ANNUAL REPORT 2022

Innovating for sustainable packaging

Huhtamaki

Contents

The Huhtamaki Annual Report 2022 is composed of four sections describing our 2030 Strategy, sustainability and financial performance, and governance.

This PDF is intended to be used on widescreen computers. A PDF optimized for printing is available for download at www.huhtamaki.com/investors.

This Annual Report is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation. The Financial Statements and Directors' report 2022 in accordance with ESEF regulations are available at www.huhtamaki.com/investors.

OVERVIEW

Becoming the first choice in sustainable packaging solutions

PRESIDENT AND CEO'S FOREWORD

Continued strong performance in 2022

We continued to successfully execute our Huhtamaki 2030 growth strategy and in an operational environment that remained to be challenging, delivered a strong performance in 2022

We enhanced our focus on developing sustainable product solutions to protect food, people and the planet. Throughout 2022, demand for our products continued to improve, with differences between regions and categories, which is reflective of consumer buying decisions and continued Covid-related restrictions. In certain geographies, particularly in emerging markets, demand began to be negatively affected by the high inflation, creating pressure on consumers. On the other hand, we continued to see growth in most developed markets.

Inflation affected all input costs, particularly raw materials, energy, freight and labor. We focused on pricing, an important driver for net sales growth, in addition to organic growth projects. As a result, our comparable growth reached 15%, increasing net sales to EUR 4.5 billion, and increasing adjusted EBIT by 25%. Our ability to handle adverse and volatile conditions demonstrates the agility of our team, the effectiveness of our global footprint, and the resilience of our diverse portfolio across our various technologies.

Complexity, volatility, and uncertainty affected the entire business environment during the last year. 2022 was marked by the war affecting Ukraine, driving us to divest our operations in Russia, which we successfully completed in September.

Our future success will build on competitiveness and innovation for sustainability

Our ambition is to be the first choice for our customers in sustainable packaging solutions. To this end, we are accelerating the development of our different technologies and our investment in strategic capabilities, to deliver game changing innovation. We continued innovating sustainable packaging solutions, including the partnership with Nespresso who announced the launch of their compostable paper-based coffee capsules. This innovation results from the continuous development of our proprietary fiber high-precision technology, previously illustrated by the launch of fiber lids replacing the available plastic alternative in the foodservice sector.

We have continued to progress on our ambitious sustainability journey and remain committed to delivering solutions that have a positive impact on the environment. Our intent is to reach carbon neutral production by 2030, while optimizing our use of resources, including energy, water and waste. During 2022, we have, for example, acted to significantly increase the use of renewable energy and developed water management plans for all of our factories.

I want to thank our customers for their trust. I also want to thank our entire team for their great work in these demanding times and inspired by our mission to protect food, people and the planet, their continued commitment to deliver value to all our stakeholders.

Charles Héaulmé
President and Chief Executive Officer

This is Huhtamaki

Huhtamaki is a global leader in sustainable packaging solutions, with a Nordic heritage spanning more than 100 years. Packaging creates value by securing hygiene, food availability and food safety for consumers around the world.

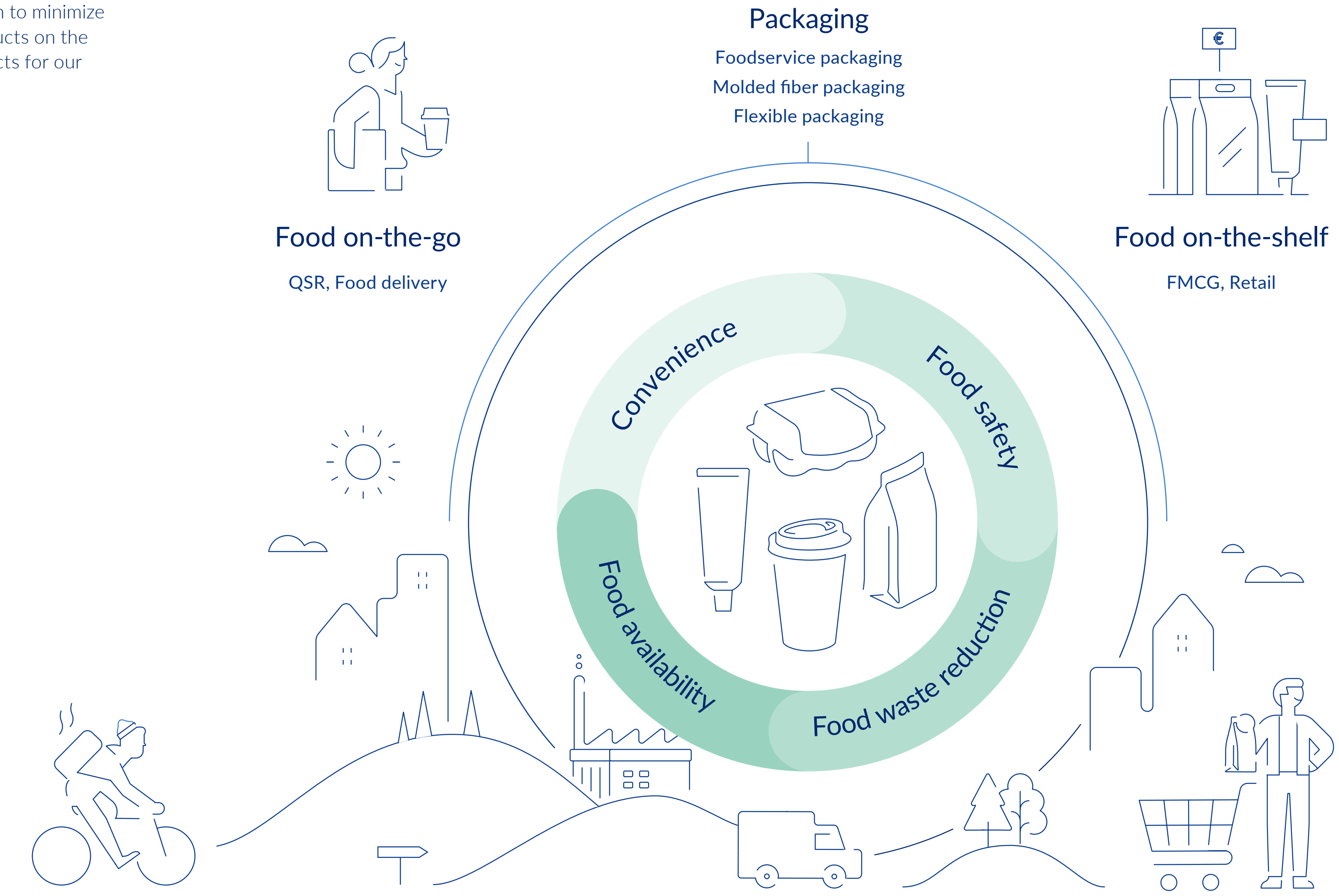
We are a fast-growing global food packaging company with a heritage of innovative and transformative solutions, touching the daily lives of people everywhere. Our products are used by quick service restaurants, fastmoving consumer goods companies and retail channels.

Our broad diversified product portfolio, serving food on the go and food on the shelf is based on paperboard, molded fiber and flexible packaging technologies.

The main raw materials we use are paperboard, recycled fiber and plastic resins. We made a commitment in 2020 to achieving carbon neutral production and designing all our products to be recyclable, compostable or reusable by 2030. Today, 65.8% percent of all the raw materials we use in manufacturing our products are renewable, and 98.0% percent of the fiber raw materials are from recycled or sustainably managed sources.

We believe that food packaging is essential. By ensuring the hygiene and safety of food, packaging keeps food edible for longer, thereby reducing food waste, while playing an instrumental role in driving access to affordable food for consumers. We embed sustainability in everything we do. We aim to minimize the negative impacts of our operations and products on the environment whilst maximizing the positive impacts for our stakeholders, consumers and society.

Fit-for-purpose food packaging enables a sustainable society



We believe in protecting food, people and the planet.

Huhtamaki in figures

Circularity
65.8%

Share of all materials used that are renewable or recycled

Operations
75.2%

Share of non-hazardous waste recycled or composted

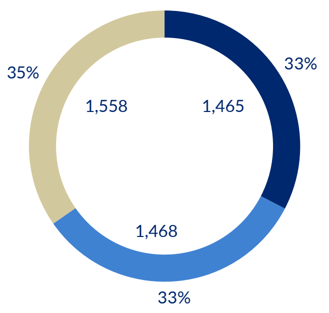
People
LTIFR 1.5

Safety, Lost Time Injury Frequency Rate

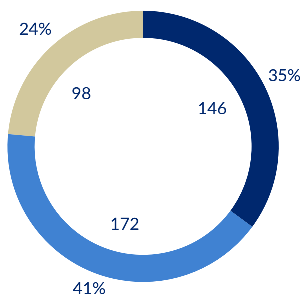
Climate
24.9%

Share of renewable electricity used in operations

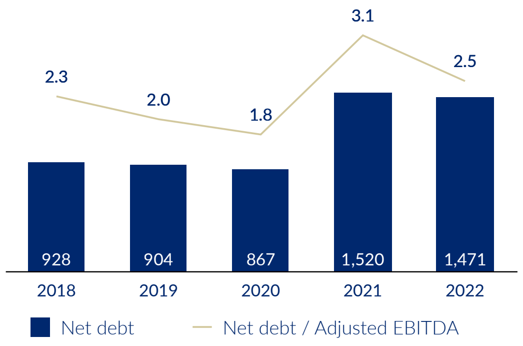
Net sales
EUR 4,479 million



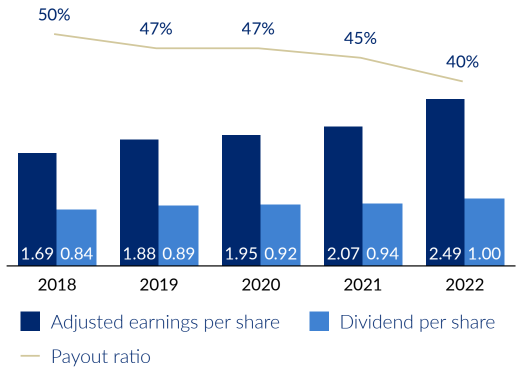
Adjusted EBIT
EUR 395 million



Net debt and Net debt / Adjusted EBITDA
EUR million



Adjusted earnings and dividend per share
EUR



Business segments' net sales include internal sales of EUR 21 million in total. Group's Adjusted EBIT includes Other Activities EBIT of EUR -20 million. Adjusted EBIT, Adjusted earnings per share and Net debt and Net debt / Adjusted EBITDA are presented excluding items affecting comparability. 2022 dividend as proposed by the Board of Directors. 2018 figures for Adjusted earnings per share, Adjusted EBIT and Net debt and Net debt / Adjusted EBITDA have been restated due to adoption of IFRS 16 Leases standard.

Why invest?

Embedding sustainability in everything we do.

A strong position in resilient and growing markets

We are a leading

- player in fiber products globally
- player in flexibles in emerging markets
- foodservice packaging company operating globally

Global footprint, with 116 operating locations in 37 countries

Balanced end-market portfolio, with appr. ⅔ of net sales to on-the-shelf products and ⅓ to on-the-go products

Significant long-term growth potential

Solid net sales growth track record,

CAGR >8%

during the last 5 years
Comparable growth ambition 5+%

Growth potential driven by competitive next generation sustainable packaging solutions at scale, the strengthening of core businesses and expansion to new product categories

Improving profitability

Adj. EBIT growth

CAGR >8%

during the last 5 years.
Ambition for adj. EBIT margin 10+%

Developing world-class operations, innovative products, a play to win-approach, commercial excellence and scale

A solid balance sheet enabling an attractive and growing dividend

Net debt / adj. EBITDA

2.5x

within our ambition range of 2-3x

14

consecutive years of dividend growth*, aiming for a

40–50%

payout ratio

*Based on the Board proposal for 2022

Huhtamaki

Business segments

FIBER FOODSERVICE E-A-O

Net sales
M€ 1,465

NORTH AMERICA

Net sales
M€ 1,468

FLEXIBLE PACKAGING

Net sales
M€ 1,558

We support our customers, wherever they are.

Huhtamaki global figures

Operating countries
37

Operating locations
116

Number of employees
18,927

Net sales
M€ 4,479

- Fiber Foodservice Europe-Asia-Oceania manufacturing
- North America manufacturing
- Flexible Packaging manufacturing
- Sales unit
- Distribution center
- Head office

All figures as of December 31, 2022.

"The demand for Fiber Foodservice packaging continued to improve in 2022."

The Fiber Foodservice E-A-O business is strong, with a unique combination of paperboard conversion and molded fiber technologies that offer us global growth opportunities. We have 33 manufacturing locations across 27 countries and are well positioned to expand in emerging markets and grow our product portfolio with sustainable products and solutions.

We offer high-quality paperboard and molded fiber packaging for fresh food and beverages across Europe, Asia and Oceania. We serve quick service and fast casual restaurants, coffee shops and vending operators with paper cups and other food-to-go packaging. We provide safe and recyclable egg cartons and trays, fruit packaging and bottle dividers to protect, preserve, and help with the handling of delicate food products.

The demand for Fiber Foodservice packaging continued to improve in 2022. Compared to 2021, prices of all major input costs increased significantly. Net sales in the Fiber Foodservice Europe-Asia-Oceania business increased in all main markets and was especially strong in Central and Western Europe as well as in the Middle East and Africa. Comparable net sales for Foodservice E-A-O increased by 18% and by 15% in Fiber Packaging. The business' adjusted EBIT improved, as a result of increased sales volumes and mix, and was supported by pricing to offset the significant cost inflation. Adjusted EBIT increased by 36% in Foodservice E-A-O and 10% in Fiber Packaging.

We have invested in product innovation and in the increased production of advanced smooth molded fiber packaging in Europe to provide plastic-free packaging solutions. Our site in Alf, Germany has been switching its focus from plastics to smooth molded fiber (SMF) products to meet the growing demand for plastic-free alternatives for food packaging. In 2022, the unit replaced more than 2.000 tons of plastic with fiber.

We will continue to invest in developing innovative fiber products, helping our customers to deliver on their sustainability agenda. We also announced the partnership with Nespresso who will launch their home compostable paper-based coffee capsules.

Eric Le Lay
President, Fiber Foodservice EAO

"We have a unique set of capabilities and a track record of deploying sustainable packaging to help us capture these growth opportunities in North America."

Our North America segment serves the retail tableware, foodservice and consumer goods packaging markets. Across these markets, an increased focus on convenience and the replacement of locally-banned foam-based packaging are supporting our growth. We have a unique set of capabilities and a track record of deploying sustainable packaging to help us capture these growth opportunities. Additionally, our strong retail tableware brand building expertise, best in class service in foodservice and complete solutions in consumer goods, combined with our know-how in a range of packaging technologies, make us well positioned in the industry for future growth.

Throughout 2022, demand for products remained solid. Net sales increased, supported by all product categories. Comparable net sales growth was 14%, driven substantially by pricing to offset the cost of inflation. Our adjusted EBIT improved 23% compared to 2021, supported by net sales growth and increased operational efficiency.

Earlier in 2022, Huhtamaki signed a Virtual Power Purchase Agreement (VPPA) in the United States, covering 30% of its electricity usage in North America, marking a major step in its ambition to use 100% renewable electricity by 2030. The VPPA enables us to make a significant leap forward in delivering our ambitious sustainability agenda and scope 2 science based reduction targets. It also contributes to adding more green electricity into the U.S. energy mix.

In June, we started to expand our molded fiber product manufacturing unit in the city of Hammond, Indiana, as part of our investment in Fiber Solutions. The investment will enable us to better serve existing and new customers with a broad range of sustainable, fully compostable, fiber-based packaging solutions, manufactured from 100% recycled North American raw material.

In September, we also launched ICON® packaging, a breakthrough paper technology, initially for use for ice cream containers and lids, which enables recycling in communities with paper product recycling programs across the United States. This is a significant breakthrough in delivering a sustainable solution for consumers, combining Huhtamaki's proprietary water-based barrier coating with SFI-certified paperboard, and results in the entire package being made with 95% renewable biobased material. This enables the ice cream containers and lids to be recycled along with other paper products such as standard folded carton packaging.

Ann O'Hara
President, North America

"In 2022, we continued to drive our development roadmap to accelerate sales, production capacity and innovation in fully recyclable flexible packaging."

We are a leading flexible packaging company in emerging markets with 26 manufacturing locations in 16 countries. We offer light and innovative flexible packaging materials, pouches and labels for food and beverages, coffee packaging, pet food packaging, barrier packaging, retort pouches and packaging for healthcare products. We serve global and local brands across the globe, with a focus on Europe, Middle East and Africa, Asia, Oceania and South America.

Overall demand for flexible packaging remained satisfactory but the competitive situation in all regions remained tight. Comparable net sales increased by 14% compared to 2021. Despite significantly higher raw material, energy and transportation costs, the segment's adjusted EBIT increased by 23%. The Elif acquisition in 2021 contributed favorably to the financial performance of the segment. During 2022, the integration of the acquisition proceeded according to plans, and Elif supports the segment by leveraging scale, strengthening capabilities with improving competitiveness.

In 2022, we continued to drive our development roadmap for accelerating sales, production capacity and innovation in fully recyclable flexible packaging. We are working on a number of innovations that will deliver on our major customers' commitments to have 100% recyclable packaging by the year 2025.

As an exciting example of our recent launches, we announced a first-to-market sustainable innovation for the global pharmaceutical and healthcare industry. Huhtamaki's Push Tab® blister lid is mono-material PET and free from aluminum. It is designed to meet the stringent safety requirements and the needs of existing blister packaging lines in the highly regulated pharmaceutical and healthcare industry. This game- changing innovation will provide a more sustainable alternative to traditional push-through blister packaging for the growing global healthcare industry, whilst importantly maintaining functionality and efficiency.

In today's global FMCG market and supply chain, optimally chosen packaging plays a key role in guaranteeing product safety and quality, extending shelf life, and ensuring the affordability of food and, beverages, as well as home and personal care products. We supply our customers with state-of-the-art packaging for a variety of products, and our core focus is to do this in a way that supports a significant increase in the circularity of plastics. With lightweight, resource efficient and recyclable flexible packaging, we want to drive access to safe, hygienic food and personal care for millions across the world. And we want to do this in a sustainable way.

Marco Hilty
President, Flexible packaging

Our 2030 Strategy

Packaging creates value by securing hygiene, food availability and food safety for consumers around the globe. With an increasing focus on the future of the planet, packaging also plays an instrumental role in reducing food waste, which today still remains the largest environmental impact from food systems on climate change by far. Thanks to today's digital breakthroughs, packaging also offers solutions, including the traceability of products and, increasingly, circularity. Our customers, consumers, communities, and the planet need our sustainable packaging solutions more than ever before.

Our objective is to further expand our company globally and continue to develop innovative and transformative sustainable packaging with uncompromised quality. Our ambition is to be the first choice in sustainable packaging solutions.

We will continue to grow by scaling up our core businesses, expanding in emerging markets, developing sustainable solutions and food delivery packaging, and focusing on long-term innovation and venturing. Through this, we will become the most reliable solutions-focused partner for our customers.

We will become more competitive by digitalizing all our operations, running our manufacturing more efficiently, and simplifying the way we work globally to achieve world-class operational performance.

We will continue to develop, grow and nurture our talent by building strategic capabilities and a high-performance culture based on our values Care Dare Deliver

Protecting food, people and the planet

Our ambition is to be the first choice in sustainable packaging solutions, enabling wellbeing and convenience for people around the world

GROWING OUR BUSINESS	IMPROVING OUR COMPETITIVENESS	DEVELOPING OUR TALENT

Embedding sustainability in everything we do

Driven by digital technologies and data

Our values Care Dare Deliver help us to make a difference, where it matters

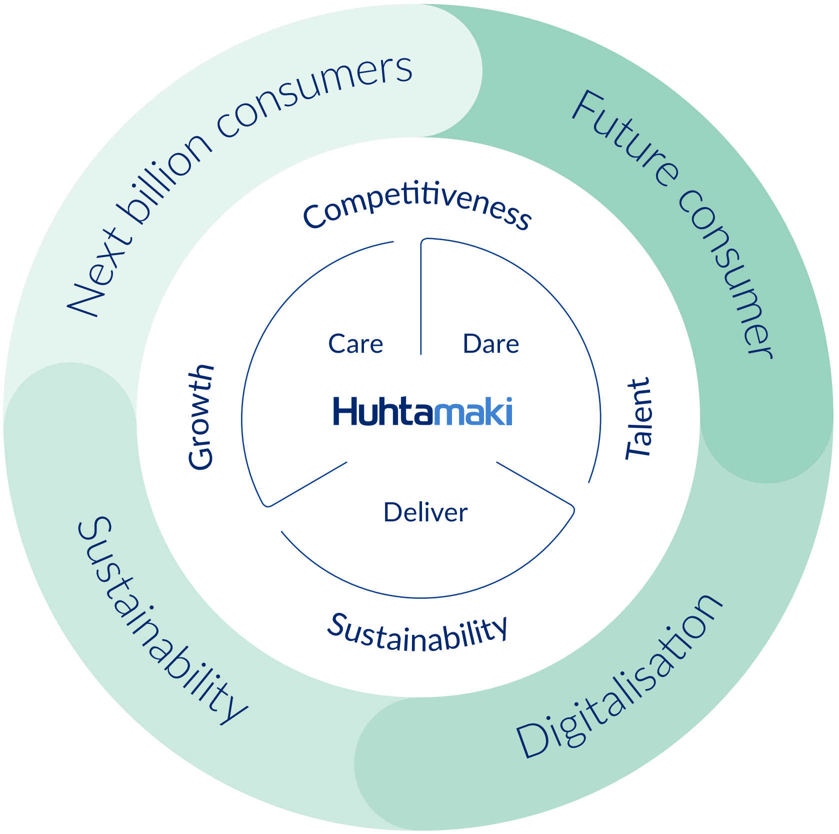
Megatrends

The next billion consumers will come from emerging markets

- Growing globally, the middle class is expected to increase by 1.8 billion people in the next 10 years
- Coming from China, India, Southeast Asia and, in the longer-term Africa
- Demanding safe access to affordable food every day, enabled by packaging
- Driving the need for local scale and cost competitiveness

Sustainability will drive innovation and collaboration

- Increasing consumer sentiment and regulation globally, demanding circularity and plastic substitution solutions
- Driving a need for innovation in products and business models, creating better and smarter packaging
- Requiring greater investment in infrastructures for recycling, incentivization to drive consumer behavior, and better regulation to enable innovation
- Requiring us to collaborate across the value chain to address challenges in the development of a circular economy and be part of the solution



The future consumer will require packaging to be smart, individual and sustainable

- Increasing appreciation of convenience and traceability of e.g., product origin
- Growing awareness of personal and environmental well-being
- Emerging demand for brands and models with room for self-expression in food delivery, fast-moving consumer goods and retail

Digitalization will influence packaging and the way we do business globally

- Digitalization will accelerate, creating demand for smart packaging for both product traceability and consumer engagement
- Digital technologies and data will reshape operations and processes globally
- Digitally enabled business models will emerge, including better integration across the value chain e.g. for recycling

Elevating innovation

At Huhtamaki, we focus on understanding and delivering on our customers' needs. Our ambition is to be the first choice in sustainable packaging solutions. To get there, we aim to be a proactive innovation catalyst for our customers. We anticipate future needs to identify, enable, and monetize sustainable innovations.

In 2022, we took a strategic approach with our customers, partnering with them directly to solve sustainability challenges together. We developed a new pipeline for insight across market, customer, technical, and consumer areas to identify innovation opportunities to solve as partners. This approach allowed us to invest in, develop, and prototype game changing manufacturing innovations to be used by our customers: for example in 2022 we partnered with Nespresso in their launch of home compostable paper-based capsules in France.

Our investment in the Emerald Ventures sustainable packaging fund supports future innovation by working with emerging startups developing advanced packaging materials and technologies. We also introduced blueloop™, an enterprise-wide sustainable brand, that covers our range of sustainable packaging products. The brand promise for our blueloop solutions is that they are designed for circularity and part of delivering on our 2030 Strategy to become the first choice in sustainable packaging solutions.

Push Tab® blister lid

First to market, mono-material PET blister lidding that is easy to recycle. The solution is 100% free from aluminum & PVC and is compatible with existing blister packaging lines, without modifications or extra investment needed. In partnership with Klockner Pentaplast. 2022 German Packaging Award winner.

Read more at huhtamaki.com

ICON® ice cream Packaging Solutions

ICON packaging comprises breakthrough proprietary water-based barrier coating technology combined with SFI-certified paperboard. This makes the entire package 95% renewable and biobased.

Read more at huhtamaki.com

Nespresso home compostable paper-based coffee capsule

A collaboration with Nespresso on their home compostable paper-based coffee capsules, which uses our manufacturing technology.

Read more at huhtamaki.com

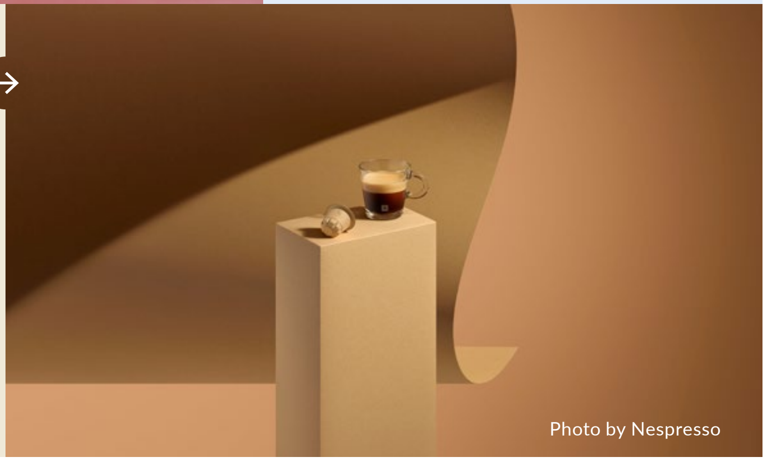


Photo by Nespresso

Growth and competitiveness

Improving our competitiveness and innovation are essential for us to deliver on our 2030 growth strategy. We will continue to grow our core business through both organic investments and acquisitions. Our performance in 2022 shows that we have succeeded in a challenging operating environment and are well on our way to achieving our long-term financial ambitions.

We have significantly invested in innovation for sustainability and believe that doing so will create a strong foundation for growth. Our priority areas are fiber solutions and mono-material flexible packaging.

To improve our competitiveness, we focus on world-class operational performance, productivity, process performance and digitalization. By digitizing our operations, IT systems and infrastructure, we can make our operations more efficient and improve our strategic insights. At Huhtamaki, we also believe that through growth and expansion of operations we will achieve structural efficiency advantages.

