit over the years exceeds the €10 million quantitative reporting threshold.	Note 3	None
Underlying EBITDA		
Operating profit before special items, depreciation, amortisation and impairments not recorded as special items provides a measure of the cash-generating ability of the Group's continuing operations that is comparable from year to year.	Consolidated income statement	Operating profit
Underlying EBITDA margin		
Underlying EBITDA expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the cash-generating ability of the Group's continuing operations relative to revenue.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Underlying EBITDA (see consolidated income statement)	1,201	1,848
Group revenue (see consolidated income statement)	7,330	8,902
Underlying EBITDA margin (%)	**16.4**	**20.8**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying operating profit		
Operating profit before special items provides a measure of operating performance of the Group's continuing operations that is comparable from year to year.	Consolidated income statement	Operating profit

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying operating profit margin		
Underlying operating profit expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the profitability of the Group's continuing operations relative to revenue.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Underlying operating profit (see consolidated income statement)	790	1,443
Group revenue (see consolidated income statement)	7,330	8,902
Underlying operating profit margin (%)	**10.8**	**16.2**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying profit before tax		
Profit before tax and special items. Underlying profit before tax provides a measure of the Group's continuing operations' profitability before tax that is comparable from year to year.	Consolidated income statement	Profit before tax
Effective tax rate		
Underlying tax charge expressed as a percentage of underlying profit before tax. A measure of the tax charge of the Group's continuing operations relative to its profit before tax expressed on an underlying basis.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Tax charge before special items (see note 7a)	167	296
Underlying profit before tax (see consolidated income statement)	709	1,318
Effective tax rate (%)	**23.6**	**22.5**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying earnings (and per share measure)		
Net profit after tax before special items arising from the Group's continuing operations that is attributable to shareholders. Underlying earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) provides a measure of the Group's continuing operations' earnings.	Note 8	Profit for the period attributable to shareholders (and per share measure)
Total earnings (prior to special items)		
Net profit after tax before special items arising from the Group's continuing and discontinued operations that is attributable to shareholders. Total earnings provides a measure of the Group's earnings.	Note 8	Profit for the period attributable to shareholders
Headline earnings (and per share measure)		
The presentation of headline earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) is mandated under the Listings Requirements of the JSE Limited and is calculated in accordance with Circular 1/2023, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.	Note 8	Profit for the period attributable to shareholders (and per share measure)

Alternative Performance Measures continued

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Dividend cover		
Basic underlying EPS from continuing operations divided by total ordinary dividend per share paid and proposed provides a measure of the Group's earnings relative to ordinary dividend payments. The final ordinary dividend per share proposed in respect of the financial year ended 31 December 2023 is based on the new ordinary shares after the share consolidation which took effect on 29 January 2024, whereas basic underlying EPS, the interim dividend per share paid in respect of the current year and the comparative information are based on the existing ordinary shares before the share consolidation (see note 9).		None

APM calculation:

euro cents, unless otherwise stated	2023	2022
Basic underlying EPS (see note 8)	107.8	195.6
Total ordinary dividend per share (see note 9)	70.0	70.0
Dividend cover (times)	**1.5**	**2.8**

Capital employed (and related trailing 12-month average capital employed)		
Capital employed comprises total equity and net debt. Trailing 12-month average capital employed is the average monthly capital employed over the last 12 months adjusted for spend on major capital expenditure projects which are not yet in production. These measures provide the level of invested capital in the business. Trailing 12-month average capital employed is used in the calculation of return on capital employed.	Note 20	Total equity
Return on capital employed (ROCE)		
Trailing 12-month underlying operating profit, including share of associates' and joint ventures' net profit/(loss), divided by trailing 12-month average capital employed. ROCE provides a measure of the efficient and effective use of capital in the business and is presented on the basis of the Group's continuing operations for comparability.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Underlying operating profit (see consolidated income statement)	790	1,443
Underlying net (loss)/profit from joint ventures (see consolidated income statement)	(5)	1
Underlying profit from operations and joint ventures	785	1,444
Trailing 12-month average capital employed of continuing operations (see note 2)	6,135	6,097
ROCE (%)	**12.8**	**23.7**

