Mondi plc

https://www.mondigroup.com/investors/results-reports-and-presentations/?year=2025

Annual General Meeting

26 March 2026

Financial Year End: 31 December 2025

Mondi plc's performance in FY2025 represents a study in strategic resilience amidst a protracted industry downcycle. While the Group successfully grew its top-line revenue to €7,663 million (a 3.3% increase), this growth was inorganic, heavily supported by the acquisition of Schumacher Packaging's Western Europe assets. Critically, this revenue growth did not translate to the bottom line; profit before tax plummeted by 28.8% to €269 million, and underlying EBITDA margin contracted from 14.1% to 13.1%.

Operational Outcomes and Adverse Conditions

The primary adverse condition was a "prolonged cyclical downturn" characterised by fragile consumer confidence and significant supply-side capacity additions in segments like recycled containerboard, which severely pressured industry pricing. Mondi's decision to combine its Corrugated Packaging and Uncoated Fine Paper units into a single business was a necessary, albeit reactive, move to streamline decision-making and extract operational synergies in a high-inflation environment.

Operationally, Mondi achieved a significant milestone by completing major capacity expansions at mills like Świecie and Kuopio on time and on budget. However, these investments, coupled with the Schumacher deal, drove net debt up to €2,599 million, pushing leverage to 2.6x. This forced a conservative shift in capital allocation: the Board slashed the dividend to 28.25 euro cents—a sharp decline from the previous year's 70 cents—to prioritise financial flexibility and return to its stated cover policy.

Ethical and Regulatory Criticality

From an ethical perspective, the year was marred by two fatalities—one employee in Germany and one member of the public in South Africa. While Mondi remains an industry leader in safety with a TRCR of 0.67, the failure to achieve its zero-fatality target is a significant blot on its operational record.

Environmentally, the integration of new assets led to increased absolute Scope 1 and 2 GHG emissions (2.12 million tonnes CO_2e vs. 1.86 million in 2024) and higher water withdrawal intensity [156, 157, responses]. While the Group remains on track for its MAP2030 goals, these acquisitions have temporarily degraded carbon efficiency ratios. On a positive note, circularity remains a strength, with 88% of revenue now derived from reusable, recyclable, or compostable products.

Opportunities and Outlook

Looking forward, Mondi is pivoting from an "intensive investment phase" to a "productivity ramp-up phase". Planned capital expenditure for 2026 will be reduced to approximately €550 million, focusing on cost optimisation and energy efficiency.

Planned opportunities include:

- Synergy extraction through realising the full potential of the Schumacher acquisition and recently completed expansion projects.
- Structural growth by leveraging a 5% projected CAGR in e-commerce packaging through 2030.
- Strategic agility in moving operations into lower-risk geographic regions to mitigate country-level volatility.

Conclusion

In conclusion, Mondi is currently "operationally geared to the upside". However, its near-term success depends entirely on its ability to manage its increased debt load and successfully ramp up production efficiency before market pricing further erodes margins.

THE ACTIVE SHAREHOLDER
ESG INDEX

Active Shareholder is developing a mechanism by which to score a company's ESG. The summary alongside is from a beta version currently being tested. The metrics used to evaluate the five different aspects of ESG are available upon request. While not all of these are regulated and some are aspirational, they all reflect Active Shareholder's goals for ethical, sustainable, and fair governance.

These insights have been used in part to arrive at the proxy recommendations that follow.

Active Shareholder

Mondi plc

31/12/2025

Number	Theme	Score	Total		% Weighting
1	Governance	9.60	14	69%	25.45%
2	Remuneration	7.00	11	64%	20.00%
3	Employment & Labour	5.51	9	61%	16.36%
4	CSI	4.38	7	63%	12.73%
5	Environment	10.00	14	71%	25.45%
	Total	36.49	55	**66%**	100.00%

Active ESG Score = 66%

Active Shareholder ESG Index

Beta2.02 (2025) Created by LRS in conjunction with Active Shareholder

Score		*Consequence*
below 50	=	*Vote against Chair of Board*
between 50 and 60	=	*Vote against Committee Chairs*
between 60 and 80	=	*Active commendation*
above 80	=	*Active endorsement*

1. **Governance (69%)**
   While digital transparency is high through detailed director profiles, the 69% score reflects accountability gaps. Excluding the Social and Ethics report from a vote at the AGM prevents formal shareholder approval of non-financial performance. Foundational governance is sound, but failing to subject ethical conduct to a specific vote remains a critical weakness.