We also want to develop our employee's know-how and create suitable career paths for them.

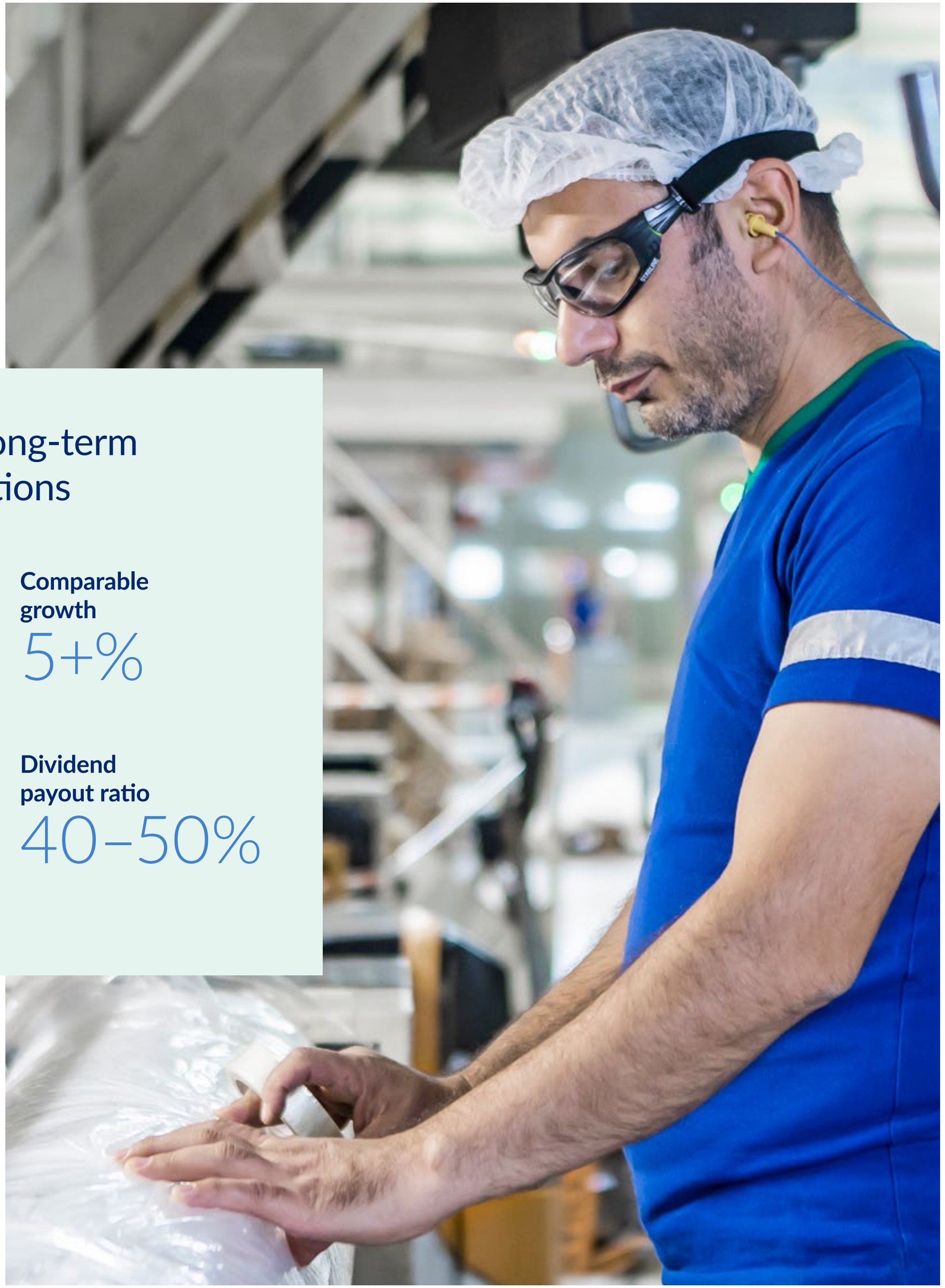
Huhtamaki's long-term financial ambitions

Adjusted EBIT margin
10+%

Comparable growth
5+%

Net debt / Adjusted EBITDA ratio
2–3

Dividend payout ratio
40–50%



Sustainability

Packaging plays an essential role in delivering safe, hygienic, affordable, and accessible food globally as well as in reducing food waste. Today we are working on making it more sustainable, continuously developing our sustainability agenda, taking a comprehensive systems-thinking approach, and setting our ambitions to drive the net positive impact of our products, from end-to-end. This starts with designing for circularity – our goal is to design all our products to be recyclable, compostable, or reusable. Then, ensuring we use resources such as water and energy carefully, while operating in a socially sustainable way. And finally, taking an active role in ensuring our products are recycled after use, to regenerate value as a secondary resource material.

In 2022, we launched a number of game-changing sustainable innovations ranging from our award-winning aluminium free blister pack and paper-based containers for yoghurt to fiber lids which fall under our trademarked blueloop™ range of sustainable packaging solutions. We also partnered with Nespresso on their home compostable paper-based coffee capsules, which uses our manufacturing technology. We have also endorsed the Finnish Climate Leaderships' Coalition carbon handprint as a key metric for product innovation in 2022.

"We are continuously developing our sustainability agenda, taking a comprehensive systems-thinking approach, and setting our ambitions to drive the net positive impact of our products, from end-to-end."

Our sustainability agenda covers both social and environmental aspects. Our work to further develop our social agenda and human rights and supplier due diligence frameworks continued in 2022, including our second human rights impact assessment in Thailand. As part of our climate work, we signed our second VPPA covering approximately 30% of our energy use in North America.

We want to drive a more regenerative agenda, as post-consumer packaging is a valuable secondary resource. To address gaps in today's recycling systems, we have invested in stand up scalable recycling pilots. The Huhtamaki Foundation's plant in India recycles approximately 100 kilograms of post-consumer flexible plastic per hour. Another key initiative is The Cup Collective, focused on the recycling of paper cups. Built together with Stora Enso, this open-source solution invites organizations across the value chain to join and be a part of the solution.

Finally, as part of ensuring we embed sustainability in everything we do we launched a Sustainability-Linked Bond Framework, linking our financing cost to our sustainability performance. Overall our performance was recognized externally through a gold medal award from EcoVadis, placing us in the top 5% among over 90,000 rated companies. In 2022, Huhtamaki also received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. Our sustainability agenda is ambitious and covers a broad range of topics. Read more about our sustainability ambitions and performance in our Sustainability Report, aligned with the GRI and SASB standards, page 132.

1,000 kg

post-consumer flexible plastic recycled per day at the new recycling plant in Khopoli, India

People

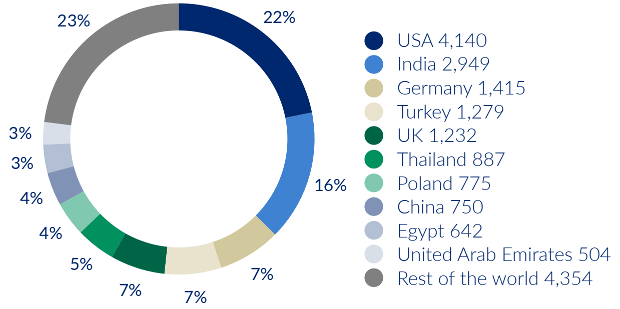
Our 2030 Strategy guides us and sets our people's priorities for today and tomorrow. We want to be the most engaging, motivating and the safest workplace for our people. Nurturing our high-performance culture by investing in the continuous development of our leaders and employees, attracting the right talent and growing strategic capabilities are key focus areas in delivering on our 2030 strategy.

Safety needs to be in the DNA of all Huhtamaki employees, and we are constantly seeking for ways to improve the safety awareness of our people. In 2022, a new cross-segment OHS organization was established to effectively leverage best practices across all sites. A new global eLearning course on safety was introduced for all Huhtamaki employees as well as an additional "Leading for Safety" training for People Leaders. We have continued to launch global OHS standards such as Knife Safety, Work at Hight, Accident Investigation, Workplace Transport and Contractor Management. A Safety Audit program has been implemented. Our internal accident reduction targets are monitored monthly to achieve world-class Safety Performance.

Attracting and retaining the best talent is crucial for our continued success. After the peak of the COVID-19 pandemic, with higher movements of people in all markets, we monitored and actively managed the retention of key talent throughout the year. In 2022, we invested in our talent acquisition and onboarding practices, responding to increasingly competitive talent markets worldwide. Providing workplace flexibility, supporting people leaders and employees through the company´s transformation, and concentrating on developing our people through enhanced career and succession planning practices are part of fostering a positive employee experience and maintaining employee engagement in challenging times. Building strategic capabilities on digitalization, innovation, sustainability, operational excellence and leadership are focus areas in individual development plans and priorities in investing in our future.

In 2022, we introduced a new global learning opportunity for all our people leaders, with an emphasis on driving a high-performance culture through effective target setting and continuous feedback to drive execution of our 2030 Strategy. To further develop the strategic capabilities of our top 300 leaders, a new Strategic Leadership Development Program was launched in 2022.

10 largest countries by number of employees



Digitalization

At Huhtamaki, digitalization is an integrated part of our 2030 strategy and a key enabler to deliver on our growth and productivity ambition. For us, digitalization is much more than data and technology, it is about creating measurable value through transforming the way we work, from the factory shop floor to the way we interact with customers. Our three focus areas within digitalization: making business easy for our customers, driving performance improvements across the value chain, and enabling new business models are derived from our 2030 strategy, and will boost our efforts in commercial excellence, innovation, operational excellence and sustainability.

In 2022, we went live with our Huhtamaki B2B e-commerce solution, which received great customer feedback. Automated customer transactions and analytics-driven customer quotations are other exciting areas in the making. We have initiatives accelerating data-driven decision-making across the company and the acceleration of World-Class Operations through digitalization. Exploring new business models is centered on use cases linked to Connected Packaging, aimed at sustainability, value chain transparency and consumer engagement.

Technology platforms are a vital part of our digitalization strategy to enable scale advantages and data harmonization while allowing local flexibility. In 2022, we have gone live with our first Oracle Fusion cloud implementation, and we will continue to scale our Microsoft Azure data and analytics cloud capabilities. We also added additional platform capabilities such as commercial analytics and e-commerce.

We will continue working closely with our customers and technology vendors in adding both customer and stakeholder value while becoming a more digitally integrated organization. It is inevitable that Digitalization will reshape our operations and the way we do business with our customers.

"For us, digitalization is much more than data and technology, it is about creating value through transforming the way we work, from the factory shop floor to the way we interact with customers."

Overview

Financials

Directors' report 2022

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Directors' report 2022

Operating environment

The year 2022 was marked by continued volatile market conditions with high inflation, geopolitical tensions and the war in Ukraine. The high inflation impacted all of the company's major input costs, including raw materials, freight costs, energy and labor.

Following a normalization in most markets after the COVID pandemic, overall demand remained on a good level. However, demand started to soften in several markets and categories towards the end of the year. The most impacted markets included China, India, Turkey and Egypt. COVID lockdowns were the main reason for the challenges in China. In India, Turkey and Egypt, the significant inflation had a negative impact on demand. Additionally, these three countries are used as a base for exports, and demand in many of the export markets also suffered from the inflation.

On a product category level, the most challenged area was frozen desserts and ice cream, most notably in North America. For consumers, these product categories are discretionary, and therefore the high inflation has a more meaningful impact on demand.

During the year, there were still some tensions on raw material availability. Most notably, this was visible for fiber-based raw materials in North America. The situation eased towards during the second half of the year.

Strategic development

Huhtamaki's 2030 Strategy builds on five priorities: growth through organic and inorganic investments, competitiveness through scale and performance, talent through developing strategic capabilities and a high-performance culture, sustainability through an ambitious agenda for Huhtamaki's operations and product innovation as well as digitalization to improve operational performance and explore new business growth avenues. In 2022, Huhtamaki made good progress implementing the strategic priorities.

Innovation is increasingly important for Huhtamaki and during the year, the company made breakthroughs in the area. We partnered with Nespresso on their home compostable paper-based coffee capsules, which uses our manufacturing technology. The technology can be applied to a myriad of different consumer applications. Additionally, the company launched products such as the ICON recyclable ice cream packaging solution in North America and expanded the product range of recyclable flexible packaging.

Sustainable innovation is an important aspect of Huhtamaki's sustainability work. The company continuously develops its agenda to take a comprehensive systems-thinking approach, with a framework to drive net positive impact of its products. The goal is to design all products to be recyclable, compostable, or reusable. That is still just a part of what Huhtamaki does to improve its sustainability performance. During the year, the company signed the second virtual power purchase agreement, created water management plans for all sites and launched a sustainability-linked bond. Huhtamaki also invested in scalable recycling pilots, as it launched a plastic recycling plant in India through the Huhtamaki Foundation, and started the Cup Collective, focused on recycling paper cups. The company's performance was recognized externally for example through a gold medal by EcoVadis.

The war in Ukraine had broad implications for many companies. For Huhtamaki, the evolution of the situation and the long-term outlook in Russia was seen to prevent the realization of the growth strategy and ambitions in the country. Consequently, the operations in Russia were divested during the third quarter for a cash and debt free sales price of EUR 151 million. Net sales in Russia amounted to EUR 99.5 million in 2021, representing less than 3% of the Group's net sales. The factories in Russia mostly served the local market and only a minor part of production was exported. Following the divestment, Huhtamaki does not have any operations in Russia. The company will continue to prioritize investments that capture the significant growth opportunities in the rest of the world.

Key figures

EUR million	2022	2021	2020
Net sales	4,479.0	3,574.9	3,301.8
Comparable net sales growth	15%	7%	-2%
Adjusted EBITDA[1]	596.9	488.4	473.1
Margin[1]	13.3%	13.7%	14.3%
EBITDA	614.9	469.6	464.5
Adjusted EBIT[2]	395.1	315.3	302.1
Margin[2]	8.8%	8.8%	9.1%
EBIT	405.3	296.0	265.3
Adjusted EPS, EUR[3]	2.49	2.07	1.95
EPS, EUR	2.65	1.91	1.69
Adjusted ROI[2]	11.0%	11.3%	11.7%
Adjusted ROE[3]	14.9%	15.1%	14.8%
ROI	11.4%	10.6%	10.3%
ROE	15.7%	13.9%	12.9%
Capital expenditure	318.5	259.4	223.5
Free Cash Flow	11.1	-26.1	207.1

[1] Excluding IAC of EUR 18.0 million in 2022 (EUR -18.7 million in 2021 and EUR -8.6 million in 2020).
[2] Excluding IAC of EUR 10.2 million in 2022 (EUR -19.3 million in 2021 and EUR -36.8 million in 2020).
[3] Excluding IAC of EUR 16.0 million in 2022 (EUR -17.1 million in 2021 and EUR -26.2 million in 2020).

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2021. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) as well as net debt to EBITDA presented in this report are calculated on a 12-month rolling basis.

IAC includes, but is not limited to, material restructuring costs and acquisition related costs (gains and losses on business combinations, professional and legal fees, material purchase price accounting adjustments for inventory, material purchase price amortization of intangible assets and changes in contingent considerations) as well as material impairment losses and reversals, gains and losses relating to sale of intangible and tangible assets and fines and penalties imposed by authorities.

The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Financial review 2022

Net sales by business segment

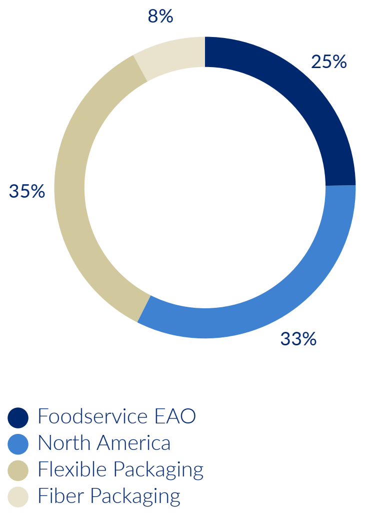
EUR million	2022	2021	Change
Foodservice Europe-Asia-Oceania	1,110.7	941.8	18%
North America	1,468.3	1,160.3	27%
Flexible Packaging	1,558.2	1,166.6	34%
Fiber Packaging	363.0	333.6	9%
Elimination of internal sales	-21.1	-27.4	
Group	4,479.0	3,574.9	25%

Comparable net sales growth by business segment

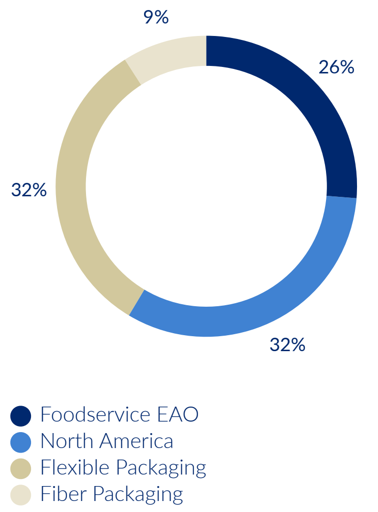
EUR million	2022	2021	2020
Foodservice Europe-Asia-Oceania	18%	11%	-10%
North America	14%	6%	1%
Flexible Packaging	14%	7%	1%
Fiber Packaging	15%	2%	9%
Group	15%	7%	-2%

The Group's net sales increased 25% to EUR 4,479 million (EUR 3,575 million) during the reporting period. Comparable net sales growth was 15%. Net sales growth was mainly driven by pricing, changes in currencies and the Elif acquisition. The divestment of the operations in Russia had a negative impact on net sales. The Group's growth in emerging markets was 16%. Foreign currency translation impact on the Group's net sales was EUR 234 million (EUR -54 million) compared to 2021 exchange rates.

Net sales by segment 2022



Net sales by segment 2021



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Adjusted EBIT by business segment

EUR million	2022	2021	Change	Items affecting comparability 2022	Items affecting comparability 2021
Foodservice Europe-Asia-Oceania	105.7	77.8	36%	16.0	0.8
North America	171.6	139.1	23%	-5.6	-1.9
Flexible Packaging	98.1	79.8	23%	-15.9	-16.1
Fiber Packaging	40.0	36.4	10%	18.1	-1.1
Other activities	-20.3	-17.8		-2.4	-1.0
Group	**395.1**	**315.3**	**25%**	**10.2**	**-19.3**

Adjusted EBIT margin by business segment

	2022	2021	2020
Foodservice Europe-Asia-Oceania	9.5%	8.3%	7.3%
North America	11.7%	12.0%	12.0%
Flexible Packaging	6.3%	6.8%	7.7%
Fiber Packaging	11.0%	10.9%	12.2%
Group Total	**8.8%**	**8.8%**	**9.1%**

The Group's adjusted EBIT increased to EUR 395 million (EUR 315 million) and reported EBIT was EUR 405 million (EUR 296 million). Adjusted EBIT improved driven by sales growth and continued focus on operational efficiency as well as with the support from acquisitions. The Group's adjusted EBIT margin remained unchanged and was 8.8% (8.8%). Foreign currency translation impact on the Group's earnings was EUR 22 million (EUR -6 million).

Adjusted EBIT excludes EUR 10.2 million (EUR -19.3 million) of items affecting comparability (IAC). The main change in IACs relates to the profit booked from the divestment of the operations in Russia.

Adjusted EBIT and IAC

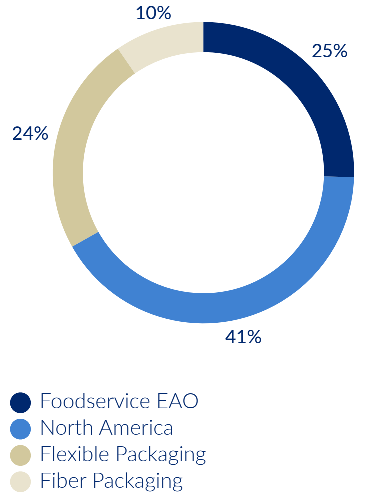
EUR million	2022	2021
Adjusted EBIT	395.1	315.3
Acquisition related costs	-2.2	-8.8
Restructuring gains and losses, including writedowns of related assets	-9.9	-6.0
PPA amortization	-8.2	-2.0
Settlement and legal fees of disputes	-4.5	-1.5
Property damage incidents	-1.1	-0.9
Divestment of subsidiaries	44.5	-
Environmental case	-8.4	-
EBIT	**405.3**	**296.0**

Net financial expenses were EUR 53 million (EUR 33 million). The increase was due to higher debt during the period as well as an increase in interest rates. Tax expense was EUR 67 million (EUR 60 million). The effective tax rate was 19% (23%), impacted by the tax-free gain related to the divestment of the operations in Russia as well as by a one-off fixed asset revaluation in Turkey, decreasing deferred tax liability. Profit for the period was EUR 285 million (EUR 203 million). Adjusted earnings per share (EPS) were EUR 2.49 (EUR 2.07) and reported EPS EUR 2.65 (EUR 1.91). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR 16.0 million (EUR -17.1 million) of IAC.

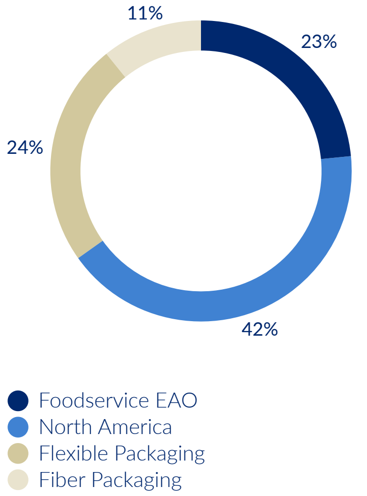
Adjusted profit and IAC

EUR million	2022	2021
Adjusted profit for the period attributable to equity holders of the parent company	260.2	216.0
IAC in EBIT	10.2	-19.3
IAC in Financial items	0.0	-2.9
Taxes relating to IAC	5.8	5.1
Profit for the period attributable to equity holders of the parent company	**276.2**	**198.8**

Adjusted EBIT by segment 2022



Adjusted EBIT by segment 2021



Statement of financial position and cash flow

The Group's net debt decreased and was EUR 1,471 million (EUR 1,520 million) at the end of December. The divestment of the operations in Russia had a positive impact on net debt. The level of net debt corresponds to a gearing ratio of 0.77 (0.95). Net debt to EBITDA ratio (excluding IAC) was 2.5 (3.1). Average maturity of external committed credit facilities and loans was 3.2 years (2.6 years).

On April 8, 2022, Huhtamäki Oyj signed a EUR 250 million term loan facility agreement with a maturity of two (2) years. The facility has a one-year extension option at the discretion of the lenders. The facility will be used for refinancing and general corporate purposes of the Group. On June 1, 2022, Huhtamäki Oyj issued a EUR 500 million senior unsecured sustainability-linked bond. The sustainability-linked 5-year bond matures on June 9, 2027 and bears interest at the rate of 4.25 per cent per annum, which is subject to an increased rate upon the failure to satisfy certain sustainability performance targets. With the proceeds from the issue of the bond, Huhtamaki refinanced its USD 500 million bridge loan facility and will use it for general corporate purposes of the Group. On December 16, 2022, Huhtamäki Oyj signed a confirmation to extend the maturity of a EUR 400 million syndicated revolving credit facility loan agreement for a further period of one year.

Capital expenditure was EUR 318 million (EUR 259 million). The increase was driven by investments into innovative, sustainable products and business expansion. The largest investments for business expansion were made in North America and Germany. The Group's free cash flow was EUR 11 million (EUR -26 million), mainly weighed on by increased working capital following market recovery and inflationary impact in raw materials. Free cash flow improved during the second half of the year.

Cash and cash equivalents were EUR 309 million (EUR 179 million) at the end of December and the Group had EUR 353 million (EUR 382 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 4,821 million (EUR 4,542 million).

Impacts of the war in Ukraine and the divestment of operations in Russia

On September 2, 2022, Huhtamaki announced the divestment of its operations in Russia to Espetina Ltd. Espetina is a holding company owned by Alexander Govor and Iury Kushnerov. The transaction has been completed. The cash and debt free sales price was EUR 151 million. As a result of the sale, Huhtamaki booked a gain of EUR 44.5 million during the third and fourth quarter. The transaction included four manufacturing units in Russia, employing 724 people. Net sales in Russia amounted to EUR 99.5 million in 2021, representing less than 3% of the Group's net sales. The factories in Russia mostly served the local market and only a minor part of production was exported. Following the divestment, Huhtamaki does not have any operations in Russia.

Huhtamaki has operations in Ukraine but does not operate in Belarus. In Ukraine, the company has one factory, which has mostly served the local market. It's net sales prior to the war made only a minor contribution to the Group level net sales.

Impact of COVID-19

The impact of COVID-19 on Huhtamaki's business has decreased gradually. During 2022, the situation in most markets has normalized, and demand has recovered overall. There were some exceptions, such as China, where the operating environment was still negatively impacted by lockdowns.

Significant events after the reporting period

There were no significant events after the reporting period.

Business review by segment

Foodservice Europe-Asia-Oceania

EUR million	2022	2021	Change
Net sales	1,110.7	941.8	18%
Comparable net sales growth	18%	11%	
Adjusted EBIT[1]	105.7	77.8	36%
Margin[1]	9.5%	8.3%	
Adjusted RONA[1]	10.9%	9.2%	
Capital expenditure	118.9	85.0	40%
Operating cash flow[1]	28.3	8.9	>100%
Items affecting comparability (IAC)	16.0	0.8	

[1] Excluding IAC.

In 2022, the demand for foodservice packaging was at a good level, fully recovering to the pre-pandemic level. However, variations between markets and product categories remained. Prices of all major input costs increased significantly compared to 2021. The supply chain was still disrupted during the first half of the year, leading to cost escalation as well as some challenges with availability.

Net sales in the Foodservice Europe-Asia-Oceania segment increased. Comparable net sales growth was 18%, driven by pricing and increased volumes. Net sales increased in all main markets and was especially strong in Central and Western Europe as well as Middle East and Africa. Net sales decreased most in China (due to COVID-19 lockdowns) and Ukraine. The business in Russia was divested in September 2022.

The impact of currency movements on the segment's reported net sales was EUR 17 million.

The segment's adjusted EBIT improved, driven by pricing (to offset the significant cost inflation), increased sales volumes and an improved sales mix. Additionally, there was a continued positive impact from productivity actions in 2021.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

North America

EUR million	2022	2021	Change
Net sales	1,468.3	1,160.3	27%
Comparable net sales growth	14%	6%	
Adjusted EBIT[1]	171.6	139.1	23%
Margin[1]	11.7%	12.0%	
Adjusted RONA[1]	17.9%	17.5%	
Capital expenditure	99.8	70.6	41%
Operating cash flow[1]	45.6	117.0	-61%
IAC in EBIT	-5.6	-1.9	

[1] Excluding IAC.