Net debt		
A measure comprising short-, medium- and long-term interest-bearing borrowings and the fair value of debt-related derivatives less cash and cash equivalents, net of overdrafts, and current financial asset investments. Net debt provides a measure of the Group's net indebtedness or overall leverage.	Note 27c	None
Net debt to underlying EBITDA		
Net debt divided by trailing 12-month underlying EBITDA. A measure of the Group's net indebtedness relative to its cash-generating ability.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Net debt (see note 27c)	419	1,011
Underlying EBITDA (see consolidated income statement)	1,201	1,848
Net debt to underlying EBITDA (times)	**0.3**	**0.5**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Net debt and net debt to underlying EBITDA at 31 December 2023 include the proceeds received from the disposal of the Group's previously owned Russian operations in 2023 but exclude the special dividend distributed on 13 February 2024. The Group therefore presents pro-forma net debt and net debt to underlying EBITDA for 2023 which is calculated as follows:		

APM calculation:

€ million, unless otherwise stated	2023
Net debt (see note 27c)	419
Net proceeds on disposal of discontinued operations	776
Pro-forma net debt	1,195
Underlying EBITDA (see consolidated income statement)	1,201
Pro-forma net debt to underlying EBITDA (times)	**1.0**

Working capital as a percentage of revenue

Working capital, defined as the sum of trade and other receivables and inventories less trade and other payables, expressed as a percentage of annualised Group revenue, which is calculated based on an extrapolation of average monthly year-to-date revenue. A measure of the Group's continuing operations' effective use of working capital relative to revenue. — None

APM calculation:

€ million, unless otherwise stated	2023	2022
Inventories (see note 16)	1,049	1,359
Trade and other receivables (see note 17)	1,254	1,448
Trade and other payables (see note 18)	(1,219)	(1,525)
Working capital	1,084	1,282
Group revenue (see consolidated income statement)	7,330	8,902
Working capital as a percentage of revenue (%)	**14.8**	**14.4**

Gearing

Net debt expressed as a percentage of capital employed of continuing operations provides a measure of the financial leverage of the Group's continuing operations. — None

APM calculation:

€ million, unless otherwise stated	2023	2022
Net debt (see note 27c)	419	1,011
Capital employed of continuing operations	6,515	6,221
Gearing (%)	**6.4**	**16.3**

Additional information for shareholders

The disclosures below form part of the Directors' report on pages 150-151 of this report.

Introduction

Set out below is a summary of certain provisions of Mondi's articles of association (Articles) and applicable English law concerning companies (the Companies Act 2006). This is a summary only, and the relevant provisions of the Articles and/or the Companies Act 2006 should be consulted (as applicable) if further information is required.

Share capital

Mondi's issued share capital as at 31 December 2023 comprised 485,553,780 ordinary shares of 20 euro cents each (the Ordinary Shares) representing 100% of the total share capital. As at the date of this Integrated report, the issued share capital comprised 441,412,530 ordinary shares of 22 euro cents each, following implementation of the share consolidation approved by shareholders at the General Meeting held on 15 January 2024. The share consolidation took effect on 29 January 2024.

Purchase of own shares

Subject to the provisions of the Articles and the Companies Act 2006, Mondi may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class, including any redeemable shares. At the Annual General Meeting held on 4 May 2023, authority was given for Mondi to purchase, in the market, up to 24,277,689 Ordinary Shares. At the General Meeting held on 15 January 2024 to approve the payment of a special dividend and implementation of an associated share consolidation, this authority was replaced with a new authority allowing Mondi to purchase, in the market, up to 22,070,626 Ordinary Shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2024 and, in accordance with usual practice, a resolution to renew such authority for the next year will be proposed.

Ordinary Shares

Dividends and distributions

Subject to the provisions of the Companies Act 2006, Mondi may, by ordinary resolution, from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of Mondi, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all, or any part of any dividends or other monies payable in respect of Mondi's shares, from a person with a 0.25% interest or more in nominal value of the issued shares, if such a person has been served with a notice after failure to provide Mondi with information concerning interest in those shares required to be provided under the Companies Act 2006.

