

Mondi plc
Remuneration Committee
Terms of Reference

In these Terms of Reference, references to:

“the **Group**” shall mean Mondi plc and its respective subsidiaries from time to time;

“the **Board**” shall mean the Board of Directors of Mondi plc;

“the **Committee**” shall mean the Remuneration Committee of the Board;

“**Executive and Senior Management**” shall mean the members of the Executive Committee of the Board, the Company Secretary of Mondi plc, the Group Head of Internal Audit and any other employees earning a base salary in excess of €325,000 (or equivalent in another currency);

“the **Corporate Governance Code**” shall mean the UK Corporate Governance Code, as amended from time to time.

1 Membership

1.1 The Committee shall be appointed annually by the Board on the recommendation of the Nominations Committee and shall comprise at least three independent Non-executive Directors. In addition, the Chair of the Board may be a member of the Committee (but not the Chair of the Committee) where they were deemed independent upon appointment as Board Chair.

1.2 The Board shall appoint the Chair of the Committee, who shall be an independent Non-executive Director and who has served on a remuneration committee for at least 12 months. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board may not be chair of the Committee meeting.

1.3 If a member of the Committee is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another independent Non-executive Director to cover as an alternate member.

1.4 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Group Head of Reward and external advisers may be invited to attend for all or part of any meeting as considered appropriate by the Committee.

2 Secretary

2.1 The Company Secretary of Mondi plc or their nominee shall act as the Secretary of the Committee.

3 Quorum

- 3.1** The quorum necessary for the transaction of business shall be two independent Non-executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4 Meetings

- 4.1** The Committee shall meet at least twice a year at such times as the Chair of the Committee shall require.

5 Notice of Meetings

- 5.1** Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee.
- 5.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, normally no later than four working days before the date of the meeting. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

6 Minutes of Meetings

- 6.1** The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2** Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

- 7.1** The Chair of the Committee shall attend the Annual General Meeting of Mondi plc and be prepared to respond to any shareholder questions on the Committee's activities.

8 Duties

The Committee shall:

- 8.1** determine and agree with the Board the Group's remuneration policy and the framework or broad policy for the remuneration of the Chair of the Board and the Executive and Senior Management. The remuneration of Non-executive Directors shall be a matter for the Chair of the Board and the Executive Directors, ensuring appropriate benchmarking, data analysis and external advice is taken into account. No director or manager shall be involved in any decisions as to their own remuneration;
- 8.2** in determining such policy or framework, take into account all factors which it deems necessary, including any relevant legal and regulatory requirements, the provisions and recommendations of the Corporate Governance Code, the UK Listing Authority's Listing

Rules and associated guidance. Such policy shall be structured so as to link rewards to corporate and individual performance and wider circumstances, whilst being designed to promote the long-term sustainable success of the Group and to attract, retain and motivate Executive and Senior Management of the quality required to run the Group successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Group and the Group's values and be aligned to the Group's long term strategic goals;

- 8.3** when setting remuneration policy for directors, and at least annually, review and have regard to pay and employment policies, trends and conditions across the Group as a whole (including in relation to pay ratios and pay gaps), especially when determining salary increases;
- 8.4** review the ongoing appropriateness and relevance of the remuneration policy;
- 8.5** recommend and monitor the level and structure of remuneration for Executive and Senior Management;
- 8.6** **8.6.1** approve the design of, and determine targets for, any performance related pay schemes which the Executive and Senior Management of the Group participate in (for instance the Bonus Share Plan);
8.6.2 in determining the design of, and targets for, such schemes, take into account all factors it deems necessary including performance related pay schemes across the Group as a whole; and
8.6.3 determine the extent to which Group performance targets for such performance related pay schemes have been achieved and, within the terms of the scheme rules and taking appropriate account of overall performance, approve the amount of payments under these schemes to members of Executive and Senior Management;
- 8.7** review the design of all executive and all-employee share plans for approval by the Board and shareholders, and any materials amendments or alterations to the terms of any such plans (or awards granted under them). For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the performance targets to be used and the individual awards to the Executive and Senior Management;
- 8.8** determine the policy for, and scope of, pension arrangements, service agreements and termination payments for the Executive and Senior Management, noting that only basic pay should be pensionable and that, for new Executive Directors pension contributions should be aligned with the majority of the workforce in the relevant location;
- 8.9** ensure that contractual terms on termination of the Chief Executive Officer and Executive and Senior Management, and any payments made, are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.10** within the terms of the agreed policy, determine the remuneration package of the Chair of the Board;

- 8.11** within the terms of the agreed policy and in consultation with the Chair of the Board, determine the total individual remuneration package, including salary, bonuses, incentive payments, share options, other share awards and any other benefits of the Chief Executive Officer and, in consultation with the Chief Executive Officer, the other members of the Executive and Senior Management;
- 8.12** agree the policy on shareholding requirements for Executive Directors including post-employment requirements;
- 8.13** be informed about any major changes in employee benefits structures and policies across the Group and its subsidiaries;
- 8.14** agree the policy for authorising claims for expenses from the Chair of the Board and the Chief Executive Officer;
- 8.15** be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.16** obtain reliable, up-to-date information about the remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission any reports, surveys or information which it deems necessary at the expense of the Group but within any budgetary restraints imposed by the Board;
- 8.17** ensure that all performance-related pay schemes and (where applicable) share incentive plans contain appropriate safeguards against excessive or unwarranted remuneration outcomes, including but not limited to malus and clawback powers; and
- 8.18** exercise independent judgement and ensure the Committee retains discretion to scale back remuneration outcomes, where appropriate.
- 8.19** have regard to the following principles:
- **Clarity** – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
 - **Simplicity** – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
 - **Risk** – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
 - **Predictability** – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving any policy;
 - **Proportionality** – the link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear; outcomes should not reward poor performance; and
 - **Alignment to culture** – incentive schemes should drive behaviours consistent with the Group's purpose, values and strategy.

9 Reporting Responsibilities

- 9.1** The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3** The Committee shall produce a Directors' Remuneration Report ("DRR") which will form part of the Group's Integrated Report and shall ensure each year that the DRR is put to shareholders for approval at the Annual General Meeting of Mondi plc. Such report to be accurate, complete and transparent, ensuring that all provisions regarding disclosure of remuneration, including pensions and as included in the Corporate Governance Code, are fulfilled. The Committee shall also ensure that the Directors' Remuneration Policy ("DRP") is submitted for shareholder approval in accordance with statutory requirements.
- 9.4** The Committee shall ensure that the Group maintains contact as required with its principal shareholders about remuneration.

10 Other

- 10.1** The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.2** The Committee shall be provided with appropriate and timely training.

11 Authority

- 11.1** The Committee is authorised by the Board to seek any information it requires from any employee of the Group in order to perform its duties.
- 11.2** The Committee is authorised by the Board to obtain, at the Group's expense, any outside legal or other professional advice it shall reasonably require in connection with the performance of its duties.
- 11.3** The Committee is authorised by the Board to establish a Share Schemes Sub-Committee to exercise all or any of the powers, authorities and discretions given to the Committee in relation to the operation and/or administration of the Group's executive and all-employee share plans save in respect of the Executive and Senior Management.

12. Tenure

- 12.1** The Committee shall remain in existence until the Board determines otherwise.

2 December 2020