Demand remained on a good level across the board in 2022. Cost inflation was significant and broad-based, affecting raw material, labor, distribution, and energy. Additionally, there were constraints on raw material availability, particularly during the first half of the year.

Net sales in North America segment increased, driven by pricing in all product categories. Comparable net sales growth was 14%.

The impact of currency movements on the segment's reported net sales was EUR 161 million.

The segment's adjusted EBIT improved, supported by net sales growth and increased operational efficiency, while an unfavorable sales mix had a negative impact. The impact on profitability from increased costs for raw materials, labor, distribution and energy was offset by pricing actions.

The impact of currency movements on the segment's reported earnings was EUR 19 million.

Flexible Packaging

EUR million	2022	2021	Change
Net sales	1,558.2	1,166.6	34%
Comparable net sales growth	14%	7%	
Adjusted EBIT[1]	98.1	79.8	23%
Margin[1]	6.3%	6.8%	
Adjusted RONA[1]	6.9%	8.0%	
Capital expenditure	68.2	46.0	48%
Operating cash flow[1]	51.5	54.9	-6%
IAC in EBIT	-15.9	-16.1	

[1] Excluding IAC.

Overall demand for flexible packaging remained satisfactory but the competitive situation in all regions was tight. Raw material prices increased significantly compared to 2021 as well as cost for energy and transport.

Net sales increased in all main markets, adapting to the high inflationary environment. Comparable net sales growth was 14%, where the key drivers were Europe and Asia. The Elif acquisition contributed favorably to the reported net sales.

The impact of currency movements on the segment's reported net sales was EUR 48 million.

The segment's adjusted EBIT increased. The significant cost inflation was largely offset by pricing actions and cost management. Additionally, portfolio management actions and the Elif acquisition contributed favorably to the adjusted EBIT. The profitability was weighed on by an unfavorable currency impact on local operations, particularly linked to the devaluation of the Egyptian pound and the Turkish lira. A one-off inventory adjustment during the fourth quarter also had a negative impact.

The impact of currency movements on the segment's reported earnings was EUR 3 million.

Fiber Packaging

EUR million	2022	2021	Change
Net sales	363.0	333.6	9%
Comparable net sales growth	15%	2%	
Adjusted EBIT[1]	40.0	36.4	10%
Margin[1]	11.0%	10.9%	
Adjusted RONA[1]	14.4%	14.0%	
Capital expenditure	31.2	56.2	-44%
Operating cash flow[1]	20.9	-9.3	>100 %
IAC in EBIT	18.1	-1.1	

[1] Excluding IAC.

Overall demand for fiber-based egg packaging and food-on-the-go products remained on a good level in most markets. The prices of recycled fiber were higher compared to the previous year's level.

Net sales in the Fiber Packaging segment increased. Comparable net sales growth was 15%. Net sales increased especially in Europe. Net sales growth was driven by volume and pricing actions.

The impact of currency movements on the segment's reported net sales was EUR 9 million.

The segment's adjusted EBIT increased, as a result of pricing to offset the significant cost inflation, and improved mix and increased sales volumes.

The impact of currency movements on the segment's reported earnings was EUR 1 million.

Non-Financial Review

Huhtamaki's ambition is to become the first choice in sustainable packaging solutions, as defined in the Group's 2030 Strategy. Sustainability is at the core of the strategy and Huhtamaki has defined a set of 2030 sustainability ambitions to guide its sustainability work. Huhtamaki is committed to doing business in a responsible and sustainable manner and expects the same commitment from its business partners and suppliers globally. Huhtamaki is a participant in the UN Global Compact Initiative and is guided by the UN Sustainable Development Goals (SDGs), helping the company to embed sustainability in all operations. Huhtamaki complies with local laws and regulations and acts in accordance with commonly accepted best practices everywhere it operates. Huhtamaki does not accept violation of any laws or regulations or any unethical business dealings.

This review represents an overview of the non-financial and sustainability matters material to Huhtamaki. To develop its climate-related governance and reporting further and to prepare for upcoming European Sustainability Reporting Standards that are under development, the Group has continued to align its process with the recommendations of the Task Force on Climate-Related Disclosures (TCFD) in 2022. In 2022, Huhtamaki is reporting on the eligibility and alignment of its economic activities with the EU Taxonomy. Both the TCFD index and the Taxonomy related disclosures are presented as part of this review. More information on Huhtamaki's sustainability work and performance can be found in Huhtamaki's Sustainability Report, which is part of this Huhtamaki Annual Report 2022. Huhtamaki's business model is described on page 39 of this Huhtamaki Annual Report 2022 publication. Risks and risk management procedures related to the non-financial review are described in a separate section within this Directors' Report.

Sustainability governance and management

At Huhtamaki, sustainability is ultimately governed by the Board of Directors and at the operational level, by the CEO, the Global Executive Team, the Sustainability Global function and other senior staff across the different business units. The steering group, presided by selected members of the Global Executive Team, steers transformative sustainability initiatives.

The Board is the highest body to approve the guiding policies for sustainability and outline sustainability principles regarding the Group's strategy. It monitors and evaluates the risk management activities of the Group, including the sustainability risks and impacts such as climate-related financial risks. It approves the risk level that the Group is capable and prepared to accept and the extent to which risks have been identified, addressed, and followed up.

The Group's sustainability performance is tracked regularly in its operations: at the manufacturing unit, business segment and Group-levels. The results are collected and monitored at Group-level in the sustainability dashboard which is reviewed and discussed in the Global Executive Team and presented quarterly to the Board of Directors. For more information about the Group's sustainability performance, see the Sustainability section.

In 2022, Huhtamaki continued to link remuneration to sustainability by introducing sustainability objectives to all employees that participate in the short-term incentive plan. The objectives are either site or segment specific sustainability objectives or the Global Sustainability Index (GSI) tracking Huhtamaki's progress towards its 2030 sustainability ambitions. KPIs within the index are linked to the sustainability dashboard and relate, for example, to the share of renewable or recycled materials, the share of renewable electricity, and the share of non-hazardous waste recycled.

Material topics

To ensure that the Group's sustainability work is focused on the most material issues, Huhtamaki continuously follows the most recent developments and trends in the field of sustainability, changes in legislation as well as input from stakeholders. Huhtamaki also updates its materiality assessment regularly, although the material sustainability topics tend to stay the same over the years, with only slight variations to their relative importance.

Huhtamaki updated its materiality assessment in 2022 to meet the revised Global Reporting Initiative (GRI) standards. In general, the updated assessment reaffirmed that Huhtamaki's sustainability ambitions cover the most material topics for the Group and its stakeholders. A complete list of the material topics can be found in the Groups' Sustainability Report, page 199. Biodiversity and ecosystems were identified as a new material topic in the assessment. In 2022, the Group conducted a biodiversity mapping to identify and manage biodiversity-related risks. Huhtamaki uses certified fiber to promote best practices in sustainable forest management. In addition, food availability and affordability, local communities and economic prosperity were identified as material topics. Food packaging plays a vital role in ensuring the availability of safe, hygienic, and affordable food products. Huhtamaki has a positive impact throughout the value chain in terms of the economic value generated and distributed upstream, directly in communities where the Group operates and employs people and downstream through value generated for the Group's customers and shareholders.

Impacts of Russia's invasion of Ukraine on Huhtamaki's sustainability work

As a result of the war in Ukraine, Huhtamaki divested its operations in Russia in Q3 2022. The company has operations in Ukraine but does not operate in Belarus. In Ukraine, the company has one factory, which has mostly served the local market.

The invasion has had some effect on Huhtamaki's non-financial KPIs, but not to a material degree. Huhtamaki has been able to continue advancing towards its sustainability ambitions and is committed to protecting its employees as well as business continuity.

Environmental matters

Policies

- Huhtamaki Code of Conduct
- Code of Conduct for Huhtamaki Suppliers
- Global Environmental Policy
- SO management systems 14001, 50001

Circularity and climate are key focus areas in Huhtamaki's 2030 sustainability agenda. Similar to many companies, the largest environmental impacts and the majority of Huhtamaki's total greenhouse gas emissions arise from its value chain. The largest impacts are related to raw materials and the end-of-life treatment of products. In terms of the Group's own operations, greenhouse gas emissions and production waste are the main environmental impacts. Additionally, water usage is a material topic in the Group's molded fiber manufacturing operations.

Huhtamaki's ambition of becoming the first choice in sustainable packaging solutions puts high emphasis on the environmental performance of the company, mainly related to mitigating climate change. The Group has set Scope 1, 2 and 3 greenhouse gas (GHG) emissions reduction targets, which are approved and validated by the Science Based Targets initiative based on the well-below 2°C scenario. These targets guide Huhtamaki's low-carbon transition plan to ensure the resilience of its business model with the 1.5°C target set by some stakeholders. Huhtamaki's science-based targets add to the previously defined metrics on sourcing 100% of renewable electricity and carbon neutral production by 2030. Huhtamaki aims to reduce operations-related absolute Scope 1 and Scope 2 GHG emissions by 27.5% by 2030 from a 2019 base year.

During 2022, Huhtamaki continued to follow the global energy strategy launched in 2021. The strategy outlines the main levers Huhtamaki works on to reduce each of the three GHS emissions scopes. The main levers to reduce Scope 1 and 2 emissions include improving energy efficiency, switching to alternative fuels such as biogas, electrification of systems and increase in the share of renewable electricity, globally. The main levers to reduce the Scope 3 emissions from the value chain are supplier engagement and addressing product end-of-life by driving systematic change and building efficient recycling systems. Huhtamaki has committed to ensuring that 70% of suppliers, by spend, sign up to setting their own science-based targets by 2026. In the downstream value chain, Huhtamaki is committed to reducing the GHG emissions from the end-of-life treatment of its products by 13.5% by 2030 from a 2019 base year. In 2022, Huhtamaki initiated a supplier engagement strategy and addressed product end-of-life by launching The Cup Collective, an open-source initiative aimed at driving the collection and recycling of used paper cups, together with Stora Enso.

During 2022, the Global Sustainability function benchmarked different options to further develop the assessment of the Group's strategy and resilience against climate change including climate-change scenarios for reviewing the impacts of the physical and transition risks to the company. Read more about the current climate-related risks and opportunities that have been identified in the Risk Management section.

The Group's operating principles regarding environment are set out in the Huhtamaki Code of Conduct, the Code of Conduct for Huhtamaki Suppliers and the Global Environmental Policy. The Environmental Policy was updated in 2022. The objective of the policy is to ensure a group-wide understanding of Huhtamaki's environmental commitments and covers the topics of climate and energy; water and effluent; biodiversity and forests; waste, design for circularity and proactive chemicals management.

These policies are supported by Total Productive Manufacturing trainings and ISO management systems and are implemented on manufacturing unit level. At the end of 2022, 53 (54) manufacturing units, representing 66% (66%) of all manufacturing units followed an externally certified environmental management system such as ISO 14001, the Eco-Management and Audit Scheme (EMAS) or the internal Environmental Care Program which is primarily implemented in North America.

Huhtamaki continuously looks for ways to improve resource efficiency, which is supported by a strong environmental and financial rationale. The Group has defined internal management streams for implementing the Group's 2030 Strategy, which also outline how Huhtamaki measures, develops and communicates sustainability performance against its commitments.

The main environmental KPIs and performance are:

	2022	2021	Change
Share of renewable or recycled materials (%)	65.8	66.6	-0.8pp
Share of non-hazardous waste recycled (%)	75.2	72.3	2.9pp
Share of total waste to landfill (%)	12.4	17.9	-5.5pp
Share of renewable electricity (%)	24.9	18.0	6.8pp
Greenhouse gas emissions, incl. Scope 1 and Scope 2* (tCO_2e)	682,000	699,000	-2.4%
Share of certified or recycled fiber	98.0	98.0	0.1pp

*Scope 2 GHG emissions are calculated using the market-based calculation method. The figure has been updated from the one reported in 2021 due to updates in available emission factors.

In 2022, the absolute GHG emissions from the Group's own operations (Scope 1 and 2) decreased by 2.4% (16,800 tCO_2e), even though the production volume increased slightly compared to 2021. Hence, the GHG intensity per sellable ton produced decreased by 2% compared to 2021. As a result, the Group achieved a reduction of 17,100 metric tons CO_2e in its GHG emissions when adjusted for the change in the production volume in 2022. This development is in line with Huhtamaki's GHG emissions reduction targets and was achieved thanks to the increased share of renewable electricity in the Group's operations, resulting in an 81,800 tCO_2e (11%) overall reduction from the 2019 base year level. The calculation of emissions intensity and reduction covers Scope 1 and Scope 2 emissions.

The Group's absolute Scope 3 GHG emissions increased by 3% mainly due to the 6% increase in material purchases when compared to 2021. The emissions related to purchased materials increased by 5%. The amount of business travel recovered nearly to the pre-covid levels, increasing the related air travel emissions notably. The rest of the increase in the Scope 3 emissions was due to the higher waste amount generated and increased energy consumption compared to 2021. Due to the indirect nature of Scope 3 emissions and the variety in the emissions sources, Huhtamaki's calculations include both simplifications and estimations in several categories. As the Group proceeds with its Scope 3 emissions reduction roadmap, it will also constantly improve the accuracy of its calculations.

The Group's share of renewable and recycled materials decreased slightly, mainly due to the change in the Group's product portfolio after the Elif acquisition in 2021. The share of non-hazardous waste recycled increased while the share of waste to landfill decreased thanks to improved waste management practices at several of the Group's manufacturing units. Huhtamaki continues to identify and develop recycling solutions for non-hazardous production waste.

Huhtamaki's environmental operating costs totaled EUR 17 million (EUR 16 million). The costs consist mainly of expenses related to waste and wastewater management as well as environmental management.

New manufacturing units are included in the Group's sustainability reporting from the start of their production. Manufacturing units acquired or sold during the reporting year 2022 are included in the sustainability performance data from their acquisition date onward or until their divestment date. Closed manufacturing units are included in the sustainability reporting until their closing date. In 2022, Huhtamaki opened one new manufacturing unit in an existing location and sold two manufacturing locations in Russia.

In 2022, Huhtamaki continued to align its reporting about climate-related impacts on its business with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. By using this framework, Huhtamaki supports transparency, prepares for the upcoming European Sustainability Reporting Standards that are under development and aims to increase understanding of the impacts of climate change on its business environment and operations. Huhtamaki continues to develop the assessment of the financial exposure that the physical and transition risks related to climate change pose.

	TCFD recommended disclosures	Location of disclosures
Governance	The Board's oversight of climate-related risks and opportunities	Non-financial review, p. 26 Sustainability Report, p. 143
	Management's role in assessing and managing climate-related risks and opportunities.	Non-financial review, p. 26 Sustainability Report, p. 143
Strategy	Climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risk review, p. 35
	The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Risk review, p. 35 Sustainability Report, p. 157
	The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Non-financial review, p. 27 Risk review, p. 35, describes how Huhtamaki has piloted scenario analysis. Scenario analysis is under development.
Risk management	The organization's processes for identifying and assessing climate-related risks.	Risk review, p. 35
	The organization's processes for managing climate-related risks.	Risk review, p. 35
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk review, p. 35
Metrics and targets	GHG emissions "cross-industry categories" Metric: Absolute Scope 1, Scope 2, and Scope 3 GHG emissions Target: Science-based targets (Scope 1+2, and 3)	Non-financial review, p. 27 Risk review, p. 35 Sustainability Report, p. 157

Eligibility with EU Taxonomy regulation

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. It recognizes as environmentally sustainable, those economic activities that make a substantial contribution to at least one of the EU's six climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards. The six environmental objectives are 1. Climate change mitigation, 2. Climate change adaptation, 3. The sustainable use and protection of water and marine resources, 4. The transition to a circular economy, 5. Pollution prevention and control, and 6. The protection and restoration of biodiversity and ecosystems.

The two climate change-related environmental objectives already published as a Delegated Act address emission-intensive economic activities with an aim to guide development towards climate change mitigation and adaptation. The criteria for substantial contribution and significant harm are given in the Technical Screening Criteria for each environmental objective.

Most of Huhtamaki's economic activities are not considered emission-intensive and, therefore, they are not considered eligible under the currently disclosed technical screening criteria. During 2022, Huhtamaki has reassessed both eligibility and alignment against the guidance published by the European Commission to support assessment. The stringent conditions associated with the criteria lead Huhtamaki to reassess the eligibility requirements of its economic activities related to the published Taxonomy objectives 1 and 2. Given these, for the financial year 2022, Huhtamaki has decided to report no eligibility and no alignment on the Taxonomy. The mandatory reporting templates described in Annex II of the Article 8 Disclosure Delegated Act are presented as an appendix on page 29–30. Huhtamaki continues to develop its taxonomy-related reporting, reviewing the eligible economic activities and assessing its alignment against further updated information from the European Commission.

Net sales

				Substantial contribution criteria						DNSH criteria							Taxonomy-aligned share of turnover		
Economic activities	Code(s)	Absolute turnover	Share of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Taxonomy-aligned activities																			
Turnover of Taxonomy-aligned activities	**NA**	**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**0%**	**NA**
Taxonomy-non-aligned activities																			
Turnover of Taxonomy-non-aligned activities	**NA**	**0**	**0%**														**0%**	**0%**	
Total Taxonomy-eligible activities		**0**	**0%**														**0%**	**0%**	

TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities		4,479	100%
Total Taxonomy-eligible and non-eligible turnover		**4,479**	**100%**

Capex

				Substantial contribution criteria						DNSH criteria							Taxonomy-aligned share of CapEx		
Economic activities	Code(s)	Absolute CapEx	Share of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Taxonomy-aligned activities																			
CapEx of Taxonomy-aligned activities	**NA**	**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**0%**	**NA**
Taxonomy-non-aligned activities																			
CapEx of Taxonomy-non-aligned activities		**0**	**100%**														**0%**	**0%**	
Total Taxonomy-eligible activities		**0**	**100%**														**0%**	**0%**	

TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities		318.5	100%
Total Taxonomy-eligible and non-eligible turnover		**318.5**	**100%**

Opex

Economic activities	Code(s)	Absolute OpEx	Share of OpEx	Substantial contribution criteria						DNSH criteria						Minimum safeguards	Taxonomy-aligned share of OpEx		Category
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems		2022	2021	
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Taxonomy-aligned activities																			
OpEx of Taxonomy-aligned activities	**NA**	**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**0%**	**NA**
Taxonomy-non-aligned activities																			
OpEx of Taxonomy-non-aligned activities		**0**	**0%**														**0%**	**0%**	
Total Taxonomy-eligible activities		**0**	**0%**														**0%**	**0%**	
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		246.2	100%																
Total Taxonomy-eligible and non-eligible OpEx		**246.2**	**100%**																

Overview
Financials
• Directors' report 2022
Financial statements
Definitions for performance measures
Key figures and financial development
Share and shareholders
Governance
Sustainability

Personnel and social matters

Policies

- Huhtamaki Code of Conduct
- OHSAS 18001 / ISO 45001
- Global Employment Guidelines
- Huhtamaki Working Conditions Requirements
- Group Performance Management Policy
- Performance Review Guidelines
- Group Compensation and Benefits Policy
- Global Human Rights Policy
- Global Occupational Health and Safety Policy
- Recruitment Policy and Guidelines

Huhtamaki aims to create a safe, engaging and motivating workplace for its people. Huhtamaki nurtures its high-performance culture by continuously developing its people and leaders and encouraging all employees to act according to its values Care Dare Deliver. The Group's established people processes and solutions support the business in reaching its strategic and operational targets. Data analysis and digital workplace tools help the Group make informed decisions and enables people to succeed in their work and grow professionally.

In 2022, the average number of employees was 19,550 (18,385), of which 71% (70%) worked directly in production. Countries with the largest number of employees were US, India and Germany, which accounted for 45% (44%) of the Group's personnel. At the end of the year Huhtamaki had a total of 18,927 (19,564) employees.

Huhtamaki's latest employee engagement survey, Connect, was conducted in September 2021 with the response rate at 79% (88%). The employee engagement index was at 73% (75%) and employee enablement index at 76% (76%). The Group identified performance management, resources, diversity and career opportunities as its global focus areas. In response to this, Huhtamaki renewed its talent acquisition and career development processes in 2022. The Group approved a new Recruitment policy and Guidelines and created a global induction (e-learning) for new hires to increase engagement and improve employee experience.

After the COVID-19 restrictions were lifted in most parts of the world, the Group was able to deliver two new leadership development programs that brought leaders together from different parts of the business. The Group continued to offer online learning opportunities through a new learning management system which was implemented in 2022. The Group continued investing in the development of its strategic capabilities by organizing different learning opportunities for its employees, such as Global Week of Learning filled with online webinars and an e-learning on sustainability. In addition, Huhtamaki continued to provide an increasing number of LinkedIn Learning licenses and access to an online business conference to all employees across the globe.

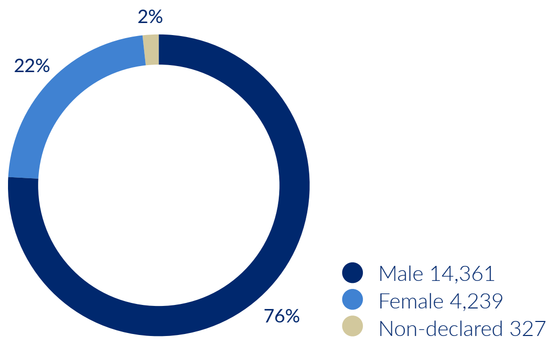
These platforms offer an opportunity to learn from industry experts specializing in personal and business skills. Also, Huhtamaki's strategic key projects provide a wide range of learning opportunities, whilst at the same time increasing collaboration across the organization.

Business units adhere to Huhtamaki's global Working Conditions Requirements that cover topics such as anti-corruption, safety, work ergonomics, work contracts, working hours, grievances, and supplier management.

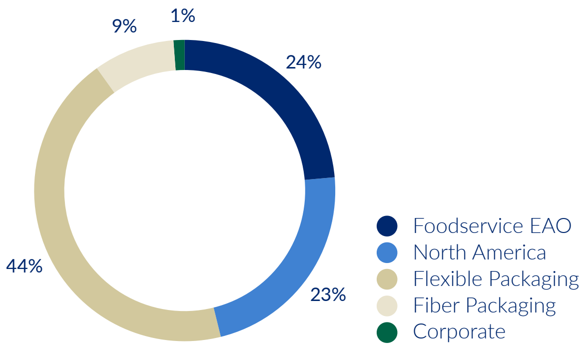
Occupational Health and Safety (OHS) is a top priority for Huhtamaki. Huhtamaki is building a safety culture and strives to embed safety across the whole organization. Huhtamaki's ambition is to develop a mindset to deliver an organization where nobody gets hurt and everyone goes home safe at the end of the day. To achieve this, Huhtamaki is developing a global mindset by strengthening its leadership of safety, safety systems and employee safety culture. Health and safety is one of the core elements of the Group's business agenda, and one of the key KPIs for its business, which is reviewed by the Global Executive Team and presented quarterly to the Board of Directors.

Effective Health and Safety management at Huhtamaki is delivered through safety management systems. These are implemented at each operating site across the organization. The management systems are supported by an overarching Global OHS policy.

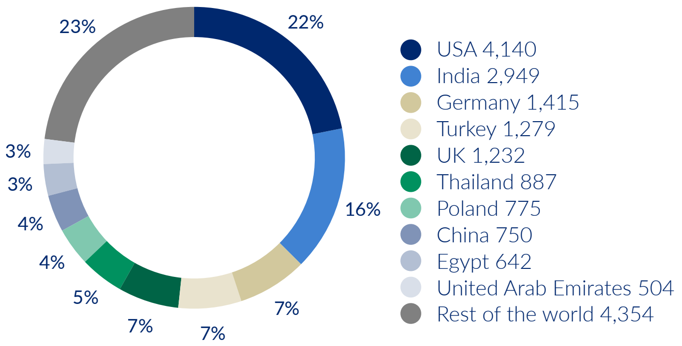
Employees by gender



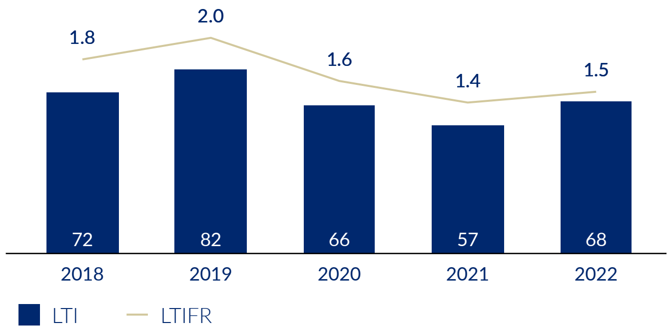
Personnel by segment on December 31, 2022



10 largest countries by number of employees

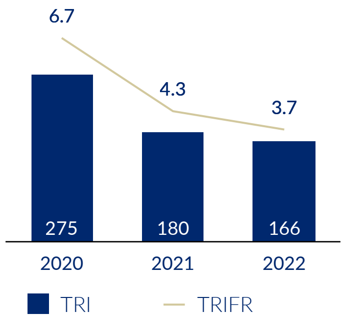


Number and frequency of lost time injuries 2018–2022, Group



LTI = Lost time injury
LTIFR = Lost time injury frequency rate per million hours worked

Number and frequency of total recordable injuries 2020–2022, Group



TRI = Total recordable injury
TRIFR = Total recordable injury frequency rate

The key OHS indicators for 2022 are Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). In 2022, LTIFR increased to 1.5 (1.4). When calculating the injury frequency rates, Huhtamaki considers the injuries and actual working hours of Huhtamaki employees and external workers. TRIFR in 2022 was 3.7 (4.3). There were two fatalities during 2022. Both cases were contractors working at Huhtamaki premises – one in Khopoli (India) and one in Cairo (Egypt). The incidents have been thoroughly investigated to identify their root causes, which has allowed the Group to apply the learnings across the entire organization and ensure these incidents do not happen again..

Human rights

Policies

- Huhtamaki Code of Conduct
- Code of Conduct for Huhtamaki Suppliers
- Global Human Rights Policy
- Global Working Conditions Requirements
- Global Employment Guidelines
- Group Occupational Health and Safety Policy

Huhtamaki recognizes that, as a global company, its actions can have both positive and negative impacts on people either directly through its own operations, or indirectly through its value chain. The results from both a high-level, global assessment and two site level impact assessments indicate, that the potential human rights impacts in Huhtamaki's own operations relate to for example employees' health and safety, working conditions, working hours and rest, discrimination, and the position of service providers. Through the actions of the Group's suppliers, Huhtamaki can also have an indirect impact on the fundamental human rights of employees upstream in the value chain, including topics such as working hours, wages or forced labor. Vulnerable groups that need to be taken into special consideration are migrant workers and their families, local communities, as well as women and children. While the vulnerable groups have been identified, Huhtamaki is still in the process of mapping the human rights impacts themselves. Going forward, Huhtamaki will continue to use a combination of methods to better understand its impacts and to further refine the list of salient human rights issues.