Voting rights and restrictions

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote. Every duly appointed proxy has, upon a show of hands, one vote unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if (i) the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution or (ii) the proxy has been instructed by one or more members to vote either for or against the resolution and by one or more members to use their discretion as to how to vote. On a poll, every member who is present in person or by proxy has one vote for every fully paid share of which they are the holder.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the shares.

Under the Companies Act 2006, members are entitled to appoint a proxy, who need not be a member of Mondi, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy is not entitled to delegate the proxy's authority to act on behalf of a member to another person. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. Where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting, or to exercise any other right conferred by membership in relation to such meetings, in respect of any shares held by them, if any call or other sum then payable by them to Mondi in respect of that share remains unpaid. In addition, no member shall be entitled to vote if they have been served with a notice after failing to provide Mondi with information concerning interests in those shares required to be provided under the Companies Act 2006.

The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the Companies Act 2006, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting, the quorum shall be two persons holding, or representing by proxy, at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them. Notwithstanding this, the relevant plan rules provide that any shares held by the trustee of the Mondi Share Incentive Plan from time to time will not be voted.

Transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by, or on behalf of, the transferor and (except in the case of fully paid shares) by, or on behalf of, the transferee and shall specify the name of the transferor, the name of the transferee and the number of shares being transferred. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered into the register of members in respect of those shares. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The directors may refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall, within two months after the date on which the letter of allotment or transfer was lodged with Mondi, send to the allottee or transferee a notice of the refusal.

The directors may decline to register any instrument of transfer unless the instrument of the transfer: (i) is in respect of only one class of share; (ii) is lodged at the transfer office (duly stamped if required), accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on their behalf, the authority of that person to do so); and (iii) is fully paid.

Subject to the Companies Act 2006 and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system, or that shares of any class should cease to be so held and transferred.

A shareholder does not need to obtain the approval of Mondi, or of other shareholders of Mondi, for a transfer of shares to take place.

Notwithstanding the above, some of the Mondi employee share plans include restrictions on transfer of shares while the shares are subject to such plan.

Directors

Directors shall be no less than four and no more than 20 in number. A director is not required to hold any shares of Mondi by way of qualification. Mondi may by special resolution increase or reduce the maximum or minimum number of directors. Each director shall retire at the Annual General Meeting held in the third calendar year following the year in which the director was elected or last re-elected by Mondi, or at such earlier Annual General Meeting as the directors resolve. A retiring director shall be eligible for re-election.

The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next Annual General Meeting (or if the notice of the next Annual General Meeting has already been sent at the time of such person's appointment, the Annual General Meeting following that one) and shall then be eligible for re-election.

Subject to the Articles, the Companies Act 2006 and any directions given by special resolution, the business of Mondi will be managed by the Board which may exercise all the powers of Mondi.

The Board may exercise all the powers of Mondi to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Mondi or of any third party.

Indemnities

As at the date of this report, indemnities are in force under which Mondi has agreed to indemnify its directors, to the extent permitted by law and the Articles in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of Mondi or any of its subsidiaries.

Significant agreements: change of control

All of Mondi's employee share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time and under certain plans, time pro-rating. The Group also has in place certain borrowing facilities and banking arrangements, some of which could be cancelled, become immediately payable or subject to acceleration upon a change of control of Mondi. Of these arrangements, only one facility agreement is considered to be significant to the Group. In addition, a subsidiary of the Company is a party to a significant agreement (being a supply agreement) entitling the counterparty to terminate such agreement in certain circumstances if there is a change of control of the Company following a takeover. There are no other significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid.

Amendment of the Articles

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution.

Shareholder information

Mondi plc is a company registered in the UK. It has a premium listing on the London Stock Exchange and a secondary listing on the JSE Limited.

Any shareholders still in possession of an old Mondi Limited share certificate should contact JSE Investor Services using the details below.

Financial calendar

May 2024	2024 Annual General Meeting
May 2024	Trading update
May 2024	Payment date for 2023 final dividend
August 2024	2024 half-year results announcement
September/October 2024	2024 interim dividend payment[1]
October 2024	Trading update

1 If one is declared.

Please go to www.mondigroup.com for the most up-to-date calendar.