2. **Remuneration (64%)**
   Linking 20% of bonuses to sustainability KPIs and applying downward discretion for safety fatalities shows ethical alignment. However, the score is suppressed by structural flaws. Using ROCE as a primary metric for both short and long-term incentives creates a conflict with guidelines requiring different metrics to avoid overlapping performance signals.

3. **Employment & Labour (61%)**
   The lowest score highlights significant transparency deficits. While 40% of the Board is female, the broader workforce remains only 23.4% women. Critically, global ethnicity and disability data remain unreported, with management citing legal "impracticality". This lack of data obscures the reality of Mondi's transformation and progress on diversity.

4. **CSI (63%)**
   Social commitment is clear, with €6.6 million invested—representing 3.35% of NPAT. While this exceeds regulatory benchmarks, absolute spending decreased slightly despite revenue growth. To improve this score, the Group must ensure social investment scales proportionally with recent expansions, moving closer to aspirational benchmarks where community impact scales alongside executive reward.

5. **Environment (71%)**
   Circularity leadership and robust MAP2030 targets secure the highest theme score. However, absolute environmental performance is currently regressing. Recent acquisitions drove Scope 1 and 2 emissions up by 14%, while energy and water intensities also worsened in 2025. Mondi must urgently decouple inorganic growth from its environmental footprint.

PROXY RECOMMENDATIONS

	Resolution	Rationale	Vote	Outcome of AGM
Ordinary Resolutions				
1	To receive the report and accounts	While the UK Companies Act 2006 obliges Mondi to present (lay) its AFS at the AGM, the act of putting them to a formal shareholder vote is a matter of standard market practice and corporate governance rather than a strict legislative requirement. A vote on the Annual Financial Statements (AFS) as a specific item is highly desirable and considered "best practice" by Active Shareholder and other institutional guidelines. We urge that the AFS be offered for adoption in the future. The failure to do so leads us to vote against the ARC Chair. Similarly, voting on the ESG/Sustainability report is highly desirable and considered "best practice" by governance advocates like Active Shareholder. This practice aligns with investor demands for greater transparency on environmental and social matters. Mondi plc bundles its sustainability and environmental reports in its integrated annual report, depriving shareholders of an opportunity to do anything more than "receive" them. We believe that these should nevertheless be presented for voting. This omission leads us to vote against the ESEC Chair. We urge that this report be put to the vote in the future.	AGAINST	FOR 99.99%
2	To approve the remuneration policy	Mondi plc's remuneration policy presents a sophisticated, high-performing framework, scoring 82% on the Active ESG Index. The policy effectively balances structural rigour with strategic alignment, though some areas warrant critical scrutiny. **Strengths and Structural Alignment** The policy contains several "best practice" features that align with long-term stewardship. Specifically, it mandates that 50% of annual bonuses be deferred into shares for three years. While the LTIP has a three-year performance period, a mandatory two-year post-vesting holding period ensures a five-year horizon for realisation, meeting the spirit of guidelines requiring longer-term vesting. Furthermore, the Minimum Shareholding Requirement (MSR) of 300% of salary for the CEO – extending two years post-employment – promotes alignment with shareholder interests. **Sustainability and Accountability** Mondi is a leader in integrating ESG into pay, with 20% of the annual bonus linked to a sustainability scorecard (safety, GHG emissions, and waste reduction). The Committee's 2025 decision to apply downward discretion, zeroing out safety payouts following two fatalities, demonstrates genuine accountability rather than mere compliance. **Critical Deficits**	AGAINST	FOR 94.35%