Ensuring that human rights are respected throughout the value chain is a key element of Huhtamaki's 2030 sustainability agenda. Huhtamaki is committed to taking responsibility for the impact it can have on individuals and for making sure that there is no harm to people as a result of its activities.

The Global Human Rights Policy reflects Huhtamaki's commitment to human rights as set forth in the United Nations International Bill of Human Rights and taking into account the UN Guiding Principles on Business and Human Rights.

The Huhtamaki Code of Conduct sets out standards for ethical behavior for all employees. Huhtamaki does not allow for example workplace violence or the use of child labor or forced labor. All employees globally are expected to participate in the mandatory Code of Conduct training annually.

Human rights due diligence is built into several of the Group's key processes, for instance, in its Global Working Conditions Requirements, in its health and safety management systems, in supply chain management and in its compliance system.

In the Group's own operations, risks for human rights issues are identified via the global Enterprise Risk Management, the global Ethics and Compliance program and by following incidents reported through the whistle-blowing channel and grievance processes. The Global Working Conditions Requirements are implemented at all production sites and cover topics such as anti-corruption, safety, work ergonomics, work contracts, working hours, grievances, and supplier management. Occupational health and safety have been identified as key topics. As a result, all manufacturing units monitor safety metrics monthly, and performance is assessed against targets. Engaging with local communities gives valuable feedback from local stakeholders. In mergers and acquisitions, environmental and social impact assessments are part of the standard due diligence process.

Huhtamaki's supply chain due diligence process has been built to identify risks in the supply chain. All key suppliers, corresponding to approximately the top 80% in terms of procurement spend, are systematically screened in the Group's supplier monitoring tool against for example sanctions lists, watch lists and negative media, helping Huhtamaki to identify and address risks related to human rights in the supply chain.

In 2022, the Group continued building on efforts launched in 2021 to strengthen its existing processes to better integrate human rights considerations into its processes and operating model. The Group established a cross-functional working group to drive initiatives and to follow up on the findings from the impact assessments. Several projects were initiated to strengthen key processes from a human rights perspective, such as the due diligence process in mergers and acquisitions. Huhtamaki also conducted its second human rights impact assessment at the Flexible Packaging site in Thailand. The Group has also increased the awareness of human rights internally through various global training opportunities, including an updated e-learning course on Modern Slavery and Human Trafficking.

Anti-corruption and anti-bribery

Policies

- Huhtamaki Code of Conduct
- Code of Conduct for Huhtamaki Suppliers
- Group Anti-Corruption Policy
- Huhtamaki Instruction for Gifts and Hospitality
- Huhtamaki Instruction for Conflict of Interest
- Group Investigations Policy

The Huhtamaki Global Ethics and Compliance program focuses on Huhtamaki's commitment to integrity and legal compliance across the Group's global organization. The program serves as a toolkit supporting Huhtamaki in conducting its business in compliance with laws, regulations and the Group's ethical standards and ensuring that the Group has adequate procedures in place to prevent Huhtamaki taking part in any corruption or unethical business activities. At Huhtamaki, all forms of corruption and bribery are strictly prohibited, irrespective of the location of its operations.

In 2022, Huhtamaki further developed its Anti-Corruption Program by launching the Huhtamaki Anti-Corruption Policy alongside related instructions and procedures on conflicts of interest and gifts and hospitality, which all Huhtamaki employees are required to follow globally.

Anti-bribery and corruption provisions are an integral part of the Huhtamaki Code of Conduct, which is the core element of Huhtamaki's Global Ethics and Compliance program. The Code works as a compass, helping the Group to navigate and use consistent legal and ethical judgment in its daily work and decision-making. In addition, these anti-bribery and corruption provisions are included in the Code of Conduct for Huhtamaki Suppliers to ensure compliance across Huhtamaki's value chain. The Global Ethics and Compliance team oversees the implementation of the company's Anti-Corruption program by advising and supporting the conduct of business with high integrity and in compliance with applicable local and international anti- corruption laws and regulations.

Huhtamaki strongly believes that through its ethics and compliance efforts, it can counter negative impacts of corruption and other unethical business practices on people, societies and the environment affected by Huhtamaki's operations. At Huhtamaki, integrity applies to every part of Huhtamaki's business, and the company highlights the importance of the commitment at every level around the world.

One of the key elements of Huhtamaki's Global Ethics and Compliance program framework is training and communication. In 2022, the Global Ethics and Compliance team focused on raising awareness of corruption risks and ethical business conduct in Europe, the Middle East and Southeast Asia regions, as well as in China and India. Employees were invited to discuss and review case examples of selected compliance topics like anti-corruption, gifts and hospitality and conflict of interest situations. Additionally, face-to-face training sessions were organized by Global Ethics and Compliance for Huhtamaki's entities in Egypt, the UAE, Turkey, Germany, India, China, Malaysia, and Vietnam. The team also continued to raise awareness of trade sanctions and other topical compliance matters also in Huhtamaki's other operating geographies during 2022 by providing training and communication through various online channels.

Huhtamaki employees are required to complete the Huhtamaki Code of Conduct training, which is cascaded to all employees as part of the Group's annual mandatory Ethics and Compliance online training program. The Code of Conduct training, which contains also an anti-corruption section with the commitment not to tolerate corrupt practices of any kind and practical examples for ethical decision-making, was completed by 94.5% (2021: 95.4%) of Huhtamaki's employees globally in 2022.

In addition to the Code of Conduct online training, in-depth e-learning courses on anti-trust and competition compliance as well as data privacy and information security related topics are mandatory for selected employees. These online trainings are part of the annual Ethics and Compliance training program.

In accordance with Huhtamaki's values, the Group promotes a culture of open discussion and encourages everyone to raise their concerns and to report any suspected or observed violations of the Huhtamaki Code of Conduct, any other Huhtamaki policies or laws and regulations. If an employee has concerns about potential misconduct or is made aware of a violation, the employee is expected to report the violation by contacting either his/her manager, over manager, a local Human Resources representative or Global Ethics and Compliance. To support the compliance with laws and regulations and the ethical business conduct, the company offers various channels to report concerns, including a dedicated email address and the Huhtamaki Speak Up channel, a web-based whistleblowing system, which allows for anonymous reporting and is open to employees and external stakeholders if they want to report concerns or suspected misconduct. The Huhtamaki Speak Up channel can be accessed by visiting the website: report.whistleb.com/Huhtamaki. Retaliation or any negative actions against an employee reporting a suspected violation in good faith is explicitly prohibited and may result in disciplinary action.

The Global Ethics and Compliance team coordinates the Speak Up channel and oversees the overall investigation process of alleged violations. The Global Ethics and Compliance team is responsible for all investigations involving serious allegations. All breaches and suspected breaches of the Huhtamaki Code of Conduct brought to the attention of Global Ethics and Compliance are investigated and reported further according to the Group Investigation Policy. The Huhtamaki Ethics and Compliance Committee, the Global Executive Team and the Audit Committee of the Board of Directors follow up on the reported incidents and review the implementation of mitigating activities regularly.

Risk review

Risk management

Risk management at Huhtamaki aims to identify potential events that may affect the achievement of the Huhtamaki's objectives as outlined in its 2030 Strategy. Its purpose is to manage risks to a level that the Group is capable and prepared to accept, so that there is reasonable assurance and predictability regarding the achievement of the Group's objectives. The aim is also to enable the efficient allocation of resources and risk management efforts.

The Group Enterprise Risk Management (ERM) Policy defines the objectives, scope and responsibilities of risk management. Efficient risk management ensures timely identification and assessment of opportunities and risks in the short, medium, and long term, as well as relevant measures to manage them. Detailed risk management procedures are described in the Group's ERM framework and process guidelines. Huhtamaki's risk management process is based on the Enterprise Risk

Management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In order to systematize and facilitate the identification of risks, they are categorized as strategic, operational and financial risks. These categories are closely aligned with the objectives of Huhtamaki, with sustainability and compliance embedded in all of them. Huhtamaki assesses risks in terms of their impact and the likelihood of their occurrence. A risk impact is considered in terms of impact on the organization's annual EBIT margin. The likelihood of a risk occurring is generally considered in terms of the expected frequency of occurrence. To further evaluate the residual risk level when risk controls are in place, Huhtamaki assesses the effectiveness of those controls over the impact and likelihood of the risk.

Risk review process 2022

In 2022, businesses and Group functions identified and assessed strategic, operational and financial risks and opportunities against the impact on the achievement of the strategic priorities and performance objectives. These risk assessment results were consolidated to the Group level. Risk treatment actions were defined in order to reach acceptable risk levels at each stage. Further, Huhtamaki Board of Directors had a risk management workshop to support the overall annual risk assessment. Disruptive risk scenarios were evaluated as a part of the strategy risk assessment.

The acceptable risk levels associated with appropriate risk management efforts were first evaluated by the Global Executive Team, then reviewed by the Audit Committee of the Board of Directors and finally approved by the Board of Directors. Agreed risk management efforts will be conducted and monitored during 2023.

During 2022, the key risks identified in the 2021 risk assessment process were monitored to assess their existing and newly implemented controls and any changes in the risk level itself. Actions to manage those risks were planned and executed at the Group or segment level and followed by the Global Risk Management function, with a focus on each business segment's most significant risks.

The most significant strategic risks

Changes in the business environment driven by regulation and sustainability present significant risk and opportunity. The company's future growth and success depend on its continued ability to predict and respond to changes and its ability to innovate and develop new sustainable products and solutions in a timely manner.

Regulatory changes may introduce material bans and other packaging related regulations including recycled content requirements impacting packaging business. Further, these regulatory changes include a level of unpredictability, especially in certain geographics. To manage the threats, Huhtamaki is focused on driving an evidence-based discussion to deliver data on the value of packaging in terms of hygiene, food safety, food availability and food waste prevention. Furthermore, Huhtamaki actively tracks early stages of regulatory initiatives and potential regulatory changes so as to reflect these in the development and commercialization of its products and solutions.

The key risks and opportunities to Huhtamaki's competitiveness arise from changes in competitive landscape and dependence on large customers. Further, capability to adapt to changes in consumer and customer preferences as well as to changes in technologies and shifts in materials presents a risk and opportunity. Understanding consumers enables Huhtamaki to realize business opportunities in building long-term sustainable growth in partnership with its customers. Activities to manage the threats and seize the opportunities involve active dialogue with the customers to develop ways to increase value and understand Huhtamaki´s competitive position as well as cross-functional and cross-segment collaboration. To mitigate the risk of its technology and machinery becoming outdated, inefficient or unfit for serving customer demand, the Group continuously monitors and anticipates also long term needs and has focus on research and development and also protection of intellectual property. Huhtamaki is also actively working on strategic partnerships and M&A to secure a competitive advantage on new technology innovations.

Macro-level uncertainties include political risks, macroeconomic risks and recession risks. Unstable political conditions and geopolitical instability may increase the business uncertainty and worsen business conditions. Further, trade restrictions and trade wars may slow down investment and economic growth in impacted geographies. Challenging economic conditions typically have impact on customer behavior and purchasing power. Outbreak of the invasion of Ukraine, high inflation rates and disruption in energy supply are examples of recent events affecting the macro environment. Huhtamaki is actively monitoring the developments so that it can react to changes in its business environment.

In terms of human resources, the key risks and opportunities are identified to arise from availability of labor and talent. The risk management actions include consistent talent review and succession planning, career development programs, solid recruitment process as well as constant development of employee promise and employer image.

Operational and financial risks

Risks and opportunities related to the ability to manage prices so that price changes are implemented in a timely manner and with correct cost and market intelligence data as well as the ability to pass increases in the cost of raw materials, energy and transportation to the price of the products are key for the Group. Risk management actions include ongoing monitoring of raw material and energy costs and focus on contract management with energy and material escalation clauses included in customer contracts when possible.

Disruption in raw material or energy supply is considered one of the key operational risks to the Group. The risk is managed, e.g., by extending the Group's supplier network, securing volumes in advantage, monitoring and maintaining safety inventory levels and standardizing raw materials.

Risks related to property damage and IT infrastructure, systems and applications are important operational risks potentially impacting the business continuity of Huhtamaki. The company performs a continuous improvement program in property risk control, mitigating the impact and likelihood of hazards, such as fire, explosion, flood or windstorm, that may lead to property damage and business interruption. To minimize the impact of a potential business interruption, Huhtamaki maintains and further develops its disaster recovery and business continuity plans and allocates manufacturing capacity to several locations. Huhtamaki is also developing its IT environment including ERP systems, to enhance productivity and mitigate cyber and other business interruption risks.

Risk related to non-compliance with laws and sanctions include risk of penalties or claims for compensation, or indictment due to a failure to comply with applicable legislation such as anti-bribery, competition, product, environmental or other legislation or applicable sanctions. Key risk management actions include policies and processes to identify and mitigate the non-compliances and training on various compliance topics.

None of the key risks identified in connection with the 2022 risk assessment is considered of a magnitude that could not be managed or would endanger the implementation of Huhtamaki's 2030 Strategy. When considered necessary, appropriate risk treatment actions may also involve a risk transfer by means of insurance. The Group maintains several global insurance programs. The need for insurance, including the adequacy of its scope and limits, is continuously evaluated by the Global Risk Management function.

Risks and risk management procedures related to non-financial information

The Enterprise Risk Management (ERM) of Huhtamaki covers the assessment of sustainability risks and opportunities. Strategic sustainability risks relate to changes in the business environment or events that may impact the Group's reputation. Operational sustainability risks relate to production, human resources, crime and fraud. Risks are assessed in terms of their impact and the likelihood of their occurrence. A risk impact is considered in terms of impact on the organization's annual EBIT. Going forward, Huhtamaki will, to support the Enterprise Risk Management, conduct further targeted assessments of the risks and opportunities for climate change for the short, medium and long term.

Changes in business environment driven by regulation and sustainability are among the most significant risks and opportunities for Huhtamaki. These changes can include bans on chemicals and materials used in products as well as new laws and regulations affecting Huhtamaki's products, plants or processes. Concerns regarding plastics, non-recyclable and non-renewable products as well as related consumption reducing measures or bans can affect the business. Further, the business environment is affected by changes in consumer and customer preferences. Thus, Huhtamaki is continuously evaluating and developing its product portfolio and production capabilities to meet current and future market expectations on sustainability. It monitors regulatory changes and drivers through several sources and stakeholders. Changes in business environment can also bring significant business opportunities, which Huhtamaki is well-placed to address with its current knowledge and expertise of different raw materials and conversion technologies combined with an understanding of its customers and consumers.

In the medium to long term, climate change is likely to increase the frequency and severity of natural disasters such as windstorms, droughts and floods that pose a threat to Huhtamaki's manufacturing, sourcing and distribution continuity. The physical damage that extreme weather conditions may cause to manufacturing facilities or infrastructure could disrupt Huhtamaki's own, its customers', raw material, energy or utilities suppliers', or transportation suppliers' business. The company manages these risks with appropriate precautions in high-risk locations as well as with disaster recovery and business continuity planning. The locations for proposed greenfield or acquisition targets are evaluated for exposure to natural disasters, and must be considered acceptable, prior to proceeding with a project. Risks related to existing manufacturing facilities are reduced by allocating capacity to several locations.

Medium to long term transitional climate change risks may impact the availability and cost of raw materials and energy. Continuous product innovation, including a special focus on plastic substitution, plays an important role in managing these risks. Huhtamaki's ambition is to increase the share of renewable and recycled raw materials to 80% and use only certified or recycled fiber by 2030. Moreover, Huhtamaki is shifting to renewable energy sources with an aim to reach carbon neutral production by 2030. The Group not only considers the risk of climate change to its business but to the entire planet and its people. The Group sees that as an advanced packaging manufacturer it is responsible for protecting the planet by offering and developing sustainable packaging solutions. More information on the sustainability of the Group's products can be found in the Business Overview section and in the Sustainability supplement of this Annual Report 2022 publication.

Climate change related risks and opportunities are included and taken into account in the risk register used in the ERM process. The ERM process is described in the Risk management section, page 33. Huhtamaki continued to benchmark different options for publicly available climate-change scenarios that can be used for assessing the impacts of the physical and transition risks to the company. Huhtamaki recognizes the critical importance of risks and opportunities related to climate change and will continue developing its climate related risk assessment in order to further improve its governance, measurements and disclosure related to the topic.

Short to medium term sustainability risks and opportunities relating to production involve occupational health and safety, product safety and quality, and environmental impacts of Huhtamaki operations. Risk management relating to environmental and occupational safety as well as social responsibility is integrated in day-to-day business processes and standard practices and the way we work. These must comply not only with applicable laws and regulations, but also with the ethical, societal and safety responsibilities set out in the Group's Code of Conduct and Huhtamaki Working Conditions Requirements. Risk prevention also involves regular training and continuous improvement programs for all employees. The Group measures its progress and monitors its compliance by regular audits. Regarding the environmental impacts of the Group's operations, more information on water risk and waste management can be found in the Sustainability supplement of this Annual Report 2022 publication.

Short to medium term sustainability risks relating to human resources are assessed in terms of human resources risks in general, as well as in terms of labor relations risks, and human rights risks. Sustainable human resources management focuses on fostering a work culture built on the Group's values, Code of Conduct and Huhtamaki leadership competencies. The Group aims to provide all its employees a safe workplace, development opportunities, as well as systematic performance and talent management and succession planning. More information on the Group's People strategy can be found in the Business Overview section and in the Sustainability supplement of this Annual Report 2022 publication.

In the 2022 ERM assessment, occupational health and safety, product safety and quality risks, non-compliance with laws and sanctions, human rights and sustainability requirements affecting manufacturing units or processes were considered medium or medium-low risks to the Group.

Sustainability is also considered in connection with reputational risks relating to products, employer image, governance, and corporate citizenship. Reputational risks are considered to pose a medium-low risk to the achievement of Huhtamaki's objectives.

Corruption risk is included in the ERM assessment and considered as an operational as well as a reputational risk. While the risk of corruption and bribery in general is considered medium-low in the 2022 ERM assessment, anti-corruption is seen as a key element of the company's Global Ethics and Compliance program. Ethics and business integrity requirements, including anti-corruption and zero tolerance to bribery, are also an integral part of Huhtamaki Working Conditions Requirements. Key risk management actions include policies and processes to identify and mitigate the non-compliances and training on various compliance topics. More information on the Group's Global

Ethics and Compliance program can be found in the Sustainability supplement of this Annual Report 2022 publication.

In 2022, Huhtamaki conducted internal social and environmental sustainability workshops to better understand the risks and opportunities and accelerate the development in sustainability.

Personnel

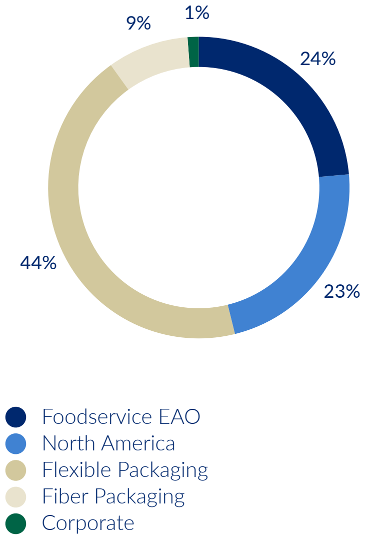
Number of personnel

	December 31, 2022	December 31, 2021	Change
Foodservice Europe-Asia-Oceania	4,465	4,797	-7%
North America	4,268	4,261	0%
Flexible Packaging	8,316	8,387	-1%
Fiber Packaging	1,651	1,840	-10%
Other activities[1]	227	279	-19%
Group	**18,927**	**19,564**	**-3%**

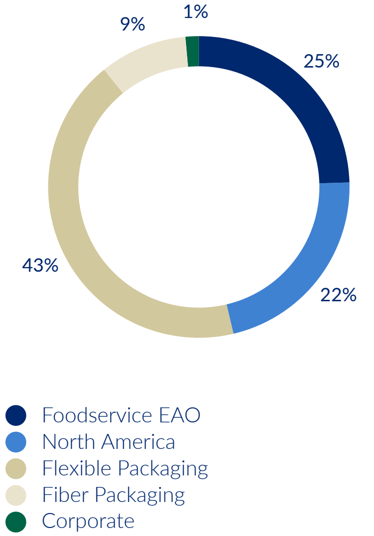
[1]Including global functions in Finland

At the end of December 2022, the Group had a total of 18,927 (19,564) employees. The number of employees was 3% lower than in the comparison period, driven by the divestment of the operations in Russia.

Personnel by segment on December 31, 2022



Personnel by segment on December 31, 2021



Changes in management

On December 21, 2021, it was announced that the President and CEO Charles Héaulmé was diagnosed with a cancer. He took a leave of absence from early January 2022, to undergo treatment, and fully resumed his duties on April 19, 2022. Thomas Geust, CFO, acted as interim Deputy CEO from January 1, 2022, to April 18, 2022. During the same time, Eric Le Lay, President Fiber and Foodservice EAO, acted as interim Chief Operating Officer.

Fredrik Davidsson, Bs (Engineering), was appointed as Executive Vice President, Digital and Process Performance and a member of the Global Executive Team as of May 1, 2022.

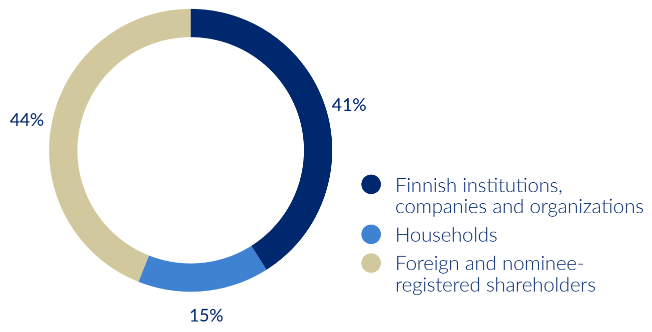
Share capital, shareholders and trading of shares

Share capital and share data

	2022	2021	2020
Registered share capital[1], EUR million	366	366	366
Total number of shares[1]	107,760,385	107,760,385	107,760,385
Shares owned by the Company[1]	3,395,709	3,395,709	3,410,709
% of total number of shares	3.2%	3.2%	3.2%
Number of outstanding shares[1, 2]	104,364,676	104,364,676	104,349,676
Average number of outstanding shares[2, 3]	104,364,676	104,360,114	104,349,676
Number of shares traded[4], million	61.7	51.0	59.0
Closing price on final day of trading, EUR	32.00	38.89	42.26
Volume-weighted average price, EUR	34.30	40.12	37.34
High, EUR	39.94	45.93	46.62
Low, EUR	26.41	36.57	23.48
Market capitalization[1], EUR million	3,448	4,191	4,554
Earnings per share, EUR	2.65	1.91	1.69
Earnings per share, diluted, EUR	2.65	1.91	1.69
Dividend per share, EUR	1.00[5]	0.94	0.92
Dividend to earnings	38%[5]	49%	54%
Effective dividend yield	3.1[5]	2.4	2.2
Price to earnings ratio[1]	12.1	20.4	25.0
Equity per share[1], EUR	17.10	14.11	12.31

[1] At the end of period
[2] Excluding shares owned by the Company
[3] Average number of outstanding shares used in EPS calculations
[4] Number of shares traded on Nasdaq Helsinki
[5] 2022: Board proposal

Shareholder structure as at December 31, 2022



The number of registered shareholders at the end of December 2022 was 50,150 (43,774). Foreign ownership including nominee registered shares accounted for 44% (48%).

Trading of shares

During the reporting period, the Company's shares were quoted on During the reporting period, the Company's shares were quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector. It was a component of the Nasdaq Helsinki 25 Index.

At the end of December 2022, the Company's market capitalization was EUR 3,448 million (EUR 4,191 million). With a closing price of EUR 32.00 (EUR 38.89) at the end of the reporting period, the share price decreased approximately 18% from the beginning of the year.

During the reporting period the volume weighted average price for the Company's shares was EUR 34.30 (EUR 40.12). The highest price paid was EUR 39.94 (EUR 45.93) and the lowest was EUR 26.41 (EUR 36.57).

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 2,117 million (EUR 2,027 million). The trading volume of approximately 62 million (51 million) shares equaled an average daily turnover of 243,923 (200,455) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 7,665 million (EUR 6,022 million). During the reporting period, 72% (66%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Refinitiv Eikon)

Resolutions of the Annual General Meeting 2022

Huhtamäki Oyj's Annual General Meeting of Shareholders was held on April 27, 2022 in Espoo, Finland. The meeting adopted the Company's Annual Accounts including the Consolidated Annual Accounts for 2021, discharged the members of the Company's Board of Directors and the CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors and the Shareholders' Nomination Board. The Annual General Meeting also approved the Remuneration Report for the Company's Governing Bodies presented to it.

The Annual General Meeting resolved that an aggregate dividend of EUR 0.94 per share be paid based on the balance sheet adopted for the financial period ended on December 31, 2021. The dividend was paid in two instalments. The first dividend instalment, EUR 0.47 per share, was paid to shareholders registered in the Company's register of share-holders maintained by Euroclear Finland Ltd on the record date for the first dividend instalment April 29, 2022. The payment date for the first dividend instalment was May 6, 2022. The second dividend instal-ment, EUR 0.47 per share, was paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the second dividend instalment October 3, 2022. The payment date for the second dividend instalment was on October 10, 2022.

The number of members of the Board of Directors was confirmed to as nine (9). Mr. Pekka Ala-Pietilä, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas, Ms. Sandra Turner and Mr. Ralf K. Wunderlich were re-elected as members of the Board of Directors and, as new members, Ms. Mercedes Alonso and Mr. Heikki Takala. They were elected for a term ending at the end of the next Annual General Meeting. The Annual General Meeting re-elected Mr. Pekka Ala-Pietilä as the Chair of the Board and Ms. Kerttu Tuomas as the Vice-Chair of the Board.

The Annual General Meeting resolved that the annual remuneration to the members of the Board of Directors will be paid as follows: to the Chair of the Board EUR 160,000, to the Vice-Chair EUR 75,000 and to the other members EUR 62,000 each. In addition, the Annual General Meeting resolved that the annual remuneration to the Chair and members of the Board Committees will be paid as follows: to the Chair of the Audit Committee EUR 15,000 and to the other members of the Audit Committee EUR 5,000 as well as to the Chair of the Human Resources Committee EUR 5,000 and to the other members of the Human Resources Committee EUR 2,500. In addition, the Annual General Meeting resolved that EUR 1,500 will be paid for each Board and Committee meeting attended. Traveling expenses of the Board members will be compensated in accordance with the Company policy.