Analysis of shareholders

As at 31 December 2023, Mondi plc had 485,553,780 ordinary shares in issue, of which 220,945,651 were held on the South African branch register.

By size of holding

Number of shareholders	% of shareholders	Size of shareholding	Number of shares	% of shares
1,687	52.32	1-500	330,642	0.07
345	10.70	501-1,000	249,156	0.05
453	14.05	1,001-5,000	1,084,043	0.22
411	12.75	5,001-50,000	7,947,060	1.64
282	8.75	50,001-1,000,000	71,052,992	14.63
46	1.43	1,000,001-highest	404,889,887	83.39
3,224	100.00		485,553,780	100.00

Managing your shares

Registrars

To manage your shares or if you have any queries, please contact the relevant Registrar:

	Shares held on the UK register	Shares held on the South African branch register
Registrar	Equiniti Limited	JSE Investor Services (Pty) Limited (JSE Investor Services)
Postal address	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA	PO Box 4844 Johannesburg, 2000 South Africa
Helpline number	'+44 (0)371 384 2576 (lines are open 08.30 to 17.30 (UK time), Monday to Friday (excluding public holidays in England and Wales))	011 713 0800 (if calling from South Africa) +27 11 713 0800 (if calling from outside South Africa)
Email	customer@equiniti.com	info@jseinvestorservices.co.za
Online	www.shareview.co.uk	Not available

Sign up to email communications

Receiving shareholder information electronically is a faster way to stay informed and more environmentally friendly.

Shareholders on the UK register can sign up to email communications by contacting Equiniti or via its online portal, ShareView.

Shareholders on the South African branch register holding their shares in certificated form can sign up to email communications by contacting JSE Investor Services or by emailing ecomms@jseinvestorservices.co.za. Shareholders on the South African branch register with dematerialised shares should contact their Central Securities Depository Participant (CSDP) or broker.

You will be notified by email each time new financial reports, notices of shareholder meetings and other shareholder communications are published on our website at: www.mondigroup.com.

Manage your shares online

Shareholders on the UK register can sign up to ShareView, a free secure online site provided by Equiniti, where you can manage your shareholding quickly and easily. You can do the following:

- view your holding and get an indicative valuation;
- change your address;
- arrange to have dividends paid into your bank account;
- request to receive shareholder communications by email rather than post;
- view your dividend payment history;
- make dividend payment choices;
- buy and sell shares and access stock market news and information;
- register your proxy voting instruction; and
- download a Stock Transfer form.

To register for ShareView just visit www.shareview.co.uk. All you need is your shareholder reference number, which can be found on your latest dividend statement. Please note the shareholder reference number found on your share certificate may have been issued by the previous Registrar.

Shareholders on the South African branch register can sign up to ShareHub, the JSE's new platform designed to enhance the shareholder experience. ShareHub allows you to access your dividend payment confirmations in real time and enables you to view, download or print the document from the ShareHub box at your convenience. You will have the option to opt out if you wish to continue receiving dividend payment confirmations via normal post. As electronic post boxes will be opened for all certificated shareholders on the ShareHub platform, we would encourage you to use these existing post boxes to receive all future shareholder communications, including financial statements and meeting notices. For more information and to sign up, contact JSE Investor Services at sharehubqueries@jseinvestorservices.co.za.

Dividends

A proposed final dividend for the year ended 31 December 2023 of 46.67 euro cents per ordinary share will be paid to shareholders in accordance with the below timetable.

Payment of the final dividend is subject to the approval of shareholders at the Annual General Meeting scheduled for 3 May 2024.

Last date to trade shares cum-dividend	
JSE Limited	Tuesday 2 April
London Stock Exchange	Wednesday 3 April
Shares commence trading ex-dividend	
JSE Limited	Wednesday 3 April
London Stock Exchange	Thursday 4 April
Record date	Friday 5 April
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	Thursday 11 April
Last date for DRIP elections to South African Transfer Secretaries by shareholders	Friday 12 April
Last date for DRIP elections to UK Registrar by shareholders	Friday 19 April
Annual General Meeting	Friday 3 May
Payment date	Tuesday 14 May
DRIP purchase settlement dates (subject to the purchase of shares in the open market):	
UK Register	Thursday 16 May
South African Register	Monday 20 May
Currency conversion dates	
ZAR/euro	Thursday 22 February
Euro/sterling	Tuesday 23 April

Shareholder information continued

Dividends continued

Share certificates on Mondi plc's South African register may not be dematerialised or rematerialised between Wednesday 3 April 2024 and Friday 5 April 2024, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between Wednesday 27 March 2024 and Friday 5 April 2024, both dates inclusive.