	Resolution	Rationale	Vote	Outcome of AGM
		Despite these strengths, the policy exhibits three key areas of concern: **Metric Overlap:** Contrary to guidelines suggesting different metrics for short- and long-term plans, ROCE is a primary driver for both the annual bonus and the LTIP. **Discretionary "Soft Floors":** In 2025, financial targets were missed, yet executives received bonuses of 24–26% of maximum based on "personal strategic objectives". This creates a buffer that may weaken the link between variable reward and bottom-line outcomes during downturns. **Community Measures:** Performance targets lack a specific measure of community involvement, a key requirement under Active Shareholder Policies. In summary, while structurally robust and ethically responsive regarding safety, the policy's reliance on overlapping metrics and qualitative "personal objectives" requires ongoing shareholder monitoring to ensure it remains strictly "pay-for-performance". For these reasons, Active Shareholder will not support the resolution.		
3	To approve the remuneration report (other than the policy)	Mondi plc's 2025 remuneration implementation report (Resolution 3) reflects a sophisticated but imperfect alignment between executive reward and stakeholder outcomes, earning a 64% theme score on the Active ESG Index. The most commendable feature of the reporting period is the Remuneration Committee's use of downward discretion regarding safety. Despite the formulaic Total Recordable Case Rate (TRCR) meeting threshold levels, the Committee zeroed out the safety payout for the annual bonus following two fatalities in Germany and South Africa. This rigorous application of ethical standards aligns directly with PIC and Active guidelines, requiring accountability for accidents causing serious harm. Total single-figure remuneration for the CEO fell 44.5% to £1,994,723 (R44.9 million), driven largely by the 0% vesting of the 2023 LTIP awards after the Group failed to meet ROCE, EPS, and TSR hurdles. This outcomes-based reduction suggests that the long-term incentive structure is genuinely "at risk" during industry downcycles. However, the annual bonus outturn presents a "soft floor" of concern. While primary financial targets for EBITDA and ROCE were missed entirely, the CEO and CFO still received bonuses of 24% and 26% of maximum, respectively. These payouts were buoyed by personal strategic objectives, where the CEO received 14% out of 20% for "resilience" efforts. Rewarding qualitative strategic progress when financial hurdles are not cleared risks creating a disguised salary supplement that weakens the pay-for-performance link. Structurally, the report confirms a persistent metric	AGAINST	FOR 95.34%

	Resolution	Rationale	Vote	Outcome of AGM
		overlap, with ROCE serving as a primary driver for both short-term bonuses and long-term incentives. This violates Active's policy that STIs and LTIs should not utilise identical metrics to ensure balanced performance signals. Furthermore, while Mondi's £6.6 million CSI/SED spend is significant at 3.35% of NPAT, the ratio of social investment to CEO pay stands at 330.9%. This remains below Active's aspirational benchmark of 500% (5 times CEO pay), suggesting that community impact is not yet scaling proportionally with executive remuneration. Finally, the CEO-to-SA-national-minimum-wage ratio of 750:1 highlights the extreme internal inequality that persists within the Group's South African context. While Resolution 3 shows leadership in safety-related accountability, the 12.34% opposition recorded in 2025 indicates that shareholders remain wary of discretionary buffers and metric duplication.		
4	To declare a final dividend	The decision to align the dividend with the Group's established policy of maintaining a 2–3 times earnings cover is a prudent management choice. This approach prioritises financial stability and the maintenance of a strong credit rating, which is essential following the major acquisition of Schumacher Packaging.	FOR	FOR 99.98%
5	To re-elect Svein Richard Brandtzaeg as a director	Appointed April 2021. Holds a PhD in Chemical Engineering. Former CEO of Norsk Hydro ASA, his global industrial leadership brings valuable insight into strategic planning, business synergies, and driving growth across key geographic markets.	FOR	FOR 99.76%
6	To re-elect Sue Clark as a director	Appointed April 2021. Holds a BSc and MBA. As Senior Independent Director and Remuneration Committee Chair, she provides extensive commercial and strategic insight, with expertise in reputation management and consumer preferences across diverse sectors.	FOR	FOR 99.45%
7	To re-elect Sucheta Govil as a director	Appointed October 2024. Holds a BA and MBA. She brings extensive multinational commercial leadership experience and specialised expertise in strategic marketing and innovation, offering fresh challenge and diverse perspectives to the Board's strategy.	FOR	FOR 99.69%
8	To re-elect Anke Groth as a director	Appointed April 2023. Holds a Business Economics degree. She offers significant financial leadership from the energy sector. Serving as the director for workforce engagement, she provides operational insights and facilitates communication between employees and the Board.	FOR	FOR 99.82%
9	To re-elect Andrew King as a director	Appointed in 2008; CEO since 2020. Chartered Accountant (SA). His long tenure provides deep institutional memory. He possesses extensive operational knowledge of the value chain, crucial for leading Mondi through challenging industry cycles.	FOR	FOR 99.99%
10	To re-elect Saki Macozoma as a director	Appointed May 2022. Holds a BA in Economics and Politics. He provides vital insight into South African business and regulatory landscapes, supporting	FOR	FOR 98.84%