KPMG Oy Ab, a firm of authorized public accountants, was re-elected as Auditor of the Company for the financial year January 1–December 31, 2022. Mr. Henrik Holmbom, APA, will continue to act as the Auditor with principal responsibility.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of an aggregate maximum of 10,776,038 of the Company's own shares. Own shares may be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The authorization covers also directed repurchases of the Company's own shares. The authorization remains in force until the end of the next Annual General Meeting, however, no later than June 30, 2023.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 10,000,000 shares which corresponds to approximately 9.3 percent of the current shares of the Company, and the aggregate number of own treasury shares to be transferred may not exceed 4,000,000 shares which corresponds to approximately 3.7 percent of the current shares of the Company. The authorization covers also directed issuances of shares. The authorization remains in force until the end of the next Annual General Meeting, however, no later than June 30, 2023.

Short-term risks and uncertainties

Significant and broad-based inflation (including raw materials, labor, distribution and energy), decline in consumer demand, availability of raw materials as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. Geopolitical, general political, economic and financial market conditions, as well as a potential further escalation of the geopolitical crisis in Europe, can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings. The COVID-19 pandemic may continue to create further disturbances in the Group's trading conditions and its operating environment, as well as in demand for the Group's products. Further, natural disasters may have negative effects on the Group's operating environment.

Outlook for 2023

The Group's trading conditions are expected to remain relatively stable, despite the continued volatility in the operating environment. Huhtamaki's diversified product portfolio provides resilience and the Group's good financial position enables addressing profitable long-term growth opportunities.

Dividend proposal

On December 31, 2022, Huhtamäki Oyj's distributable funds were EUR 908 million (EUR 462 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.00 (EUR 0.94) per share be paid.

Annual General Meeting 2023

The Annual General Meeting of Shareholders (AGM) will be held on Thursday, April 27, 2023 at 11:00 (EET) at Scandic Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

Corporate Governance Statement and Remuneration Report

The Corporate Governance Statement and Remuneration Report have been issued separately and are presented in a section of this Huhtamaki Annual Report 2022 publication. The statements are also available on the Group's website www.huhtamaki.com.

Operating model

Inputs

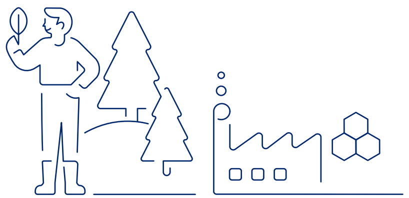
Materials
- Paperboard
- Plastic resins
- Recycled fiber
- Approximately 66% of materials that we use are renewable or recycled

Energy and water
- Energy consumption 2,348 GWh, share of renewable energy 13%
- Water withdrawal 9.1 million m^3

Personnel
- Competence and know-how of 18,927 employees

Financial resources
- Equity M€ 1,922
- Net debt M€ 1,471

Partnerships
- Key stakeholder relationships
- Collaborations with key customers and suppliers



Our activities

Advanced manufacturing using multiple technologies
- 76 manufacturing units, 26 offices, 37 countries
- Paperboard conversion
- Smooth and rough molded fiber production
- Flexible packaging

Operational excellence
- Energy efficiency: 2.1 MWh/sellable ton produced
- Relative water consumption: 0.9 m^3/sellable ton produced
- Digitalization to improve efficiency
- Optimizing production to reduce material loss
- Safe working conditions, LTIFR 1.5, TRIFR 3.7

Innovations
- R&D for design of sustainable packaging solutions
- Smart packaging
- Manufacturing technology development

Leadership and management
- Driven by our values: Care Dare Deliver
- Talent development for a high-performance culture
- Guiding principles and management systems
- Continuous improvement (Lean Six Sigma, Total Productive Manufacturing)

Business growth
- Growth through organic investments, M&A, innovation and venturing in core areas and emerging markets
- Capital expenditure M€ 318

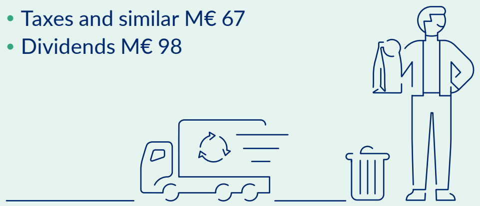
Outputs and impacts

Protecting food, people and the planet
- Ensuring food hygiene and safety, driving accessibility and affordability of food
- Reducing food waste with fit-for-purpose packaging, designed for circular economy, e.g. packaging that is recyclable and recycled
- Excellent customer experience

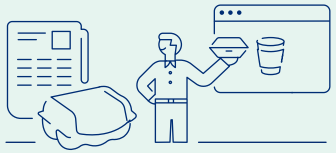
Environmental impacts
- Greenhouse gas emissions: absolute emissions reduced 11% from 2019 base year
- Waste: recycling rate 75%
- Water: water discharge 8.1 million m^3; water management plans in place to mitigate negative impacts
- Biodiversity: impacts through manufacturing operations and product value chain

Social impacts
- Human rights
- Employee engagement and increased know-how through learning
- Diversity and inclusion
- Health and safety
- Job opportunities and value for local communities
- Corporate citizenship

Economic value distributed in 2022
- Profit M€ 285
- Wages and benefits M€ 820
- Net financial items M€ 53
- Taxes and similar M€ 67
- Dividends M€ 98



Safe, fit-for-purpose, sustainable packaging solutions
- Cups, plates, bowls, utensils and folded cartons for foodservice products
- Rough molded fiber packaging for eggs and fruit
- Smooth molded fiber packaging incl. ready-meal trays and ice cream tubs
- Laminates, pouches and labels for food and personal care



Intangible assets
- Huhtamaki brand value, including blueloop™
- Patents for product and design innovations

New manufacturing assets
- Through investments and acquisitions
- Unique Huhtamaki developed conversion equipment
- Customer equipment and engineering services

Financial statements

Consolidated financial statements

Consolidated statement of income (IFRS)

EUR million	Note	2022	2021
Net sales	2.1.	**4,479.0**	**3,574.9**
Cost of goods sold		-3,746.6	-2,980.4
Gross profit		**732.4**	**594.4**
Other operating income	2.5.	74.8	24.4
Sales and marketing		-99.6	-84.8
Research and development		-30.6	-25.7
Administration expenses		-254.9	-207.6
Other operating expenses	2.6.	-16.8	-4.8
Earnings before interest and taxes	2.2., 2.3.	**405.3**	**296.0**
Financial income	5.1.	11.0	4.0
Financial expenses	5.1.	-64.2	-37.0
Profit before taxes		**352.1**	**263.0**
Income tax expense	2.7.	-66.7	-60.3
Profit for the period		**285.4**	**202.7**
Attributable to:			
Equity holders of the parent company		276.2	198.8
Non-controlling interest		9.2	3.8
EUR			
EPS attributable to equity holders of the parent company	2.8.	2.65	1.91
Diluted EPS attributable to equity holders of the parent company	2.8.	2.64	1.91

Group statement of comprehensive income (IFRS)

EUR million	Note	2022	2021
Profit for the period		**285.4**	**202.7**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	2.2.	44.1	35.7
Income taxes related to items that will not be reclassified	2.7.	-16.3	-8.0
Total		**27.8**	**27.8**
Items that may be reclassified subsequently to profit or loss			
Translation differences		108.7	117.8
Equity hedges		-14.7	-17.9
Cash flow hedges	5.5.	17.4	4.9
Income taxes related to items that may be reclassified	2.7.	-3.4	-1.1
Total		**108.0**	**103.8**
Other comprehensive income, net of tax		**135.8**	**131.5**
Total comprehensive income		**421.2**	**334.2**
Attributable to:			
Equity holders of the parent company		413.6	330.1
Non-controlling interest		7.5	4.1

Consolidated statement of financial position (IFRS)

Assets

EUR million	Note	2022	2021
Non-current assets			
Goodwill	3.2.	1,035.0	1,000.9
Other intangible assets	3.3.	117.9	121.5
Tangible assets	3.4.	1,735.8	1,674.1
Other investments	5.7.	2.4	2.2
Interest-bearing receivables	5.2., 5.7.	0.9	2.0
Deferred tax assets	2.7.	48.4	55.1
Employee benefit assets	2.2.	57.8	67.6
Other non-current assets		9.4	5.6
		3,007.7	**2,929.1**
Current assets			
Inventory	4.1.	755.4	665.7
Interest-bearing receivables	5.2.	14.9	1.9
Current tax assets		20.1	22.0
Trade and other current receivables	4.2., 5.7.	709.4	744.9
Cash and cash equivalents	5.3., 5.7.	309.4	178.7
Assets held for sale	3.1.	4.3	-
		1,813.6	**1,613.1**
Total assets		**4,821.3**	**4,542.2**

Equity and liabilities

EUR million	Note	2022	2021
Share capital	5.4.	366.4	366.4
Premium fund	5.4.	115.0	115.0
Treasury shares	5.4.	-31.2	-31.2
Translation differences	5.4.	-7.1	-102.4
Fair value and other reserves	5.5.	-30.4	-72.4
Retained earnings		1,429.4	1,245.3
Total equity attributable to equity holders of the parent company		**1,842.2**	**1,520.7**
Non-controlling interest		80.0	76.5
Total equity		**1,922.2**	**1,597.2**
Non-current liabilities			
Interest-bearing liabilities	5.6., 5.7.	1,403.9	1,275.6
Deferred tax liabilities	2.7.	133.3	131.9
Employee benefit liabilities	2.2.	136.7	197.2
Provisions	4.3.	13.3	13.1
Other non-current liabilities		4.3	5.1
		1,691.4	**1,622.8**
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	5.6., 5.7.	168.9	157.1
Short-term loans	5.6., 5.7.	223.2	270.1
Provisions	4.3.	9.8	4.7
Current tax liabilities		70.8	55.0
Trade and other current liabilities	4.4., 5.7.	734.9	835.3
		1,207.7	**1,322.2**
Total liabilities		**2,899.1**	**2,945.0**
Total equity and liabilities		**4,821.3**	**4,542.2**

Consolidated statement of changes in equity (IFRS)

		Attributable to equity holders of the parent company								
EUR million	Note	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance on Jan 1, 2021		**366.4**	**115.0**	**-31.3**	**-202.3**	**-103.8**	**1,140.1**	**1,284.1**	**80.4**	**1,364.5**
Dividends paid	2.8.						-96.0	-96.0		-96.0
Share-based payments	6.3.			0.1			5.4	5.6		5.6
Total comprehensive income for the year					99.8	31.4	198.8	330.1	4.1	334.2
Acquisition of non-controlling interest							-3.0	-3.0	-8.0	-11.0
Other changes							0.0	0.0	-0.0	-0.0
Balance on Dec 31, 2021		**366.4**	**115.0**	**-31.2**	**-102.4**	**-72.4**	**1,245.3**	**1,520.7**	**76.5**	**1,597.2**
Dividends paid	2.8.						-98.1	-98.1		-98.1
Share-based payments	6.3.			-			13.8	13.8		13.8
Total comprehensive income for the year					95.4	42.0	276.2	413.6	7.5	421.2
Acquisition of non-controlling interest							-2.0	-2.0	-0.3	-2.3
Other changes							-5.7	-5.7	-3.7	-9.4
Balance on Dec 31, 2022		**366.4**	**115.0**	**-31.2**	**-7.1**	**-30.4**	**1,429.4**	**1,842.2**	**80.0**	**1,922.2**

Consolidated statement of cash flows (IFRS)

EUR million	Note	2022	2021
Profit for the period		285.4	202.7
Adjustments		291.8	267.1
Depreciation and amortization	2.3.	209.7	173.7
Gain/loss from disposal of assets		1.2	-3.8
Financial expense/-income	5.1.	53.2	33.0
Income tax expense	2.7.	66.7	60.3
Other adjustments		-38.9	4.0
Change in inventory	4.1.	-98.0	-105.0
Change in non-interest bearing receivables		20.6	-150.2
Change in non-interest bearing payables		-83.6	116.4
Dividends received		0.2	0.2
Interest received		20.6	2.2
Interest paid		-36.0	-25.4
Other financial expense and income		-8.2	-2.4
Taxes paid	2.7.	-71.3	-82.8
Net cash flows from operating activities		**321.4**	**222.7**
Capital expenditure	3.3., 3.4.	-318.5	-259.4
Proceeds from selling tangible assets	3.4.	8.2	10.5
Disposed subsidiaries and business operations		149.2	-
Acquired subsidiaries and assets	3.1.	-2.2	-365.2
Change in other investment		0.5	-
Proceeds from long-term deposits		1.3	1.8
Payment of long-term deposits		-	-0.4
Proceeds from short-term deposits		62.6	7.0
Payment of short-term deposits		-75.7	-1.4
Net cash flows from investing activities		**-174.6**	**-607.0**

EUR million	Note	2022	2021
Proceeds from long-term borrowings		917.5	621.3
Repayment of long-term borrowings		-623.8	-257.3
Change in short-term loans		-214.9	-15.8
Acquisition of non-controlling interest		-2.3	-15.1
Dividends paid		-98.1	-96.0
Net cash flows from financing activities	5.6.	**-21.6**	**237.1**
Change in cash and cash equivalents		**130.8**	**-136.8**
Cash flow based		125.2	-147.2
Translation difference		5.6	10.4
Cash and cash equivalents period start		178.7	315.5
Cash and cash equivalents period end	5.3	309.4	178.7

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Basis of preparation

1.1. CORPORATE INFORMATION

Huhtamaki Group is a global specialist in packaging for food and drink with operations in 37 countries. The Group's focus and expertise are in paperboard based foodservice packaging, smooth and rough molded fiber packaging as well as flexible packaging. Huhtamaki offers standardized products, customized designs as well as total packaging systems and solutions. Main customers are food and beverage companies, quick service and fast casual restaurants, foodservice operators, fresh produce packers and retailers.

The parent company, Huhtamäki Oyj, is a public limited liability company domiciled in Espoo, Finland and listed on NASDAQ OMX Helsinki Ltd. The address of its registered office is Revontulenkuja 1, 02100 Espoo, Finland. A copy of consolidated financial statements is available at Group's website www.huhtamaki.com.

These Group consolidated financial statements were authorized for issue by the Board of Directors on February 8, 2023. According to the Finnish Companies Act shareholders decide on the adoption of financial statements at the general meeting of shareholders held after the publication of the financial statements.

1.2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IAS and IFRS standards as well as SIC- and IFRIC- interpretations which were valid on December 31, 2022. IFRS, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of said Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulations (EC) No 1606/2002 of the EU.

The consolidated financial statements have been prepared under the historical cost convention except for other investments at fair value through other comprehensive income, financial instruments at fair value through profit or loss, derivative instruments and cash-settled share-based payment arrangements that are measured at fair value. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The use of estimates and assumptions is described in more detail in Note 1.8. Use of estimates and judgments. The consolidated financial statements are presented in millions of euros. Figures presented are exact figures and consequently the sum of individual figures may deviate from the sum presented.

1.3. DESCRIPTION OF THE IMPACT OF THE WAR IN UKRAINE AND THE DIVESTMENT OF OPERATIONS IN RUSSIA

Description of the impact of the war in Ukraine on the business can be found in the Directors' Report. This includes also information about the divestment of operations in Russia.

1.4. DESCRIPTION OF THE IMPACT OF COVID-19 ON THE BUSINESS

Description of the impact of COVID-19 on the business can be found in the Directors' Report.

1.5. ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following amended standards have been adopted as of January 1, 2022 and they did not have material impact on the consolidated financial statements:

- Revised IFRS 3 Business Combinations. The amendments update the outdated reference to the Conceptual Framework.
- Revised IAS 16 Property, Plant and Equipment. Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.
- Revised IAS 37 Provisions, Contingent Liabilities and Contingent Assets. When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.
- Annual Improvements to IFRS standards 2018–2020. Annual improvements include smaller amendments to four standards.

The Group plans to adopt the following amendments in 2023 and they are not expected to have material impact on the consolidated financial statements:

- Revised IAS 1 Presentation of Financial Statements ad IFRS Practice Statement 2. The amendments clarify the application of materiality to disclosure of accounting policies.
- Revised IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.
- Revised IFRS 12 Income Taxes. The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

The Group plans to adopt the following amendments later than 2023 and they are not expected to have material impact on the consolidated financial statements (amendments not yet endorsed by the European Union):

- Revised IAS 1 Presentation of Financial Statements. The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current.
- Revised IAS 1 Presentation of Financial Statements. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements.
- Revised IFRS 16 Leases. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

1.6. PRINCIPLES OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include the parent company Huhtamäki Oyj and all its subsidiaries where over 50% of the subsidiary's voting rights are controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company for example based on Shareholder's Agreement.

Acquired subsidiaries are accounted for using the acquisition method. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. Divested subsidiaries are included up to the date the control ceases.

All intercompany transactions, receivables, liabilities and unrealized profits, as well as distribution of profits within the Group, are eliminated.

Profit and loss for the period attributable to equity holders of the parent company and to non-controlling interest is presented in the income statement. Comprehensive income attributable to equity holders of the parent company and to non-controlling interest is presented in the statement of comprehensive income. Comprehensive income is attributed to the owners of the parent company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Non-controlling interest is disclosed as a separate item within equity.

Associated companies and joint ventures

Associated companies, where the Group holds voting rights of between 20% and 50% and in which the Group has significant influence, but not control, over the financial and operating policies, are consolidated using the equity method. Joint arrangements are companies over whose activities the Group has joint control, established by contractual agreement. The joint arrangements classified as joint ventures are consolidated using the equity method. When the Group's share of losses exceeds the carrying amount of the equity accounted investment, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the equity-accounted investments. The Group's share of result of equity-accounted investments is presented as a separate item above Earnings before interest and taxes. Correspondingly the Group's share of changes in other comprehensive income is recognized in the Group statement of comprehensive income.

1.7. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into functional currency at the rates of exchange prevailing at the date of the transaction. The consolidated financial statements are presented in EUR, which is the Group's presentation currency and the parent company's functional currency. Monetary assets and liabilities are translated at the rates of exchange at the reporting period closing date. The exchange rate used at the reporting period closing date is the rate of the date prior to the last working day of the reporting period closing date. Foreign exchange differences arising from translation are recognized in the income statement. Foreign exchange gains and losses relating to operating activities are recognized in the same account as the underlying transaction above Earnings before interest and taxes. Foreign exchange differences relating to financial liability are recognized in financial income or expense except for those currency differences that relate to loans designated as a hedge of the net investment in foreign operations. Those currency differences are recognized as translation differences in other comprehensive income.

On consolidation the income statements of foreign entities are translated into euros at the average exchange rate for the accounting period. The statements of financial position of foreign entities are translated at the exchange rate of reporting period closing date. The exchange rate used at the reporting period closing date is the rate of the date prior to the last working day of the reporting period closing date. Differences resulting from the translation of income statement items at the average rate and items in the statement of financial position at the closing rate are recognized as part of translation differences in other comprehensive income.

On consolidation, exchange differences arising on the translation of the net investments in foreign subsidiaries, associated companies and joint ventures are recognized as translation differences in other comprehensive income. A similar treatment is applied to intragroup permanent loans, which in substance are equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

1.8. USE OF ESTIMATES AND JUDGMENTS

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, which form the basis of making the judgments about carrying values. These estimates and assumptions are reviewed on an ongoing basis. Possible effect of the changes in estimates and assumptions are recognized during the period they are changed.

The following items and related notes include significant estimates and judgments that are subject to a risk of changes in the carrying values within next financial year: impairment testing (Note 3.2. Goodwill), measurement of pension liabilities (Note 2.2. Employee benefits), litigation and tax risks (Notes 2.7. Income taxes and 6.6. Litigations), restructuring plans (Note 2.4. Restructuring items), provision for inventory obsolescence (Note 4.1. Inventories), probability of deferred tax assets being recovered against future taxable profits (Note 2.7. Income taxes), business combinations related contingent considerations (Note 5.6. Interest-bearing liabilities) and purchase price allocations (Note 3.1. Business combinations).

Notes to the consolidated financial statements

2. Financial performance

2.1. SEGMENT AND REVENUE

Information

The Group's operating segments are strategic business units which produce different products and which are managed as separate units. The Group's segment information is based on internal management reporting. The Group has three business areas which are organized into four reporting segments:

Foodservice Packaging:

- **Foodservice Europe-Asia-Oceania:** Foodservice paper and plastic disposable tableware is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, Middle East, Asia, Africa and Oceania.
- **North America:** The segment serves local markets in North America with Chinet® disposable tableware products, foodservice packaging products, as well as ice cream containers and other consumer goods packaging products. The segment has rigid paper, plastic and molded fiber manufacturing units in the United States and Mexico.

Flexible Packaging:

Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Middle East, Asia and South America.

Fiber Packaging:

Recycled fiber is used to make fresh product packaging, such as egg and fruit packaging. The segment has production in Europe, Oceania, Africa and South America.

ACCOUNTING PRINCIPLES

In the Group the performance assessment of segments and decisions on allocation of resources to segments are based on a segment's potential to generate earnings before interest and taxes (EBIT), operating cash flow and return on net assets. In management's opinion these are the most suitable key indicators for analyzing the segments' performance. The Chief Executive Officer is the highest decision maker regarding the above mentioned assessments and allocation of resources.

Segment's net assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. Net assets comprise intangible assets (including goodwill), tangible assets, equity-accounted investments, inventories, trade and other receivables, accrued income and prepayments, trade payables, other payables and accrued expense. Capital expenditure includes acquisition of tangible and intangible assets which will be used during more than one reporting period. Intersegment pricing is based on fair market value.

Other activities include unallocated corporate costs and royalty income and related net assets. Unallocated assets and liabilities relate to post-employment benefits, taxes and financial items.

Group income statement and balance sheet items 2022

Segments 2022

EUR million	Note	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Fiber Packaging	Segments total
Net sales		1,107.3	1,464.1	1,551.4	356.2	4,479.0
Intersegment net sales		3.4	4.2	6.7	6.8	-21.1
EBIT		121.7	165.9	82.2	58.0	427.9
Net Assets	3.1., 3.3., 3.4., 4.	965.4	1,013.2	1,407.1	294.4	3,680.1
Capital Expenditure		118.9	99.8	68.2	31.2	318.1
Depreciation and amortization	2.3.	60.6	58.4	64.6	23.3	206.8

Segments 2021

EUR million	Note	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Fiber Packaging	Segments total
Net sales		937.8	1,156.1	1,165.6	315.4	3,574.9
Intersegment net sales		4.0	4.2	0.9	18.3	-27.4
EBIT		78.5	137.3	63.6	35.2	314.7
Net Assets	3.1., 3.3., 3.4., 4.	930.9	838.1	1,272.7	272.8	3,314.6
Capital Expenditure		85.0	70.6	46.0	56.2	257.7
Depreciation and amortization	2.3.	55.3	50.9	42.9	21.8	170.9

Intersegment net sales are eliminated on consolidation.

Net sales from transactions with a single customer do not amount 10 percent or more of the Group's net sales.

Reconciliation calculations

Result

EUR million	2022	2021
Total EBIT for reportable segments	427.9	314.7
EBIT for other activities	-22.7	-18.7
Net financial items	-53.2	-33.0
Profit before taxes	**352.1**	**263.0**

Assets

EUR million	2022	2021
Total assets for reportable segments	4,323.4	4,099.3
Assets in other activities	35.3	106.7
Unallocated assets	462.5	336.3
Group's total assets	**4,821.3**	**4,542.2**

Liabilities

EUR million	2022	2021
Total liabilities for reportable segments	683.9	784.8
Liabilities in other activities	34.2	45.0
Unallocated liabilities	2,181.0	2,115.2
Group's total liabilities	**2,899.1**	**2,945.0**

Geographical information

In presenting information on geographical basis revenues are reported based on the selling entity's location. Assets are reported based on geographical location of the assets. Non-current assets are presented excluding financial instruments, deferred tax assets and post-employment benefit assets.

2022

EUR million	External net sales	Non-current assets
United States	1,460.7	604.9
Germany	518.9	180.6
India	336.2	87.0
The United Kingdom	303.4	46.6
Australia	204.7	44.9
Turkey	203.7	393.7
Thailand	158.9	-20.6
South Africa	133.0	8.8
China	121.2	54.9
Poland	108.9	54.1
Finland	76.2	79.5
Other countries	853.3	488.7
Total	**4,479.0**	**2,023.1**

2021

EUR million	External net sales	Non-current assets
United States	1,154.0	606.2
Germany	455.4	147.2
India	276.2	91.1
The United Kingdom	255.1	58.9
Australia	172.1	49.6
Thailand	133.2	-23.3
China	110.2	63.2
South Africa	104.2	2.9
Russia	99.5	65.4
United Arab Emirates	87.2	39.8
Finland	62.3	83.0
Other countries	665.6	732.0
Total	**3,574.9**	**1,916.1**

ACCOUNTING PRINCIPLES

Revenue recognition

The revenue is recognized at an amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price is usually fixed but may also include variable considerations such as volume or cash discounts. The variable considerations are estimated using the most likely value method if not yet realized in the end of reporting period. The revenue further adjusted with indirect sales taxes and exchange rate differences relating to sales in foreign currency is presented as net sales.

Typical contracts with customers include a sale of goods to a customer with only one performance obligation. The revenue recognition occurs at a point in time, when the control of the goods is transferred to the customer according to the delivery terms. Payment terms are typical to the business and contracts do not include significant financing components.

Earnings before interest and taxes

Earnings before interest and taxes consists of net sales less costs of goods sold, sales and marketing expenses, research and development expenses, administration expenses, other operating expenses plus other operating income and share of result of equity-accounted investments. Foreign exchange gains and losses and changes of fair value of the derivative financial instruments relating to business are included in Earnings before interest and taxes.

2.2. EMPLOYEE BENEFITS

Personnel expenses

EUR million	Note	2022	2021
Wages and Salaries		659.7	584.3
Compulsory social security contributions		67.0	53.5
Pensions			
Defined benefit plans		7.1	7.1
Defined contribution plans		19.2	17.2
Other post-employment benefits		2.2	-2.7
Share-based payments	6.3.	13.8	2.7
Other personnel costs		50.8	48.1
Total		**819.9**	**710.3**

Remuneration paid by the parent company to the members of the Board of Directors as well as the Chief Executive Officer (CEO) of Huhtamäki Oyj (10 people) amounted to EUR 3.1 million (EUR 3.5 million).

Average number of personnel	2022	2021
Group	19,550	18,385
Huhtamäki Oyj	138	134

See note 6.2. Related party transactions, 6.3. Share-based payments and Remuneration Statement.

Pension plans

The Group has established a number of defined benefit plans providing pensions and other post-employment benefits for its personnel worldwide. The US, the UK, Germany and the Netherlands are the countries having major defined benefit plans comprising approximately 90% of the Group consolidated defined benefit obligation.