Dividend tax will be withheld from the amount of the gross final dividend paid to shareholders on the South African branch register at the rate of 20%, unless a shareholder qualifies for an exemption.

Your dividend currency

All dividends are declared in euro. Dividends are paid in euro with the following exceptions:

UK residents	pound sterling
South African residents	South African rand

Shareholders on the UK register resident in the UK may, however, elect to receive their dividends in euro, and shareholders on the UK register resident outside the UK may elect to receive their dividends in pound sterling.

Shareholders on the UK register wishing to elect to receive their dividends in an alternative currency should contact Equiniti using the details provided.

Payment of your dividends

Mondi encourages shareholders to have dividends paid directly into their bank accounts, meaning the payment will reach you more securely and on the payment date, without the inconvenience of depositing a cheque.

Shareholders on the UK register:

- Shareholders wishing to receive dividends in euro or sterling can elect to receive dividends directly into their bank account via ShareView or by contacting Equiniti.
- Shareholders wishing to receive another local currency may be able to take advantage of the Overseas Payment Service offered by Equiniti. Find out more via ShareView or by contacting Equiniti.

Shareholders on the South African branch register:

- The 2019 interim dividend was the last dividend to be paid by cheque. Shareholders who previously received cheques should contact JSE Investor Services, if they have not already done so, to provide their bank details and ensure they continue to receive their dividends.
- Shareholders without a South African bank account are encouraged to dematerialise their shares with a CSDP in South Africa, as a CSDP is often able to pay dividends into foreign bank accounts. Find out more by contacting JSE Investor Services or any CSDP.

Reinvest your dividends

The dividend reinvestment plans (DRIPs) provide an opportunity for shareholders to have their cash dividends reinvested in Mondi plc ordinary shares.

The plans are available to all ordinary shareholders (excluding those in certain restricted jurisdictions). Fees may apply.

If you wish to participate in the DRIPs, you can sign up via ShareView or by contacting either Equiniti in the UK or JSE Investor Services in South Africa as appropriate.

South African dematerialisation

Mondi encourages shareholders on the South African branch register to consider dematerialising their shares. By surrendering your share certificate, you will hold your shares electronically with a CSDP in South Africa, helping to prevent share fraud, theft and loss of share certificates.

Find out more by contacting JSE Investor Services or any CSDP.

Taxation

Mondi is unable to advise shareholders on taxation. Your tax obligations will vary depending on your jurisdiction and financial circumstances. With regard to your Mondi shareholding, we recommend all shareholders maintain records of dividend payments, share purchases and sales. A dividend confirmation will be sent with all dividend payments. For further assistance, please speak to an independent professional tax or financial adviser.

Donating shares to charity

If you have a small number of shares which would cost you more to sell than they are worth, there is the option to donate these unwanted shares to charity free of charge. These shares are then aggregated and sold and the proceeds distributed to various charities. Donate your shares or find out more using the relevant contact details below:

	Shares held on the UK register	Shares held on the South African branch register
	ShareGift	Strate Charity Shares
Postal address	PO Box 72253 London SW1P 9LQ UK	PO Box 78608 Sandton, 2146 South Africa
Helpline number	+44 (0)20 7930 3737	0800 202 363 (if calling from South Africa) +27 11 870 8207 (if calling from outside South Africa)
Email	help@sharegift.org	charityshares@computershare.co.za
Online	www.sharegift.org	http://www.strate.co.za/wp-content/uploads/2020/11/strate_charity_shares_donation_form_2020-1.pdf

Fraud

Shareholders should be aware that they may be targeted by certain organisations offering unsolicited investment advice or the opportunity to buy or sell worthless or non-existent shares. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the UK Financial Conduct Authority (FCA) and doing further research.