	Resolution	Rationale	Vote	Outcome of AGM
		Mondi's transformation and sustainability goals through extensive chair and non-executive experience.		
11	To re-elect Mike Powell as a director	Appointed November 2020. Chartered Management Accountant (UK). He brings considerable experience from leading finance teams at international listed companies, providing strategic financial management and rigour in capital allocation, risk oversight, and financial reporting.	FOR	FOR 99.24%
12	To re-elect Dame Angela Strank as a director	Appointed April 2021. PhD and Chartered Engineer. Chairing the Sustainable Development Committee, she applies specialised knowledge in low-carbon energy and technology to circular solutions, providing critical guidance on international sustainability and executive leadership. Despite this, Active Shareholder regards her as remiss for not offering the environmental report for a vote.	AGAINST	FOR 99.67%
13	To re-elect Philip Yea as a director	Appointed April 2020. Chartered Management Accountant (UK). As Chair, his vast experience leading major international corporates and deep understanding of UK governance standards are central to Board effectiveness and delivering long-term shareholder value.	FOR	FOR 97.87%
14	To re-elect Stephen Young as a director	Appointed May 2018. Chartered Management Accountant (UK). As Audit Committee Chair, he leverages financial leadership and international industrial sector experience to maintain robust risk management systems, acting as a critical sounding board for executive management. Active Shareholder takes issue with him in his capacity as AC chair for his failure to present the AFS for a vote.	AGAINST	FOR 99.77%
15	To appoint the auditors	Appointing PricewaterhouseCoopers LLP (PwC), with Jo Leeson as lead, aligns with relevant ethical and regulatory standards. Non-audit fees (€0.7m) represent approximately 9.6% of total audit fees (€7.3m), remaining well below the 25% threshold for independence. While PwC has served for nine years, the proactive 2025 tender process ensures compliance with mandatory rotation cycles.	FOR	FOR 99.88%
16	To authorise the Audit Committee to determine the auditors' remuneration	Delegating this authority to the committee is standard practice for UK premium-listed entities.	FOR	FOR 100.00%
17	To authorise the directors to allot relevant securities	Mondi has limited the authority to 5%, specifically accommodating South African voting preferences and PIC guidelines. While Active Shareholder's policy critiques "vague statements of intention," Active historically supports this resolution to facilitate the administration of employee share schemes (LTIP/BSP). This conservative threshold balances corporate flexibility with strong shareholder protection against excessive dilution, maintaining consistency with Active's 2025 position.	FOR	FOR 88.99%
Special resolutions				

	Resolution	Rationale	Vote	Outcome of AGM
18	To authorise the directors to disapply pre-emption rights	While the 5% limit accommodates South African shareholders, Active's Policy mandates detailed reasons for share-for-cash issues to prevent dilution. In 2025, Active voted against this resolution, viewing general "flexibility" for business opportunities as a vague statement of intention. Consequently, as the 2026 rationale remains general, Active maintains its critical stance that statutory pre-emption rights provide essential protection.	AGAINST	FOR 78.36%
19	To authorise Mondi plc to purchase its own shares	Active's Policy 16 disapproves of market share repurchases unless conducted via a general offer to all shareholders. This principle drove Active's opposition to a similar resolution in 2025. While Mondi restricts the authority to 5% and intends to cancel the shares, the lack of a pro-rata general offer violates Active's standard for equitable capital returns to all owners.	AGAINST	FOR 89.83%
20	To authorise general meetings to be held on 14 days' notice	This standard resolution provides corporate flexibility for time-sensitive transactions. While 21 days remains the rule for AGMs, the 14-day window for other general meetings is intended only for situations advantageous to shareholders. Mondi commits to non-routine usage, aligning with Active's 2025 position supporting this measure to ensure corporate agility while maintaining statutory transparency.	FOR	FOR 78.33%

AGM OUTCOME

The Board notes that although Resolutions 18 (disapplication of pre-emption rights) and 20 (to hold general meetings on 14 days' notice) were passed and approved by the majority of shareholders, and are consistent with the approach taken in previous years, slightly more than 20% of the votes were cast against the Board's recommendation in each case. At the 2025 Annual General Meeting, the equivalent resolution to authorise the disapplication of pre-emption rights also received more than 20% votes against and following engagement, we confirmed that the outcome reflected the voting policies of certain of our shareholders. The resolution authorising general meetings to be held on 14 days' notice received less than 20% votes against in 2025. The Board will consider the views of our shareholders in respect of these resolutions to ensure we understand the reasons behind the voting outcome.