The US and the UK defined benefit plans are organized through a pension fund and the German and Dutch defined benefit plans through an insurance company. The major pension plans are funded and the assets of these plans are segregated from the assets of the Group. The subsidiaries' level of funding of the plans and asset allocation to asset categories meet local authority requirements.

In the defined benefit pension plans the pensions payable are based on salary level before retirement and number of service years. Some plans can include early retirement. The calculations for defined benefit obligations at reporting period closing date have been made by qualified actuaries.

The Group has also unfunded post-employment medical benefit plans, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes.

These defined benefit plans expose the Group to actuarial risks, such as inflation risk, interest rate risk, life expectancy and market risk.

ACCOUNTING PRINCIPLES

Employee benefits

Employee benefits are all forms of consideration given in exchange for service rendered by employees or for the termination of employment.

The Group companies have various pension and other postemployment benefit plans in accordance with local conditions and practices worldwide. These plans are classified as either defined contribution plans or defined benefit plans.

In defined contribution plans, the Group pay fixed contributions into a separate entity such as an insurance company. The Group has no legal or constructive obligations to pay further contributions. The contributions are recognized in the income statement as personnel expenses in the period to which they relate.

In defined benefit plans, the Group is obligated for the current contributions, but also for sufficiency of the plan assets to provide agreed benefits for employees. The liability recognized in the statement of financial position is the present value of defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of defined benefit plan obligation is calculated annually by independent actuaries using projected unit credit method. The present value is determined by discounting estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity terms approximating to the terms of the related obligation. The cost of providing defined benefit plans is recognized in the income statement as personnel expense, when the service is rendered by employees or when a plan amendment or curtailment takes place. The net interest expense is recognized in the income statement as financial expense. Remeasurements, including actuarial gains or losses, are recognized through other comprehensive income in shareholder's equity in the period which they rise and are not reclassified to profit or loss in subsequent periods.

	Defined benefit obligations		Fair value of plan assets		Effect from asset ceiling		Net defined benefit liability	
EUR million	2022	2021	2022	2021	2022	2021	2022	2021
Balance at January 1	569.6	592.1	-444.3	-421.1	4.1	-	129.5	171.0
Included in Income statement								
Current service cost	9.3	9.4					9.3	9.4
Plan amendment and curtailment cost (+) / income (-)	0.0	-5.0					0.0	-5.0
Interest cost (+) / income (-)	10.1	8.6	-9.1	-7.1			1.0	1.6
	19.5	**13.1**	**-9.1**	**-7.1**			**10.3**	**6.0**
Included in Other comprehensive income								
Remeasurements								
Actuarial loss (+) / gain (-) arising from								
Demographic assumptions	-1.5	-1.3					-1.5	-1.3
Financial assumptions	-144.7	-23.1					-144.7	-23.1
Experience adjustment	14.5	2.6					14.5	2.6
Actual return on plan assets less interest income			90.6	-18.1			90.6	-18.1
Changes in asset ceiling less interest					-3.0	4.1	-3.0	4.1
	-131.7	**-21.8**	**90.6**	**-18.1**	**-3.0**	**4.1**	**-44.1**	**-35.7**
Other movements								
Benefits paid	-35.5	-40.8	29.0	34.5			-6.5	-6.3
Contribution by employer			-4.1	-5.0			-4.1	-5.0
Contribution by employee			-0.2	-0.2			-0.2	-0.2
Obligations and assets assumed in business combinations	-	1.7	-	0.0			-	1.7
Assets extinguished on plan amendment			0.0	-0.7			0.0	-0.7
Effect of movements in exchange rates	0.5	25.2	-6.7	-26.6	0.1		-6.1	-1.4
Balance at December 31	**422.4**	**569.6**	**-344.7**	**-444.3**	**1.2**	**4.1**	**78.9**	**129.5**

Reflected to statement of financial position	2022	2021
Employee benefit assets	57.8	67.6
Employee benefit liabilities	136.7	197.2
	78.9	**129.5**

Amounts of funded and unfunded obligations	2022	2021
Present value of funded obligations	395.4	537.5
Present value of unfunded obligations	27.0	32.0
	422.4	**569.6**

Plan assets comprise:	2022	2021
European equities	8.9	14.8
North American equities	26.4	61.0
European debt instruments	2.7	20.5
North American debt instruments	125.3	134.7
Property	21.1	22.6
Insured plans	87.6	92.5
Other	72.8	98.2
	344.7	**444.3**

All equity and debt instruments have quoted prices in active markets.

Expected contribution to defined benefit plans during 2023 is EUR 4.4 million.

The weighted average duration of defined benefit obligation was 12 years (15 years).

Significant actuarial assumptions	2022	2021
Discount rate %		
Europe	1.9–4.8	0.3–1.9
Americas	5.2–9.7	2.6–6.8
Asia, Oceania, Africa	5.2–10.9	2.2–9.8
Annual increase in healthcare costs %		
Americas	6.7	7.0
Asia, Oceania, Africa	6.9	6.6

The effect of changes of significant actuarial assumptions on the defined benefit obligations

EUR million	2022	2021
1% p. increase in discount rate	-40.3	-74.2
1% p. decrease in discount rate	43.9	84.4
1% p. increase of estimated healthcare cost	0.6	0.5
1% p. decrease of estimated healthcare cost	-0.6	-0.5

2.3. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

EUR million	2022	2021
Depreciation and amortization by function:		
Cost of goods sold	180.8	152.7
Sales and marketing	10.1	6.6
Research and development	4.4	0.2
Administration	14.3	14.2
Total	**209.7**	**173.7**

EUR million	2022	2021
Depreciation and amortization by asset type:		
Land	0.7	0.4
Buildings	39.4	32.8
Machinery and equipment	142.3	121.1
Other tangible assets	8.0	7.4
Intangible assets	19.3	12.1
Total	**209.7**	**173.7**

EUR million	2022	2021
Impairments reversed by asset type:		
Buildings	-	-2.8
Machinery and equipment	-	-
Goodwill	-	-
Other Intangible assets	-	-
Total	**-**	**-2.8**

ACCOUNTING PRINCIPLES

Depreciation and amortization

Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the owned tangible and intangible assets or over the lease term of right-of-use assets. Land is not depreciated.

The estimated useful lives of the owned tangible and intangible assets are (years):

Buildings and other structures	20–40
Machinery and equipment	5–15
Other tangible assets	3–12
Intangible assets	3–20

See notes 2.1., 3.3. and 3.4.

2.4. RESTRUCTURING ITEMS

In 2022 restructuring cost of EUR 9.9 million (EUR 6.0 million) were booked to improve competitiveness and efficiency. Restructuring related items have been booked to Consolidated statement of income according to the table below:

EUR million	2022	2021
Cost of goods sold	4.9	8.3
Administration expenses	3.9	2.8
Other operating income	-3.2	-4.8
Other operating expenses	4.3	-0.2
Total	**9.8**	**6.0**

2.5. OTHER OPERATING INCOME

EUR million	2022	2021
Grants	1.2	3.1
Gain on disposal of tangible assets	5.6	6.6
Insurance reimbursements for property damage incidents	2.0	3.9
Sale of subsidiaries	44.5	–
Royalty income	0.1	0.2
Rental income	1.3	0.9
Other	20.0	9.7
Total	**74.8**	**24.4**

See also note 3.1. Business combinations.

ACCOUNTING PRINCIPLES

Other operating income

Other operating income includes gains from disposal of assets and regular incomes, such as royalty income, rental income and gains relating to business combinations, which have not been derived from primary activities.

Other operating income includes also grants. Government or other grants are recognized in the income statement on a systematic basis in the same periods in which the expenses are incurred. Investment grants are presented in the statement of financial position as deferred income and recognized as income on a systematic basis over the useful life of the asset.

2.6. OTHER OPERATING EXPENSES

EUR million	2022	2021
Settlement of industrial dispute	2.6	-
Environmental provision	7.0	-
Strategic project expenses	-	0.3
Loss on disposal of tangible assets	4.0	0.7
Other	3.2	3.7
Total	**16.8**	**4.8**

Auditor's Fees

EUR million	2022	2021
Audit fees	2.9	2.5
Audit-related services	0.0	0.0
Tax services	0.0	0.0
Other services	0.8	0.9
Total	**3.7**	**3.4**

KPMG is acting as the principal auditor for Huhtamaki Group. KPMG network has also provided other consultancy not related to auditing worth of EUR 0.8 million (EUR 0.9 million) of which KPMG Oy Ab accounted for EUR 0.7 million (EUR 0.5 million). Non-audit services are subject to separate review and approval process concerning the provision of non-audit services by the Auditor and included e.g. advisory in connection with various tax, reporting and other local compliance matters.

ACCOUNTING PRINCIPLES

Other operating expenses

Other operating expenses include amortization of intangible assets, losses from disposal of assets and other costs not directly related to production or sale of products such as strategic project expenses.

2.7. INCOME TAXES

EUR million	2022	2021
Current period taxes	90.1	50.9
Previous period taxes	-0.5	11.6
Deferred tax expense	-23.0	-2.2
Total tax expense	**66.7**	**60.3**
Profit before taxes	352.1	263.0
Tax calculated at domestic rate (20%)	70.4	52.6
Effect of different tax rates in foreign subsidiaries	4.9	2.9
Non-deductible expenses and tax-exempt income	-7.2	3.8
Tax effect of unrecognized tax losses	-5.3	-0.0
Previous period taxes	-0.5	11.6
Adjustments to prior year's deferred taxes	0.2	-14.5
Deferred tax liability on undistributed earnings	-0.4	-0.3
Other items[1]	4.4	4.2
Total tax expense	**66.7**	**60.3**

[1] Other items include changes in local tax rates.

Tax effects relating to components of other comprehensive income

	2022			2021		
EUR million	Before tax amount	Tax expense/ benefit	Net of tax amount	Before tax amount	Tax expense/ benefit	Net of tax amount
Cash flow hedges	17.4	-3.4	14.0	4.9	-1.1	3.9
Remeasurements on defined benefit plans	44.1	-16.3	27.8	35.7	-8.0	27.8

In 2022, income tax liabilities and assets include a net liability of EUR 41 million (EUR 34 million) relating to uncertain tax positions with inherently uncertain timing of cash outflows.

Certain Huhtamaki Group companies' prior period income tax returns are under examination by local tax authorities, and in 2022 Huhtamaki had ongoing tax investigations in various jurisdictions, including France, Germany, Finland, Hong Kong, India, Kenya, the Netherlands, New Zealand, Spain and the United States.

Huhtamaki's business and investments, especially in emerging markets, may be subject to uncertainties, including unpredictable tax treatment.

Management judgment and a degree of estimation are required in determining the amount of tax expense. Liabilities for uncertain tax positions are recorded based on estimates and assumptions of the amount and likelihood of outflow of economic resources when it is more likely than not that certain filing positions may not be fully sustained upon review by local tax authorities. Even though management does not expect that any significant additional taxes in excess of those already provided for will arise as a result of these examinations, the outcome or actual cost of settlement may vary materially from estimates.

ACCOUNTING PRINCIPLES

Income taxes

The Group income statement includes current taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and changes in deferred taxes. Tax effect relating to items recognized directly in equity or in other comprehensive income is recognized in equity or in other comprehensive income.

Deferred tax assets and liabilities are recognized using the liability method for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying values for IFRS reporting purposes. Deferred tax is not recognized for non-deductible goodwill and for differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is not recognized in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. In the determination of deferred income tax the enacted tax rate is used.

Principal temporary differences arise from tangible assets, untaxed reserves, tax losses carried forward, financial instruments and defined benefit plans. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which such assets can be utilized.

In accordance with IFRIC 23 the Group recognizes provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. The Group recognizes interest on late paid taxes as part of financing costs, and any penalties, if applicable, as part of the income tax expense.

Deferred taxes

EUR million	2022	2021
Deferred tax assets		
Tangible assets	12.3	6.0
Employee benefit	25.9	45.3
Provisions	10.2	7.0
Unused tax losses	20.7	13.8
Other temporary differences	31.3	19.2
Total	**100.4**	**91.4**
Deferred tax liabilities		
Tangible assets	96.7	92.1
Intangible assets	29.8	5.1
Employee benefit	19.2	20.2
Undistributed earnings	25.9	21.7
Other temporary differences	13.6	29.1
Total	**185.3**	**168.2**
Net deferred tax liabilities	84.9	76.8
Reflected in statement of financial position as follows:		
Deferred tax assets	48.4	55.1
Deferred tax liabilities	133.3	131.9
Total	**84.9**	**76.8**

December 31, 2022 the Group had EUR 91 million (EUR 111 million) worth of deductible temporary differences, for which no deferred tax asset was recognized. EUR 63 million of these temporary differences have unlimited expiry, EUR 6 million expire over five years and EUR 22 million in five years.

Movements in the net deferred tax balance during the year

EUR million	2022	2021
Net deferred tax balance at January 1	-76.8	-37.8
Recognized in income statement	23.0	2.2
Recognized in other comprehensive income	-19.7	-9.0
Acquisitions and disposals	-5.9	-30.8
Translation differences	-5.4	-1.3
Net deferred tax balance at December 31	**-84.9**	**-76.8**

2.8. EARNINGS AND DIVIDEND PER SHARE

Earnings per share

EUR million	2022	2021
Net income attributable to equity holders of the parent company (basic/diluted), EUR million	276.2	198.8
Weighted average number of shares outstanding, in thousands	104,365	104,360
Effect of share-based payments, in thousands	308	–
Diluted weighted average number of shares outstanding, in thousands	**104,673**	**104,360**
Earnings per share from the profit for the period attributable to equity holders of the parent company		
Basic earnings per share, EUR	2.65	1.91
Diluted earnings per share, EUR	2.64	1.91

Dividend per share

The dividends paid in 2022 were EUR 0.94 per share, totaling EUR 98.1 million (EUR 0.92 per share, totaling EUR 96.0 million). A dividend of EUR 1.00 per share will be proposed at the Annual General Meeting on April 27, 2023. This corresponds total dividends of EUR 104.4 million for 2022, calculated based on outstanding shares at December 31, 2022. This dividend is not reflected in the financial statements.

ACCOUNTING PRINCIPLES

Earnings per share
The basic earnings per share figure is calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of shares by the effect of diluting shares due to Performance Share Arrangement in the Group.

Dividend per share
Dividends proposed by the Board of Directors are not recognized in the financial statements until they have been approved by the Company's shareholders at the Annual General Meeting.

Notes to the consolidated financial statements

3. Acquisitions and capital expenditure

3.1. BUSINESS COMBINATIONS

Elif Holding A.Ş.

On September 23, 2021 Huhtamaki completed the acquisition of Elif Holding A.Ş. (Elif), a major supplier of sustainable flexible packaging to global FMCG brand owners, with operations in Turkey and in Egypt. The acquired business is reported as part of Huhtamaki´s Flexible Packaging business segment as of September 23, 2021.

In the year 2022, Huhtamaki has completed the initial accounting for the acquisition. The acquired assets and liabilities were recognized with the following values as of the acquisition date. The values for interest bearing liabilities and deferred tax liabilities have changed from the draft values presented in the end of the year 2021, when the initial accounting for the acquisition was still incomplete.

EUR million	2022
Other intangible assets	78.5
Tangible assets	96.8
Inventory	58.7
Trade and other current receivables	53.4
Cash and cash equivalents	28.4
Total assets	**315.8**
Interest bearing liabilities	111.3
Deferred tax liabilities	33.0
Trade and other liabilities	35.3
Total liabilities	**179.5**
Net assets total	**136.3**
Goodwill	222.0
Consideration	**358.3**
Consideration, paid in cash	358.3

Analysis of cash flows of acquisition

EUR million	2022
Purchase consideration, cash payment	-358.3
Cash and cash equivalents in acquired companies	28.4
Transaction costs of the acquisitions	-9.2
Net cash flow on acquisitions	**-339.0**

Contingent considerations

In the beginning of the reporting period, Huhtamaki had EUR 18.4 million of financial liabilities for contingent considerations. The payments are contingent mainly on the financial performance on the acquired businesses after the acquisition. In the year 2022, Huhtamaki settled EUR 2.2 million of the liabilities. The net fair valuations through the profit or loss were EUR 4.8 million. The impact from the change in exchange rates was EUR -0.4 million. In the end of the period, the fair value of the liabilities is EUR 20.6 million.

Non-current assets held for sale

The Group has reclassified certain assets consisting of leasehold land, building, furniture and fixtures and plant and machinery from property, plant and equipment to Assets held for sale. The Group expects to dispose these assets over the course of next 12 months.

ACCOUNTING PRINCIPLES

Acquisitions

Business combinations are accounted for using the acquisition method. The identifiable assets and liabilities are measured at their fair value at the date of acquisition, any non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate. The aggregate of consideration transferred, any non-controlling interest and any previously held equity interest, less acquired net assets is recognized as goodwill.

Any possible contingent consideration is recognized at fair value at the acquisition date and it is classified as a financial liability or equity. Contingent consideration classified as a financial liability is remeasured at reporting period closing date and the related profit or loss is recognized in the income statement. Contingent consideration classified as equity is not remeasured.

Acquisition related costs are expensed as incurred.

Assets held for sale

Assets are classified as held for sale, if their carrying amounts will be recovered mainly through a sale transaction rather than through continuing use. The assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sale of such assets. Also, the sale must be highly probable and expected to be completed within one year from the date of classification. These assets are presented separately in the consolidated statement of financial position and measured at the lower of the carrying amount and fair value less costs to sell. Comparative information is not restated. Assets classified as held for sale are not depreciated.

3.2. GOODWILL

Goodwill allocation by groups of cash-generating units

Goodwill acquired through business combinations has been allocated to the level of groups of cash-generating units (groups of CGUs) that are expected to benefit from the synergies of the acquisition, which represent the lowest level at which the goodwill is monitored for internal management purposes. The group of CGU in which goodwill can be allocated represents the operating segment or lower regional level within the operating segment. Goodwill allocation by segments, and the weighted average pre-tax discount interest rates used in discounting the projected cash flows to their present value, are presented in the table below:

	2022		2021	
EUR million	Goodwill	Discount interest rates used (pre-tax), %	Goodwill	Discount interest rates used (pre-tax), %
Flexible Packaging	555.6	12.9	527.0	9.7
North America	231.9	10.8	224.3	7.6
Foodservice Europe-Asia-Oceania	183.7	10.2	185.9	8.1
Fiber Packaging	63.7	10.8	63.7	9.0
Total goodwill	**1,035.0**		**1,000.9**	

Impairment testing

Goodwill has been tested for impairment and since the recoverable value of the groups of the cash-generating units (CGUs) has been higher than the carrying value, no impairment charges has been recognized.

In assessing whether goodwill has been impaired, the carrying value of the group of CGUs has been compared to the recoverable amount of the group of CGUs. The recoverable amount is based on value-in-use, which is estimated using a discounted cash flow model. The cash flows are determined using five-year cash flow forecasts, which are based on business plans. The plans are based on experience as well as future expected market trends. The plans are approved by management and are valid when impairment test is performed. Cash flows for future periods are extrapolated by using 1.0 percent growth rate (1.5 percent) in developed countries, 1.3 percent growth rate (1.7 percent) in developing countries and 2.4 percent growth rate (2.7 percent) in high growth countries. The management views these growth rates as being appropriate for the business, given the long time horizon of the testing period.

Sensitivity analysis

As part of the impairment testing a sensitivity analysis around the key assumptions is performed. The assumptions used in the impairment testing, that are considered to be most sensitive for changes, are EBIT and discount rates. Sensitivity analysis around these key assumptions have been performed, and management believes that any reasonably possible change (decrease of 2 percentage points in EBIT margin, increase of 1.5 percentage points in discount rates or combined effect of these changes) in the key assumptions would not cause carrying amount of group of CGUs to exceed its recoverable amount in North America, Foodservice Europe-Asia-Oceania or Fiber Packaging. Based on the sensitivity analysis for Flexible Packaging, the before mentioned changes in the key assumptions would cause the carrying amount of the group of CGUs to exceed its recoverable amount.

ACCOUNTING PRINCIPLES

Goodwill

Goodwill arising from an acquisition represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is allocated to groups of cash-generating units that are expected to benefit from the synergies of the acquisition and is not amortized but tested annually for impairment. For associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is valued at cost less impairment losses.

Impairment testing

Goodwill is tested annually or more frequently if there are indications of impairment. In assessing whether goodwill has been impaired, the carrying value of the group of cash generating units (group of CGUs) has been compared to the recoverable amount of the group of CGUs. The recoverable amount is based on value-in-use, which is estimated using a discounted cash flow model. The cash flows are determined using five-year cash flow forecasts, which are based on business plans. Business plans are based on past experience as well as future expected market trends. Management approves business plans for impairment testing purposes. Cash flows for future periods are extrapolated by using defined growth rates for developed countries, developing countries and emerging countries. The discount rate used in the calculation reflects the weighted average cost of capital (WACC) and risks to the asset under review.

A goodwill impairment loss is recognized immediately as an expense in the income statement and is not subsequently reversed.

3.3. INTANGIBLE ASSETS

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2022
Acquisition cost on January 1, 2022	1,115.7	114.1	92.7	74.9	1,397.4
Additions	-	-	1.0	1.8	2.8
Disposals	-	-0.4	-0.7	-1.3	-2.4
Intra-balance sheet transfer	-	-	5.0	3.8	8.8
Business combinations	3.0	-	-	-	3.0
Reclassification to assets held for sale	-	-	-	-0.8	-0.8
Changes in exchange rates	32.6	5.3	0.5	1.0	39.4
Acquisition cost on December 31, 2022	1,151.4	119.0	98.5	79.3	1,448.3
Accumulated amortization and impairment on January 1, 2022	-114.8	-39.9	-82.5	-37.8	-275.0
Accumulated amortization on disposals and transfers	-	0.4	0.5	0.1	1.0
Amortization during the financial year	-	-9.5	-4.6	-5.2	-19.3
Reclassification to assets held for sale	-	-	-	0.1	0.1
Changes in exchange rates	-1.6	-0.6	-0.2	0.1	-2.3
Accumulated amortization and impairment on December 31, 2022	-116.4	-49.6	-86.8	-42.7	-295.4
Book value on December 31, 2022	**1,035.0**	**69.4**	**11.8**	**36.7**	**1,152.9**

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2021
Acquisition cost on January 1, 2021	844.3	49.1	87.4	46.9	1,027.7
Additions	-	-	1.1	1.7	2.8
Disposals	-	-	-1.5	-0.3	-1.8
Intra-balance sheet transfer	-	-	3.3	6.1	9.4
Business combinations	230.5	60.2	0.5	18.6	309.8
Reclassification to assets held for sale	-	-	-	-	-
Changes in exchange rates	40.9	4.8	1.9	1.9	49.6
Acquisition cost on December 31, 2021	1,115.7	114.1	92.7	74.9	1,397.4
Accumulated amortization and impairment on January 1, 2021	-111.9	-31.3	-78.6	-36.0	-257.9
Accumulated amortization on disposals and transfers	-	-	1.5	0.0	1.5
Amortization during the financial year	-	-6.8	-3.8	-1.5	-12.1
Reclassification to assets held for sale	-	-	-	-	-
Changes in exchange rates	-2.8	-1.8	-1.6	-0.3	-6.4
Accumulated amortization and impairment on December 31, 2021	-114.8	-39.9	-82.5	-37.8	-275.0
Book value on December 31, 2021	**1,000.9**	**74.2**	**10.3**	**37.1**	**1,122.4**

ACCOUNTING PRINCIPLES

Goodwill

See note 3.2. Goodwill for the accounting principles relating to goodwill.

Other intangible asset

Other intangible assets include customer relations, patents, copyrights, trademarks, emission rights, renewable energy certificates and software licenses. These are measured at cost and typically amortized on a straight-line basis over the estimated useful lives, which may vary from 3 to 20 years. Other intangible assets with definite useful lives are tested for impairment when there are indications of impairment, see more information on impairment of assets in Note 3.4. Tangible assets.

Cloud computing arrangements that meet the definition of an intangible asset and comply with the recognition criteria are capitalized on the balance sheet. Implementation costs (customization and configuration) relating to cloud computing arrangements that don't meet the definition of an intangible asset and are distinct from the access to the software are expensed when the services are received. If the customization and configuration services are not distinct from the access to the software, the costs are recognized as prepayments and expensed over the software contract term.

Research and development

Research costs are recognized in the income statement as incurred. Expenditure on development activities related to new products and processes are capitalized in the statement of financial position from the moment they are expected to bring future economic benefits and the Group has intention and resources to finalize the development. Previously expensed development expenditure is not capitalized later.

Emission rights and renewable energy certificates

Emission rights and renewable energy certificates are measured at cost. Rights and certificates received free of charge are recognized at their nominal value (nil). Emission rights are derecognized against actual emissions. A provision to cover the obligation to return emission rights is recognized at the fair value in the end of the reporting period if the emission allowances held by the Group do not cover actual emissions. Renewable energy certificates are derecognized against actual consumption of energy.

The estimated useful lives are (years):

Intangible rights up to	20
Software	3–5
Customer relations	7

Subsequent expenditure on capitalized other intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.4. TANGIBLE ASSETS

EUR million	2022	2021
Owned property, plant and equipment	1,588.4	1,510.4
Right-of-use assets	147.4	163.7
Total tangible assets	**1,735.8**	**1,674.1**

	Owned assets					
EUR million	Land and land improvements	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2022
Acquisition cost on January 1, 2022	39.9	474.4	2,108.2	257.0	105.4	2,985.0
Additions	-	3.8	14.0	302.2	5.2	325.2
Disposals	-0.3	-20.1	-103.9	-29.0	-3.8	-157.1
Intra-balance sheet transfer	0.1	31.1	106.2	-168.4	4.7	-26.3
Business combinations	-	-	-	-	-	-
Reclassification to assets held for sale	-0.3	-4.1	-2.3	-	-0.4	-7.2
Changes in exchange rates	0.2	10.1	43.3	4.4	0.2	58.1
Acquisition cost on December 31, 2022	39.6	495.2	2,165.5	366.1	111.2	3,177.7
Accumulated depreciation and impairment on January 1, 2022	-1.5	-203.3	-1,196.8	-	-73.0	-1,474.6
Accumulated depreciation on disposals and transfers	-	8.9	62.9	-	3.6	75.4
Depreciation during the financial year	-0.1	-19.5	-133.7	-	-7.7	-161.0
Impairments reversed during the financial year	-	-	-	-	-	-
Reclassification to assets held for sale	-	1.2	1.9	-	0.4	3.5
Changes in exchange rates	-0.1	-4.3	-28.4	-	0.2	-32.6
Accumulated depreciation and impairment on December 31, 2022	-1.7	-217.0	-1,294.0	-	-76.4	-1,589.2
Book value on December 31, 2022	**37.9**	**278.2**	**871.4**	**366.1**	**34.8**	**1,588.4**

ACCOUNTING PRINCIPLES

Tangible asset

Tangible assets include both owned property, plant and equipment and right-of-use (ROU) assets.