If you are unsure or think you may have been targeted you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk, email consumer.queries@fca.org.uk or call the FCA consumer helpline on 0800 111 6768 if calling from the UK or +44 20 7066 1000 if calling from outside the UK.

Shareholders can also contact Equiniti in the UK or JSE Investor Services in South Africa using the contact details found above, or Mondi's company secretarial department on +44 (0) 1932 826300.

Account amalgamations

If you receive more than one copy of any documents sent out by Mondi or for any other reason you believe you may have more than one Mondi plc account, please contact the relevant Registrar who will be able to confirm and, if necessary, arrange for the accounts to be amalgamated into one.

Alternative formats

If you would like to receive this report in an alternative format, such as in large print, Braille or audio format, please contact Mondi's company secretarial department on +44 (0) 1932 826300.

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About this report

The report is prepared in accordance with the requirements of the Disclosure Guidance and Transparency and Listing Rules of the United Kingdom Listing Authority and the Listings Requirements of the JSE Limited where applicable.

The report aims to provide a fair, balanced and understandable assessment of our business model, strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues.

Forward-looking statements

This document includes forward-looking statements. All statements other than statements of historical facts included herein, including, without limitation, those regarding Mondi's financial position, business strategy, market growth and developments, expectations of growth and profitability and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as 'believe', 'expects', 'may', 'will', 'could', 'should', 'shall', 'risk', 'intends', 'estimates', 'aims', 'plans', 'predicts', 'continues', 'assumes', 'positioned' or 'anticipates' or the negative thereof, other variations thereon or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mondi, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions and are based on numerous assumptions regarding Mondi's present and future business strategies and the environment in which Mondi will operate in the future. These forward-looking statements speak only as of the date on which they are made.

No assurance can be given that such future results will be achieved; various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include in particular but without any limitation: (1) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development plans and targets, changes in the degree of protection created by Mondi's patents and other intellectual property rights and the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for Mondi's products and raw materials and the pricing pressures thereto, financial condition of the customers, suppliers and the competitors of Mondi and potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in Mondi's principal geographical markets or fluctuations of exchange rates and interest rates.

Mondi expressly disclaims a) any warranty or liability as to accuracy or completeness of the information provided herein; and b) any obligation or undertaking to review or confirm analysts' expectations or estimates or to update any forward-looking statements to reflect any change in Mondi's expectations or any events that occur or circumstances that arise after the date of making any forward-looking statements, unless required to do so by applicable law or any regulatory body applicable to Mondi, including the JSE Limited and the LSE.

This document includes market position estimates prepared by the Group based on industry publications and management estimates. Main industry publication sources are: Fastmarkets RISI, Eurosac, Freedonia, Alexander Watson Associates, PCI Wood Mackenzie, EMGE, EURO-GRAPH, and Pulp and Paper Products Council.

OUR REPORTING SUITE

Integrated report

Our Integrated report provides a clear, consistent and comprehensive overview of our financial and non-financial performance against our strategy, sustainable development commitments, policies and governance framework.

Integrated Report 2023
www.mondigroup.com/ir23

Sustainable Development report

We prepare a detailed, externally assured Sustainable Development report in accordance with the Global Reporting Initiative (GRI) Universal Standards (2021) and SASB.

Sustainable Development Report 2023
www.mondigroup.com/sd23

GRI & SASB Index

The report has been produced in accordance with the GRI Universal Standards and the SASB Containers & Packaging Industry Standard.

Consolidated Performance data

A comprehensive data file is available in excel or pdf for download, which shows our sustainability key performance indicators in line with MAP2030 for the period 2019 to 2023 (unless otherwise indicated).

Stakeholder Engagement Index

This index provides detailed information about our stakeholder engagement, including why we engage different groups, how we engage with them, what topics we engage on and the action we have taken.

Sustainable Development Goals Index

This index maps the UN Sustainable Development Goals (SDGs) and their respective targets against the contents of the Sustainable Development report, where further information about our contribution can be found.

GRI Biodiversity disclosures

We provide a separate GRI biodiversity disclosure document.

Reports and publications
www.mondigroup.com/investors/results-reports-and-presentations

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