Tangible assets comprising mainly of land, buildings, machinery, tooling and equipment are valued at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of material, direct labor costs and an appropriated proportion of production overheads. When an asset includes major components that have different useful lives, they are accounted for as separate items. The costs of right-of-use assets include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less lease incentives received, any direct costs and an estimate of dismantling costs. The carrying amount is further adjusted for any remeasurement of the lease liability.

Expenditure incurred to replace a component in a tangible asset that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure such as ordinary maintenance and repairs is recognized in the income statement as an expense as incurred. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition cost.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the owned property, plant and equipment or over the lease term of right-of-use assets. Land is not depreciated.

The estimated useful lives of the owned property, plant and equipment are (years):

Buildings and other structures	20–40
Machinery and equipment	5–15
Other tangible assets and land improvements	3–12

Tangible assets which are classified as held for sale are valued at lower of its carrying amount or fair value less costs to sell. The depreciation of these assets will be ceased when assets are classified as held for sale. Gains or losses arising from the disposal of tangible assets are included in Earnings before interest and taxes.

	Owned assets					
EUR million	Land and land improvements	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2021
Acquisition cost on January 1, 2021	30.0	423.7	1,816.4	178.6	93.9	2,542.5
Additions	0.1	2.1	15.8	258.6	2.5	279.1
Disposals	-0.6	-2.2	-80.1	-1.8	-1.5	-86.2
Intra-balance sheet transfer	4.4	12.7	155.7	-188.0	5.9	-9.4
Business combinations	4.5	9.7	77.8	1.1	0.1	93.2
Reclassification to assets held for sale	-	-	-	-	-	-
Changes in exchange rates	1.7	28.4	122.6	8.5	4.5	165.7
Acquisition cost on December 31, 2021	39.9	474.4	2,108.2	257.0	105.4	2,985.0
Accumulated depreciation and impairment on January 1, 2021	-	-176.2	-1,081.7	-	-64.9	-1,322.7
Accumulated depreciation on disposals and transfers	-1.4	0.8	77.7	-	2.5	79.7
Depreciation during the financial year	-0.1	-17.3	-112.3	-	-7.2	-136.8
Impairments reversed during the financial year	-	2.8	-	-	-	2.8
Reclassification to assets held for sale	-	-	-	-	-	-
Changes in exchange rates	-0.1	-13.5	-80.6	-	-3.4	-97.5
Accumulated depreciation and impairment on December 31, 2021	-1.5	-203.3	-1,196.8	-	-73.0	-1,474.6
Book value on December 31, 2021	**38.4**	**271.1**	**911.4**	**257.0**	**32.5**	**1,510.4**

	Right-of-use assets				
EUR million	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total 2022
Acquisition cost on January 1, 2022	14.9	201.2	39.3	0.7	256.1
Additions	0.2	9.4	7.2	1.0	17.9
Disposals	-1.8	-14.9	-8.9	-0.1	-25.6
Intra-balance sheet transfer	-	-	-	-	-
Business combinations	-	1.7	-	-	1.7
Changes in exchange rates	0.2	0.2	0.4	-0.0	0.7
Acquisition cost on December 31, 2022	13.5	197.7	38.0	1.6	250.8
Accumulated depreciation and impairment on January 1, 2022	-5.4	-68.0	-18.7	-0.4	-92.5
Accumulated depreciation on disposals and transfers	0.2	10.0	8.0	0.1	18.4
Depreciation during the financial year	-0.5	-19.9	-8.6	-0.3	-29.4
Changes in exchange rates	-0.1	0.4	-0.2	0.0	0.1
Accumulated depreciation and impairment on December 31, 2022	-5.8	-77.5	-19.4	-0.6	-103.4
Book value on December 31, 2022	**7.7**	**120.2**	**18.6**	**1.0**	**147.4**

	Right-of-use assets				
EUR million	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total 2021
Acquisition cost on January 1, 2021	14.5	177.1	35.9	0.6	228.1
Additions	0.3	18.1	8.4	0.1	26.9
Disposals	-1.0	-15.4	-6.1	-0.2	-22.6
Intra-balance sheet transfer	-	-	-	-	-
Business combinations	-	14.7	-	0.2	14.9
Changes in exchange rates	1.1	6.7	1.1	0.0	8.9
Acquisition cost on December 31, 2021	14.9	201.2	39.3	0.7	256.1
Accumulated depreciation and impairment on January 1, 2021	-4.6	-62.3	-15.2	-0.4	-82.5
Accumulated depreciation on disposals and transfers	-	14.8	5.8	0.2	20.8
Depreciation during the financial year	-0.4	-18.3	-8.7	-0.2	-27.6
Changes in exchange rates	-0.4	-2.3	-0.5	-0.0	-3.1
Accumulated depreciation and impairment on December 31, 2021	-5.4	-68.0	-18.7	-0.4	-92.5
Book value on December 31, 2021	**9.5**	**133.2**	**20.6**	**0.3**	**163.7**

ACCOUNTING PRINCIPLES

Impairment of assets

The carrying amounts of assets are assessed at each reporting period closing date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying value of goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of other assets in the group of units on pro rata bases.

For intangible and tangible assets the recoverable amount is the higher of the fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value based on the average cost of capital rate (pre-tax) of the cash-generating unit where the assets are located, adjusted for risks specific to the assets.

In respect of tangible assets, and other intangible assets excluding goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is never reversed.

Notes to the consolidated financial statements

4. Working capital

4.1. INVENTORIES

EUR million	2022	2021
Raw and packaging material	320.9	261.1
Work-In-Process	104.6	102.8
Finished goods	307.6	280.2
Goods in transit	22.3	21.6
Total	**755.4**	**665.7**

The value at cost for finished goods amounts to EUR 343.3 million (EUR 310.6 million). An allowance of EUR 35.7 million (EUR 30.4 million) has been established for obsolete items. Total inventories include EUR 2.5 million resulting from reversals of previously written down values (EUR 1.2 million). Reversals relate to sold finished goods inventories.

ACCOUNTING PRINCIPLES

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of inventories is determined using the first-in first-out (FIFO) principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for produced finished goods and work-in-process represent the purchase price of materials, direct labor costs, other direct costs and related production overheads excluding selling and financial costs.

4.2. TRADE AND OTHER CURRENT RECEIVABLES

EUR million	2022	2021
Trade receivables	563.2	568.5
Other receivables	77.0	106.7
Accrued interest and other financial items	28.0	27.7
Other accrued income and prepaid expenses	41.1	42.0
Total	**709.4**	**744.9**

Other accrued income and prepaid expenses include prepayments for goods, accrued royalty income, rebates and other miscellaneous accruals.

Aging and impairment losses of trade receivables at the closing date

EUR million	Gross 2022	Impairment 2022	Net 2022	Gross 2021	Impairment 2021	Net 2021
Not past due	495.7	0.7	495.0	502.9	1.3	501.6
Past due 0–30 days	47.9	-0.2	48.1	47.2	-0.2	47.4
Past due 31–120 days	15.9	0.2	15.7	15.1	0.6	14.5
Past due more than 120 days	10.1	5.7	4.4	13.1	8.1	5.0
Total	**569.5**	**6.3**	**563.2**	**578.3**	**9.8**	**568.5**

ACCOUNTING PRINCIPLES

Trade and other current receivables

Trade and other current receivables are financial assets initially measured at fair value and subsequently measured at amortized cost by using the effective interest method. The Group uses simplified approach to measure a loss allowance for expected credit losses on trade receivables that do not contain a significant financing component, where the Group always measures the loss allowance at an amount equal to the lifetime expected credit losses. For this purpose, trade receivables are grouped based on geographical location, product type and customer rating. The Group uses its historical credit losses experience adjusted with supportable information about current and future conditions to define the expected credit losses. The amount of expected credit losses is updated at each reporting date.

In factoring arrangements for trade receivables, the sold trade receivables are derecognized once the contractual cash flows and substantially all risks and rewards of ownership are transferred.

4.3. PROVISIONS

Restructuring provisions

Restructuring provisions include mainly costs for various ongoing projects to streamline operations. Provisions relate to employee termination benefits.

Other provisions

Other provisions include mainly captive insurance provisions relating to workers, environmental and litigation provisions.

EUR million	Restructuring reserve	Other	Total 2022	Total 2021
Provision on January 1, 2022	3.6	14.2	17.8	34.2
Translation difference	-0.3	0.6	0.3	1.4
Provisions made during the year	0.9	16.7	17.6	10.0
Provisions used during the year	-2.9	-5.4	-8.2	-27.1
Unused provisions reversed during the year	-0.7	-3.5	-4.2	-0.3
Unwind of discount	0.0	-0.1	-0.1	-0.3
Provision on December 31, 2022	**0.7**	**22.5**	**23.1**	**17.8**
Current	0.7	9.2	9.8	4.7
Non-current	0.0	13.3	13.3	13.1

ACCOUNTING PRINCIPLES

Provisions

Provisions are recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle such obligation, and a reliable estimate of the amount of the obligation can be made. Provisions arise from restructuring plans, onerous contracts, legal proceedings and from environmental litigation risks. Obligations arising from restructuring plans are recognized when the detailed and formal plans have been established and when there is a valid expectation that such plan will be carried out (plan has been announced). Provision from emissions is recognized according to actual emissions.

4.4. TRADE AND OTHER CURRENT LIABILITIES

EUR million	2022	2021
Trade payables	491.0	550.0
Other payables	82.0	97.7
Accrued interest expense and other financial items	27.0	21.6
Personnel and social security accruals	79.0	84.8
Other accrued expenses	55.8	81.3
Total	**734.9**	**835.3**

Other accrued expenses include accruals for purchases of material and other miscellaneous accruals.

ACCOUNTING PRINCIPLES

Trade and other current liabilities are measured at amortized cost.

Notes to the consolidated financial statements

5. Capital structure and financial items

5.1. NET FINANCIAL ITEMS

EUR million	2022	2021
Interest income		
Financial assets at amortized cost		
Interest-bearing receivables and other receivables	7.2	2.2
Financial assets at fair value through profit or loss		
Derivatives	1.8	0.4
Defined benefit plans	1.9	1.2
Dividend income		
Other investments	0.2	0.2
Other financial income		
FX revaluation gains		
Interest-bearing assets and liabilities	0.0	0.0
Derivatives	0.1	0.0
Financial income	**11.1**	**4.0**
Interest expense		
Financial liabilities measured at amortized cost		
Interest-bearing liabilities (excl. lease liabilities)	-32.2	-19.9
Lease liabilities	-5.7	-3.6
Financial liabilities at fair value through profit or loss		
Derivatives	-11.2	-3.8
Defined benefit plans	-2.8	-2.8
Other financial expense		
FX revaluation losses		
Interest-bearing assets and liabilities	-4.4	-2.1
Derivatives	0.0	-0.1
Change in fair value of contingent consideration	-4.8	-0.7
Fees related to committed credit facilities	-2.5	-4.3
Other fees	-0.7	-
Financial expense	**-64.3**	**-37.2**
Net financial items	**-53.2**	**-33.2**

ACCOUNTING PRINCIPLES

Net financial items

Gains and losses on fair value hedges are reported net of the gain or loss on the hedged item. Only foreign exchange revaluation gains and losses arising from purely financial exposures such as loans denominated in foreign currencies are reported in other financial items. Changes in fair value of contingent considerations related to business combinations are reported as other financial income or expense.

5.2. INTEREST-BEARING RECEIVABLES

	2022		2021	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Current				
Loan receivables	13.4	13.4	0.8	0.8
Finance lease receivables	1.6	1.6	1.0	1.0
Current interest-bearing receivables	**14.9**	**14.9**	**1.9**	**1.9**
Non-current				
Loan receivables	0.0	0.0	0.0	0.0
Finance lease receivables	0.9	0.9	2.0	2.0
Non-current interest-bearing receivables	**0.9**	**0.9**	**2.0**	**2.0**

Finance lease receivables

EUR million	2022	2021
Finance lease receivable is payable as follows:		
In less than one year	1.6	1.0
Between one and five years	0.9	2.0
Total minimum lease payments	**2.5**	**3.1**
Present value of minimum lease payments		
In less than one year	1.1	0.9
Between one and five years	1.3	1.9
Total present value of minimum lease payments	**2.5**	**2.8**
Unearned future financial income	**-**	**0.3**

Finance lease receivables relate to packaging machines leased to customers.

ACCOUNTING PRINCIPLES

Interest-bearing receivables

Interest-bearing receivables are measured at amortized cost. Fair values have been calculated by discounting future cash flows of each major receivable at the appropriate market interest rate prevailing at closing date. The fair value of current interest-bearing receivables is estimated to equal the carrying amount.

5.3. CASH AND CASH EQUIVALENTS

EUR million	2022	2021
Cash and bank	305.0	176.7
Liquid marketable securities	4.4	1.9
Total	**309.4**	**178.7**

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and short-term highly liquid money market securities for the Group's cash management purposes that are subject to insignificant risk of changes in value.

5.4. SHAREHOLDERS' EQUITY

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2021	**107,760,385**	**366,385,309.00**	**115,023,103.38**	**-31,343,038.88**	**450,065,373.50**
Own shares conveyance through performance share incentive plan	-	-	-	137,850.00	137,850.00
December 31, 2021	**107,760,385**	**366,385,309.00**	**115,023,103.38**	**-31,205,188.88**	**450,203,223.50**
Own shares conveyance through performance share incentive plan	-	-	-	-	-
December 31, 2022	**107,760,385**	**366,385,309.00**	**115,023,103.38**	**-31,205,188.88**	**450,203,223.50**

All shares issued are fully paid.

Share capital of the parent company

Huhtamäki Oyj has one series of shares. Each share entitles its holder to equal voting rights and equal distribution of dividend and other assets. The Company's Articles of Association do not contain rules regarding the minimum or maximum number of shares or the minimum or maximum share capital. Shares do not have a nominal value. All shares issued are fully paid.

The amount of the subscription price exceeding the par value of shares (EUR 3.40) received by the Company in connection with share subscriptions based on option rights granted under the option rights plan established under the old Companies Act (734/1978) has been recorded in the share premium. The Company's last existing option rights plan ceased on April 30, 2014.

Based on the authorization given by the Annual General Meeting of Shareholders on March 25, 2002, the Company repurchased in total 5,061,089 own shares during 2002 and 2003. After 2003 no own shares have been repurchased. The Annual General Meeting of Shareholders on April 27, 2022 authorized the Board of Directors to decide on the repurchase of the Company's own shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2023. The authorization by Annual General Meeting on April 29, 2020 to the Board of Directors to resolve on the repurchase of own shares terminated at the end of the Annual General Meeting on April 27, 2022.

The Annual General Meeting of Shareholders on April 22, 2022 authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2023. This authorization cancelled the authorization given by the Annual General Meeting on April 22, 2021 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. During 2022 no own shares were transferred (during 2021 a total of 15,000 own shares were transferred based on the authorization in force at that time).

On December 31, 2022 the Company owned a total of 3,395,709 own shares (3,395,709 own shares).

Members of the Board of Directors and the CEO of the Company owned on December 31, 2022 a total of 69,850 shares (56,600 shares). These shares represented 0.06% (0.05%) of the total number of shares and voting rights in the Company on December 31, 2022.

ACCOUNTING PRINCIPLES

Equity, dividends and own shares

The Group's equity includes instruments that evidences a residual interest in the assets of an entity after deducting all of its liabilities and contains no contractual obligation for the issuer to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions which are unfavorable to the issuer. When Huhtamäki Oyj's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity. Dividends proposed by the Board of Directors are not recognized in the financial statements until the shareholders have approved them at the Annual General Meeting.

Proposal of the Board of Directors to distribute the earnings

On December 31, 2022 Huhtamäki Oyj's non-restricted equity was EUR 907,930,195.21 of which the result for the financial period was EUR 552,824,918.57. The Board of Directors proposes that dividend will be distributed at EUR 1.00 per share. No dividend for the own shares held by the Company on the record date shall be distributed.

The total amount of dividend on the date of this proposal would be EUR 104,364,676.

No significant changes have taken place in the Company's financial position since the end of the financial year. The Company's liquidity position is good and the proposed distribution does not, in the view of the Board of Directors, risk the Company's ability to fulfill its obligations.

Treasury shares

Treasury shares include the purchase price of Huhtamäki Oyj's shares held by Group companies. In 2022 no own shares were transferred (in 2021 own shares were transferred according to the terms and conditions of the CEO signing bonus). There are no additions in treasury shares in 2022.

Translation differences

Translation differences contain the differences resulting from the translation of foreign entities' financial statements into euros. Also gains and losses from net investments in foreign entities are reported in translation differences. Hedges of those investments are reported in translation differences, if hedge accounting criteria is met.

5.5. FAIR VALUE AND OTHER RESERVES

EUR million	
December 31, 2020	**-103.8**
Cash flow hedges recognized in other comprehensive income	5.5
Cash flow hedges transferred to profit or loss	-0.5
Cash flow hedges transferred to statement of financial position	-0.1
Deferred taxes	-1.1
Change of remeasurements on defined benefit plans	35.7
Deferred taxes	-8.0
Change of non-controlling interest in other comprehensive income	-0.3
December 31, 2021	**-72.4**
Cash flow hedges recognized in other comprehensive income	7.5
Cash flow hedges transferred to profit or loss	-0.4
Cash flow hedges transferred to statement of financial position	10.3
Deferred taxes	-3.4
Change of remeasurements on defined benefit plans	44.1
Deferred taxes	-16.3
Change of non-controlling interest in other comprehensive income	0.1
December 31, 2022	**-30.4**

Fair value and other reserves

Fair value and other reserves contain the effective portion of fair value changes of derivative instruments designated as cash flow hedges, the change in fair value of other investments, the change of remeasurements on defined benefit plans and the change of non-controlling interest. Also deferred taxes in equity are reported in fair value and other reserves.

ACCOUNTING PRINCIPLES

Fair value and other reserves

All derivative financial instruments are measured at fair value. The Group applies hedge accounting for certain interest rate swaps and foreign exchange forwards that meet hedge accounting criteria as defined in IFRS 9. The hedged item must be highly probable to occur and must ultimately affect the income statement. The hedges must be highly effective prospectively. For qualifying cash flow hedges, the portion of any change in fair value that is effective is included in other comprehensive income, and any remaining ineffective portion is recognized in the income statement. The cumulative changes of fair value of the hedging instrument that have been recognized in equity are transferred from equity and included in the income statement when the forecasted transaction is recognized in the income statement. When the hedged forecast transaction subsequently results in the recognition of non-financial asset or non-financial liability, the cumulative change of fair value of the hedging instrument that has been recognized in equity is transferred from equity and included in the initial carrying amount of the asset or liability at the time it is recognized.

For qualifying fair value hedges, the valuation is recognized in the income statement relating to the hedged risk. Derivative instruments that are designated as hedging instruments but not accounted for according to the principles of hedge accounting or which do not fulfill IFRS 9 hedge accounting requirements are classified as financial instruments at fair value through profit or loss and valued at fair value. Changes in fair values of these derivative financial instruments are recognized in the income statement. A non-split presentation is applied to liabilities at fair value through profit or loss because the presentation in OCI would create or enlarge an accounting mismatch in profit or loss.

The Group uses foreign exchange forwards and foreign currency loans to hedge net investments in foreign entities. Hedges of net investment in foreign entities must meet the same hedge accounting criteria as cash flow hedges as detailed in IFRS 9. All changes in fair value arising from the hedges are recognized as a translation difference in other comprehensive income if hedge accounting criteria are met. If the hedged entity is disposed of, the cumulative changes in fair value of the hedging instrument that have been recognized in equity are included in the income statement at the time of disposal.

5.6. INTEREST-BEARING LIABILITIES

	2022		2021	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Current				
Loans from financial institutions				
fixed rate	277.6	277.5	320.4	320.3
floating rate	63.5	63.5	74.4	74.4
Bonds				
fixed rate	-	-	-	-
Other current loans				
floating rate	5.1	5.1	0.2	0.2
Contingent considerations	20.6	20.6	3.3	3.3
Lease liabilities	25.3	25.3	28.8	28.8
Total	**392.2**	**392.0**	**427.2**	**427.1**
Non-current				
Loans from financial institutions				
fixed rate	79.3	74.3	98.0	92.0
floating rate	371.0	371.0	691.3	691.3
Bonds				
fixed rate	815.8	777.6	323.7	305.8
Other non-current loans				
floating rate	4.6	4.6	0.7	0.7
Contingent considerations	-	-	15.2	15.2
Lease liabilities	133.2	133.2	146.8	146.8
Total	**1,403.9**	**1,360.7**	**1,275.6**	**1,251.7**

Repayment	Loans from financial institutions	Bonds	Other loans	Contingent considerations	Lease liabilities	Total
2023	341.1	-	5.1	20.6	25.3	392.1
2024	286.0	149.9	-	-	38.7	474.6
2025	86.0	-	-	-	13.9	99.9
2026	47.5	168.3	4.6	-	11.4	231.7
2027	30.8	497.6	-	-	9.4	537.7
2028–	-	-	-	-	59.9	59.9

ACCOUNTING PRINCIPLES

Interest-bearing liabilities

Interest-bearing loans and borrowings are classified as other liabilities. Interest-bearing loans and borrowings are originated loans and bank loans, and are carried at amortized cost by using the effective interest rate method. All interest-bearing liabilities are other liabilities than liabilities for trading purposes or derivative financial instruments defined in IFRS 9 and as such are carried at amortized cost. Fair values have been calculated by discounting future cash flows at the appropriate market interest rate prevailing at period end closing date. Interest rates for measuring fair values of interest-bearing liabilities were 3.55%–6.17%. The fair value of current interest-bearing liabilities is estimated to equal the carrying amount.

Contingent considerations related to business combinations classified as financial liabilities are measured at fair value through profit or loss and reported in the interest-bearing liabilities.

Lease liabilities are recognized at the commencement date of the lease. Lease liabilities are measured at the present value of future lease payments using an effective interest rate method. The carrying amount is reduced to reflect the lease payments made and the interest expense is allocated over the lease term. A lease liability is remeasured, when there is a lease modification or reassessment.

Reconciliation of liabilities arising from financing activities

	2022							2021
			Non-cash changes					
EUR million	Total	Cash flows	Business combinations	Contingent considerations	Foreign exchange movement	Reclassification from long-term to short-term	Other	Total
Long-term loans	1,270.6	293.7	-	-15.2	31.3	-155.8	-12.2	1,128.8
Short-term loans	346.2	-186.1	-	20.0	0.8	155.8	-42.6	398.4
Long-term lease liabilities	133.2	0.0	-1.8	-	1.0	-17.3	4.5	146.8
Short-term lease liabilities	25.3	-28.8	1.9	-	-0.1	17.3	6.2	28.8
Total liabilities from financing activities	**1,775.4**	**78.8**	**0.1**	**4.8**	**33.0**	**0.0**	**-44.1**	**1,702.8**

	2021							2020
			Non-cash changes					
EUR million	Total	Cash flows	Business combinations	Contingent considerations	Foreign exchange movement	Reclassification from long-term to short-term	Other	Total
Long-term loans	1,128.8	364.0	31.6	15.2	21.4	-86.8	-26.6	810.0
Short-term loans	398.4	13.0	67.0	3.3	7.0	86.8	-7.3	228.6
Long-term lease liabilities	146.8	0.0	14.6	-	5.2	-21.9	17.4	131.4
Short-term lease liabilities	28.8	-28.8	1.8	-	1.0	21.9	9.9	23.0
Total liabilities from financing activities	**1,702.8**	**348.2**	**115.1**	**18.4**	**34.6**	**0.0**	**-6.5**	**1,193.0**

5.7. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million	2022	2021
Financial assets at fair value through profit or loss		
Derivatives	10.9	20.4
Derivatives designated for hedge accounting	20.0	1.8
Financial assets at amortized cost		
Non-current interest-bearing receivables	0.9	2.0
Other non-current assets	28.7	4.7
Current interest-bearing receivables	14.9	1.9
Trade and other current receivables	611.8	675.2
Cash and cash equivalents	309.4	178.7
Other investments	2.4	2.2
Financial assets total	**999.0**	**886.9**
Financial liabilities at fair value through profit or loss		
Derivatives	14.7	9.5
Contingent considerations	20.6	18.4
Derivatives designated for hedge accounting	2.3	8.5
Financial liabilities at amortized cost		
Non-current interest-bearing liabilities	1,403.9	1,260.5
Other non-current liabilities	10.5	3.3
Current portion of long-term loans	168.9	153.8
Short term loans	202.6	270.1
Trade and other current liabilities	541.4	640.5
Financial liabilities total	**2,364.9**	**2,364.5**

In the statement of financial position derivatives are included in the following groups: non-current interest-bearing liabilities, other non-current assets, trade and other current receivables, other non-current liabilities and trade and other current liabilities.

ACCOUNTING PRINCIPLES

Financial assets and liabilities

Financial assets are classified according to IFRS 9 on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics to the following categories: financial assets at fair value through profit or loss, financial assets at fair value through OCI and financial assets at amortized cost. Financial liabilities are classified to financial liabilities at fair value through profit and loss and financial liabilities at amortized cost.

Publicly traded and unlisted shares are classified as financial assets at fair value through OCI. Publicly traded shares are recognized at fair value, which is based on quoted market prices at the reporting period closing date. Gains or losses arising from changes in fair value are recognized in other comprehensive income and are presented in equity in fair value reserves. Unlisted shares are measured at cost, as their fair value cannot be measured reliably.

Non-derivative assets with fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortized cost. Trade receivables and other receivables are included in this category. Trade and other receivables are measured at amortized cost by using the effective interest rate method.

The Group recognizes a loss allowance for expected credit losses on financial assets based on the general approach, where a loss allowance is measured at amount equal to 12-month expected credit losses if there has not been a significant increase in credit risk since the initial recognition. The Group measures expected credit losses based on historical credit losses experience, current and future conditions. Simplified approach is used for trade receivables that do not contain a significant financing component, where the Group always measures the loss allowance at an amount equal to the lifetime expected credit losses. The amount of expected credit losses is updated at each reporting date.

Fair values of foreign exchange forwards are calculated using market rates on the reporting period closing date. Fair values of foreign exchange options are calculated with the Garman-Kohlhagen model. Fair values of interest rate swaps, futures and forwards are based on net present values of estimated future cash flows. Cash, short-term loans and overdrafts have fair values that approximate to their carrying amounts because of their short-term nature. The recoverable amount for financial investments is calculated as the present value of expected future cash flows, discounted at the original effective interest rate. Short-term receivables are not discounted.

Contingent considerations related to business combinations classified as financial liabilities are measured at fair value through profit or loss and reported in the interest-bearing liabilities.

EUR million

Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total 2022
Assets				
Derivatives				
Currency derivatives	-	23.9	-	23.9
Interest rate derivatives	-	7.0	-	7.0
Other investments	-	-	2.4	2.4
Total	**-**	**30.9**	**2.4**	**33.3**
Liabilities				
Derivatives				
Currency derivatives	-	10.8	-	10.8
Interest rate derivatives	-	6.2	-	6.2
Contingent considerations	-	-	20.6	20.6
Total	**-**	**17.0**	**20.6**	**37.6**

EUR million

Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total 2021
Assets				
Derivatives				
Currency derivatives	-	21.3	-	21.3
Interest rate derivatives	-	0.9	-	0.9
Other investments	-	-	2.2	2.2
Total	**-**	**22.2**	**2.2**	**24.4**
Liabilities				
Derivatives				
Currency derivatives	-	16.2	-	16.2
Interest rate derivatives	-	1.8	-	1.8
Contingent considerations	-	-	18.4	18.4
Total	**-**	**18.0**	**18.4**	**36.5**

The Group uses income approach in determining the fair value. Inputs used are foreign exchange rates, interest rates and yield curves as well as implied volatilities.

Group's currency and interest rate derivatives are subject to International Swaps and Derivatives Association (ISDA) master netting agreements. The amounts are not offset in the statement of financial position.

Unquoted investments are carried at cost, as their fair value cannot be measured reliably.

The levels of the fair value hierarchy are defined as follows:
Level 1: Quoted prices in active markets.
Level 2: Valuation techniques based on observable market data.
Level 3: Valuation techniques incorporating information other than observable market data.

5.8. MANAGEMENT OF FINANCIAL RISKS

The objective of financial risk management is to ensure that the Group has access to sufficient funding in the most cost-efficient way and to minimize the impact on the Group from adverse movements in the financial markets. As defined in the Group Treasury Policy, management of financial risks is guided and controlled by a Finance Committee, led by the Chief Financial Officer (CFO). The Finance Committee reviews risk reports on the Group's interest-bearing balance sheet items, commercial flows, derivatives and foreign exchange exposures and approves required measures on a monthly basis.

The Group Treasury department at the Espoo headquarters is responsible for the Group's funding and risk management and serves the business units in daily financing, foreign exchange transactions and cash management coordination.

Currency risk

The Group is exposed to exchange rate risk through cross-border trade within the Group, exports and imports, funding of foreign subsidiaries and currency denominated equities.

Transaction risk

The largest transaction exposures derive from capital flows, imports, exports and royalty receivables. The objective of currency transaction risk management is to protect the Group from negative exchange rate movements. Business units are responsible for actively managing their currency risks related to future commercial cash flows, in accordance with policies and limits defined by the business unit and approved by the Finance Committee. As a rule, commercial receivables and payables recorded on the balance sheet are always fully hedged, as well as 25% of probable flows over a minimum 12 month horizon. Eligible hedging instruments include currency forwards and in authorized subsidiaries also currency options. The business units' counterparty in hedging transactions is mainly Huhtamäki Oyj.

Translation risk

As a main rule individual subsidiaries do not carry translation risk as they are financed in local currencies. As an exception, the Finance Committee can approve the use of foreign currency borrowing in countries with high local interest rates. In 2022 and 2021 on reporting period closing dates no such borrowings were outstanding.

The main translation exposures derive from equities and permanent loans, which in substance form a part of the net investment in the US, India and UK based subsidiaries. The Group hedges its translation risks selectively by using foreign currency loans and derivatives. Equity hedging decisions are made by the Finance Committee, who in its decision making considers the hedge's estimated impact on the Group's key indicators, long-term cash flows and hedging cost. On the reporting period closing date the Group had outstanding translation risk hedges of USD 223 million (of which USD 50 million in the form of currency loans and USD 173 million in the form of derivatives) and of GBP 20 million (of which GBP 20 million in the form of derivatives) (USD 223 million, of which USD 90 million in the form of currency loans and USD 133 million in the form of derivatives and GBP 20 million, of which GBP 20 million in the form of derivatives).

A 10% appreciation of the EUR versus the USD, INR and GBP would as of the reporting period closing date decrease the result before taxes by EUR 14.4 million (EUR 9.9 million) and the Group consolidated equity by EUR 117.3 million (EUR 107.4 million).

EUR million	EUR exposure in companies reporting in GBP		CNY exposure in companies reporting in HKD		USD exposure in companies reporting in AUD		USD exposure in companies reporting in EUR		USD exposure in companies reporting in INR	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Trade receivables	2.1	3.4	0.1	0.1	1.9	1.4	0.1	0.1	14.5	17.8
Trade payables	-23.2	-14.9	-6.7	-4.7	-7.3	-4.5	-7.3	-11.3	-6.4	-7.9
Net balance sheet exposure	-21.1	-11.5	-6.6	-4.7	-5.5	-3.2	-7.2	-11.2	8.1	9.9
Forecasted sales (12 months)	16.5	13.4	1.0	3.5	5.3	6.1	1.2	0.6	66.7	58.2
Forecasted purchases (12 months)	-113.9	-74.2	-23.6	-16.2	-47.8	-45.4	-33.0	-32.0	-45.4	-44.8
Net forecasted exposure	-97.4	-60.8	-22.7	-12.8	-42.6	-39.3	-31.8	-31.4	21.3	13.4
Hedges										
Currency forwards (12 months)	48.6	36.6	9.8	6.7	17.3	16.2	19.8	24.7	-17.9	-17.4
Currency options (12 months)		-		-		-		-		
Total net exposure	-69.9	-35.7	-19.5	-10.8	-30.7	-26.3	-19.2	-17.9	11.4	5.8

Interest rate risk

The interest-bearing debt exposes the Group to interest rate risk, namely re-pricing and price risk caused by interest rate movements. Management of interest rate risk is centralized to the Group Treasury. The Group's policy is to maintain in the main currency debt portfolios a duration that matches a benchmark duration range based on the Group's estimated cash flow, selected balance sheet ratios and also the shape of the yield curve. The objective of interest rate risk management is to reduce the fluctuation of the interest charge, enabling a more stable net income. The Group manages interest rate risk by selection of debt interest periods and by using derivatives such as futures, forward rate agreements, interest rate swaps and options.

At the reporting period closing date the average interest rate on Group interest-bearing net debt was 3.4% (1.6%) and average duration 2.2 years (1.6 years). A one percentage point rise in market interest rates would increase Group net interest expense by EUR 5.1 million (EUR 6.6 million) over the following 12 months. A similar rise in interest rates would increase Group equity with EUR 1.9 million (EUR 7.5 million) due to mark-to-market revaluations of interest rate derivatives designated for cash flow hedges.

Currency split and repricing schedule of outstanding net debt including hedges (excl. lease liabilities)

	2022							2021
		Debt repricing in period, incl. derivatives						
Currency	EUR million	2023	2024	2025	2026	2027	Later	Amount EUR million
EUR	990.8	125.5	174.5	35.3	125.0	530.5		939.2
USD	108.9	47.9	9.4		14.1	14.1	23.5	107.6
GBP	92.5	92.5						121.7
HKD	84.8	84.8						77.6
PLN	21.4	21.4						23.4
Other	13.8	13.8						75.2
Total	**1,312.2**	**385.8**	**183.9**	**35.3**	**139.1**	**544.6**	**23.5**	**1,344.6**

Liquidity and refinancing risk

The Group maintains sufficient liquidity reserves at all times by efficient cash management structures such as cash pools, concentration accounts and overdraft financing facilities. To mitigate the refinancing risk, the Group diversifies funding sources as well as the maturity structure of loans and debt facilities. The Group utilizes a EUR 400 million Finnish commercial paper program and uncommitted credit facilities with relationship banks for short-term financing purposes. At the reporting period closing date, the Group had committed credit facilities totaling EUR 400 million (EUR 841 million) of which EUR 353 million (EUR 382 million) remained undrawn. Undrawn committed long-term debt facilities are sufficient to ensure adequate financing resources in all foreseeable circumstances.

During the second quarter of 2022, Huhtamäki Oyj launched a Sustainability-Linked Bond Framework and issued a EUR 500 million senior unsecured sustainability-linked bond. The proceeds of the issue of the bond were used for refinancing the USD 500 million bridge loan facility and for general corporate purposes. In connection with the bond issuance, S&P Global Ratings assigned a long term credit rating of BB+ to Huhtamäki Oyj, with a stable outlook.

On December 16, 2022, Huhtamäki Oyj signed a confirmation to extend the maturity of the EUR 400 million syndicated revolving credit facility loan agreement for a further period of one year in accordance with the extension option of the loan agreement.

Debt structure

EUR million including interests			2022						
				Maturity of facility/loan					
Debt type	Amount drawn	Amount available of committed	Total	2023	2024	2025	2026	2027	Later
Committed revolving facilities	47.0	353.0	400.0				400.0		
Bonds and other loans	1,377.1		1,377.1	153.3	436.0	86.0	173.4	528.4	0.0
Commercial paper program	111.5		111.5	111.5					
Uncommitted loans from financial institutions	81.4		81.4	81.4					
Contingent considerations	20.6		20.6	20.6					
Lease liabilities	158.5		158.5	25.3	38.7	13.9	11.4	9.4	59.9
Trade and other current liabilities	583.8		583.8	583.8					
Total	**2,379.9**	**353.0**	**2,732.9**	**975.9**	**474.6**	**99.9**	**584.8**	**537.7**	**59.9**

EUR million including interests			2021						
				Maturity of facility/loan					
Debt type	Amount drawn	Amount available of committed	Total	2022	2023	2024	2025	2026	Later
Committed revolving facilities	458.8	382.4	841.2		441.2		400.0		
Bonds and other loans	785.0		785.0	130.2	163.0	191.3	87.8	174.3	38.6
Commercial paper program	150.0		150.0	150.0					
Uncommitted loans from financial institutions	114.9		114.9	114.9					
Contingent considerations	18.4		18.4	3.3	15.2				
Lease liabilities	175.6		175.6	28.8	22.6	19.1	16.4	13.0	75.6
Trade and other current liabilities	663.8		663.8	663.8					
Total	**2,366.6**	**382.4**	**2,749.0**	**1,091.0**	**641.9**	**210.4**	**504.2**	**187.3**	**114.2**

Credit risk

The Group is exposed to credit risk from its commercial receivables and receivables from financial institutions based on short-term investment of liquid funds as well as derivatives transactions.

The business units are responsible for the management of commercial credit risk in accordance with policies defined by the business units and approved by the Finance Committee. A Group policy sets out certain minimum requirements as to credit quality, sales terms and collection. The commercial credit risk for the Group as a whole is considered low as the receivable portfolio is diversified and historical credit loss frequency is low (see Note 4.2.).

Liquid funds are from time to time invested in short-term bank deposits at relationship banks with a solid credit rating, in government bonds, treasury bills or in commercial papers issued by corporate borrowers with an investment grade rating. Credit risk stemming from receivables from financial institutions, including derivative transaction settlements, is considered small and is managed centrally by the Group Treasury department and in accordance with limits set by the Finance Committee.

Capital management

The Group's objective is to maintain an efficient capital structure. Consequently, the Group aims to maintain in the long term the net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio in a range between 2–3. Net debt is defined as interest-bearing liabilities less interest-bearing receivables, cash and cash equivalents.

The Group is subject to a restriction on its net debt to EBITDA ratio (excluding items affecting comparability) through a clause in a key financing agreement. This restriction is not seen hindering the Group's ability to carry out its business or its strategy.

Changes in the capital structure are resulting from capital investments in the business and cash returns to shareholders, which are funded by the stable cash flow.

Capital structure

EUR million	2022	2021
Interest-bearing liabilities	1,775.4	1,702.8
Interest-bearing receivables, cash and cash equivalents	325.3	182.6
Net debt	1,470.8	1,520.2
Total equity	1,922.2	1,597.2
Net debt to equity (Gearing ratio)	**0.77**	**0.95**
Net debt to EBITDA (excluding items affecting comparability)	**2.46**	**3.11**

Nominal values of derivative financial instruments

EUR million	2022							2021
	Nominal Value	Maturity Structure						Nominal Value
Instrument		2023	2024	2025	2026	2027	Later	
Currency forwards								
for transaction risk								
Outflow	-210.4	-208.2	-2.2					-128.4
Inflow	210.8	208.6	2.2					129.1
for translation risk								
Outflow	-185.0	-185.0						-141.2
Inflow	194.0	194.0						134.8
for financing purposes								
Outflow	-589.1	-589.1						-1,136.8
Inflow	590.0	590.0						1,146.0
Currency options								
for transaction risk								
Bought options								
Sold options								
Interest rate swaps								
EUR	-50.0				-50.0			25.0
USD	93.9	32.9	9.4		14.1	14.1	23.5	119.1
Cross currency swaps								
EUR								-18.3
USD								17.6

Fair values of derivative financial instruments

EUR million	2022			2021		
Instrument	Positive Fair values	Negative Fair values	Net Fair values	Positive Fair values	Negative Fair values	Net Fair values
Currency forwards						
for transaction risk	2.7	-2.4	0.3	1.8	-0.6	1.1
of which cash flow hedges[1]	1.7	-1.2	0.5	0.9	-0.6	0.3
for translation risk	11.3	-1.1	10.3		-5.4	-5.4
of which hedges of net investment[2]	11.3	-1.1	10.3		-5.4	-5.4
for financing purposes	9.9	-7.3	2.6	19.5	-9.5	10.0
Currency options						
for transaction risk						
Interest rate swaps[3]						
EUR		-6.1	-6.1	0.6	-0.4	0.2
of which fair value hedges[4]		-6.1	-6.1		-0.4	-0.4
of which cash flow hedges[5]				0.6		0.6
USD	7.0	-0.1	6.9	0.3	-1.4	-1.1
of which cash flow hedges[5]	7.0	-0.1	6.9	0.3	-1.4	-1.1
Cross currency swaps						
EURUSD					-0.7	-0.7
of which cash flow hedges[6]						
of which fair value hedges[7]					-0.7	-0.7

[1] Fair values of currency forwards designated as cash flow hedges are reported in fair value and other reserves.
[2] Fair values of currency forwards designated as hedges of net investment in foreign subsidiaries are reported in equity in translation difference.
[3] Fair values of interest rate swaps include accrued interest which is reported in the income statement in financial expense.
[4] Fair values of interest rate swaps designated as fair value hedges are reported in the income statement in financial income.
[5] Fair values of interest rate swaps designated as cash flow hedges are reported in fair value and other reserves.
[6] The interest rate revaluation result of cross currency swaps designated as cash flow hedges is reported in fair value and other reserves. The fair value includes accrued interest which is reported in the income statement in financial expense.
[7] The foreign exchange revaluation result of cross currency swaps designated as fair value hedges is reported in the income statement in net financial items.

Notes to the consolidated financial statements

6. Other disclosures

6.1. CLIMATE RELATED MATTERS

Sustainability is integral to Huhtamaki's 2030 Strategy. The ambition is to become the first choice in sustainable packaging solutions. The sustainability agenda focuses on two key topics: transitioning to a circular economy and taking climate action, whilst not forgetting other environmental and social aspects of sustainability.

To achieve Huhtamaki's ambition, management is continuously considering climate related matters when conducting the business. These considerations and related assumptions have been reflected in the estimates and judgements of the reported amounts of assets, liabilities, income and expense.

The items in the consolidated financial statements that are impacted by climate related assumptions in particular:

- Goodwill: The Group has defined EBIT and discount rates as the key assumptions in the goodwill impairment testing. Climate related risks and opportunities have been recognized and evaluated as part of the strategy-based EBIT estimates together with other factors impacting the business development. (Note 3.2. Goodwill)
- Intangible and tangible assets:
  - Climate related matters may impact the recognition and measurement of intangible and tangible assets. In the end of the reporting period, climate related matters did not have material impact to the estimated useful lives of the assets, nor to the impairment of assets. The Group continues to invest in sustainable packaging solutions. (Note 3.3. Intangible assets and Note 3.4. Tangible assets)
  - Emission rights and renewable energy certificates are in scope of IAS 38 Intangible assets. (Note 3.3. Intangible assets)
- Other non-current assets: The Group has signed two major virtual power purchase agreements to reach its target for using 100 % renewable electricity and carbon neutral production by 2030. The agreements are in scope of IFRS 9 Financial Instruments. (Note 5.7. Financial assets and liabilities by category).
- Inventory: Climate related matters may impact the measurement of the inventories. In the end of the reporting period, climate related matters did not have material impact to the net realizable value. (Note 4.1. Inventories)
- Interest-bearing liabilities:
  - The Group has signed a EUR 400 million sustainability-linked syndicated multicurrency revolving credit facility loan agreement ("RCF"). The interest margin is tied to three sustainability indicators: 1) Reduction of the absolute greenhouse gas emission amount; 2) Share of non-hazardous waste recycled; 3) EcoVadis rating. The loan margin decreases or increases according to the number of targets achieved for the three sustainability indicators. (Note 5.6. Interest-bearing liabilities)
- The Group has issued a EUR 500 million senior unsecured sustainability-linked bond under its newly established Sustainability-Linked Bond Framework. The interest rate is subject to increase upon the failure to satisfy certain sustainability performance targets. The chosen targets for the sustainability-linked bond are related to greenhouse gas reductions. (Note 5.6. Interest-bearing liabilities)

6.2. RELATED PARTY TRANSACTIONS

Huhtamaki Group's related parties include the parent company, subsidiaries, associates, joint ventures and pension funds that are separate entities. Related parties also include the key management, their close family members and entities in which they have control or joint control. The key management personnel are the members of the Global Executive Team and the Board of Directors. Related parties also include Shareholders of Huhtamäki Oyj controlling more than ten per cent of the shares or voting rights of Huhtamäki Oyj.

Details of transactions and outstanding balances between the Group and its related parties are disclosed below. Intragroup related party transactions and balances are eliminated on consolidation.

The Global Executive Team and the Board of Directors

Compensation to the Global Executive Team and the Board of Directors is disclosed in the following tables. In addition, the key management is receiving dividends based on their ownership of Huhtamäki Oyj shares. There has not been any other transactions between the Group and the key management, their close family members or entities in which they have control or joint control.

The President and CEO Charles Héaulmé's pension coverage is arranged by the President and CEO himself. The company contributes towards the pension through monthly cash payments to the President and CEO. The total cash payment is EUR 294 thousand per annum. Some of the other Global Executive Team members belong to a supplementary defined contribution pension plan. In 2022, the Company paid a total of EUR 322 thousand (EUR 245 thousand) to pension arrangements of the other GET members, excluding the CEO. Members of the Board of Directors and the Global Executive Team owned a total of 101,689 shares (94,409 shares) shares at the end of the year 2022.

Employee benefits of CEO and members of the Global Executive Team

EUR million	2022	2021
Salaries and other short-term employee benefits	7.4	5.5
Post-employment benefits	0.3	0.2
Share based payments	5.1	2.8
CEO and members of the Global Executive Team in total	**12.8**	**8.5**

Remunerations of CEO and members of the Board of Directors

In thousand euros	2022	2021
CEO Charles Héaulmé	2,063	2,699
Board members		
Ala-Pietilä Pekka	198	179
Tuomas Kerttu	121	118
Baillie Doug	104	103
Barker William R.	104	103
Korhonen Anja	118	117
Turner Sandra	106	105
Wunderlich Ralf K.	107	102
Alonso Mercedes	72	-
Takala Heikki	73	-
CEO and Board in total	**3,061**	**3,526**

Pension funds

The Group's related parties include post-employment benefit plans that are separate entities. These entities are in Finland, India, the UK and the U.S.. For more information, see note 2.2. Employee benefits. The Group made EUR 2.6 million (EUR 2.1 million) contributions to the plans and there was related outstanding balance of EUR 0.2 million (EUR 0.2 million). There was no other transactions or outstanding balances.

6.3. SHARE-BASED PAYMENTS

On March 12, 2010 the Board of Directors of the Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Company shares as remuneration for achieving established targets. The Arrangement consists of annually commencing individual three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

GET members that are participants to the performance share plan shall hold at least half (50%) of the shares received until he/she holds shares received from the performance share plans corresponding in aggregate to the value of his/her annual gross base salary. Other participants to the plan (Performance Share Plan 2019–2021 and earlier plans), shall hold at least half (50%) of the shares received until he/she holds shares received from the performance share plans corresponding in aggregate to the value of his/her six (6) months' gross base salary. The ownership requirement applies until termination of employment or service. The maximum value of the reward payable to the participants based on the Performance Share Arrangement is limited by a cap linked to Company's share price development (Performance Share Plan 2021–2023 and onwards).

Performance Share Plan 2019–2021

The Performance Share Plan 2019–2021 commenced in 2019 and the possible reward will be based on the Group's adjusted earnings per share (EPS) in 2021. The reward, if any, will be paid during 2022. The Performance Share Plan 2019–2021 was directed to 87 persons at the end of 2021.

The performance criteria, Group's adjusted earnings per share (EPS) in 2021, set forth in the Performance Share Arrangement 2010 for the earnings period 2019–2021, was not reached. Pursuant to the IFRS standards, no expense relating to the Performance Share Plan 2019–2021 was recorded for the reporting periods 2019–2021. For the reporting period ending 31 December 2021, a positive impact totaling EUR 3,687,657 resulting from prior years' accrual reversing was recorded.

ACCOUNTING PRINCIPLES

The Group has incentive plans which include equity-settled or cash-settled share-based payment transactions. The fair value of equity-settled share-based payments granted is recognized as an employee expense with a corresponding increase in equity. The fair value of cash-settled share-based payments is valued at each reporting period closing date and the changes in fair value of liability are recognized as expense when incurred. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards that will be vested. Non-market vesting conditions are not included in the value of share-based instruments but in the number of instruments that are expected to vest. At each reporting period closing date, the estimates about the number of awards that are expected to vest are revised and the impact is recognized in income statement.

Performance Share Plan 2020–2022

The Performance Share Plan 2020–2022 commenced in 2020 and the possible reward will be based on the Group's cumulative adjusted earnings per share (EPS) for the earning period 2020–2022. The reward, if any, will be paid during 2023. The Performance Share Plan 2020–2022 was directed to 101 persons at the end of 2022.

The achievement of performance criteria, Group's cumulative adjusted earnings per share (EPS) for the earning period 2020–2022, set forth in the Performance Share Arrangement 2010 for the earnings period 2020–2022, was 54.88% of maximum. According to the terms and conditions of the Performance Share Arrangement, achieved shares as on January 31, 2023 is 249,761 shares (gross) and shares will be paid in March 2023. Applicable taxes are withheld from the gross reward before paying remaining net shares to the participants. Fair value of the paid shares on the grant date was EUR 33.96 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2020–2022 totaling 7,559,961 was recorded for the reporting periods 2020–2022. This amount includes an expense totaling EUR 2,352,132 which was recorded in the reporting period ending 31 December 2022.

Performance Share Plan 2021–2023

The Performance Share Plan 2021–2023 commenced in 2021 and the possible reward will be based on the Group's cumulative adjusted earnings per share (EPS) for the earning period 2021–2023. The reward, if any, will be paid during 2024. The Performance Share Plan 2021–2023 was directed to 122 persons at the end of 2022.

Performance Share Plan 2022–2024

The Performance Share Plan 2022–2024 commenced in 2022 and the possible reward will be based on the Group's cumulative adjusted earnings per share (EPS) for the earning period 2022–2024. The reward, if any, will be paid during 2025. The Performance Share Plan 2022–2024 was directed to 139 persons at the end of 2022.

Performance Share Plan

	2019–2021	2020–2022	2021–2023	2022–2024
Amount of granted shares (gross)	310,000[1]	601,600[2]	582,000[2]	600,000[2]
Share price at grant date, EUR	33.53/37.28[3]	33.96	39.18	35.86
Actual achievement (% of maximum)	0%	55%		
Number of achieved shares (gross) based on performance criteria	0.0	249,761[4]	-	-
Number of participants of December 31, 2022	87.0	101	122	139
Share delivery	2022	2023	2024	2025
Performance criteria	adjusted EPS	adjusted EPS	adjusted EPS	adjusted EPS

[1] PSP 2019–2021 grant was determined as net shares and as part of the reward, a cash payment equivalent to taxes and tax-like charges arising to the key personnel from the reward may be granted.
[2] In case shares are paid as reward, the net number of shares which remains after deducting the number of shares corresponding to the applicable taxes will be delivered to participants.
[3] Cash portion share price
[4] As on January 31, 2023. Achieved shares under PSP 2020–2022 will be paid in March 2023.

Restricted Share Arrangement 2021

As part of the long-term incentive and retention program for the key personnel of Huhtamaki, the Board of Directors of the Company decided on February 10, 2021 on establishing a restricted share arrangement as a share-based long-term incentive arrangement (Restricted Share Arrangement). The aim of the restricted share arrangement is to retain, motivate and reward selected key employees in order to increase the shareholder value in the long term. The restricted share arrangement consists of individual share plans. The commencement of each plan will be separately decided by the Board of Directors. Each plan comprises of three consecutive calendar years.

Share rewards will be paid in shares of the Company. No reward will be paid if the participant's employment or service ends before the payment of the reward. The members of the Global Executive Team shall retain at least 50% of the shares received until the value of their share ownership in the Company corresponds to their annual gross base salary. The maximum value of the reward payable to the participants based on the restricted share arrangement is limited by a cap linked to Company's share price development.

The first share plan within the Restricted Share Arrangement, covering the years 2021–2023, commenced as of the beginning of the year 2021. The aggregate maximum number of shares payable based on the first plan is 163,500 shares (gross) and possible rewards will be paid in 2023 and 2024. For potential subsequent share plans the aggregate maximum number of shares payable is 60,000 shares (gross) per plan. Applicable taxes are withheld from the gross reward before paying remaining net shares to the participants.

Restricted Share Plan 2021–2023 (2-year vesting)

The Restricted Share Plan 2021–2023 (2-year vesting) commenced in 2021 and the reward will be paid during 2023 based on continuous employment. Group's adjusted EBIT margin of 8% for the result release preceding the payment is used as an underlying threshold criterion for share payment. The Restricted Share Plan 2021–2023 (2-year vesting) was directed to 64 persons at the end of 2022.

Financial year 2022 Group adjusted EBIT margin was 8.8% and thus there are no restriction to payout. According to the terms and conditions of the Restricted Share Arrangement, achieved shares as on January 31, 2023 is 83,000 shares (gross) and shares will be paid in March 2023. Applicable taxes are withheld from the gross reward before paying remaining net shares to the participants. Fair value of the paid shares on the grant date was EUR 39.18 per share. Pursuant to the IFRS standards, an expense relating to the Restricted Share Plan 2021–2023 (2-year vesting) totaling 3,273,480 was recorded for the reporting periods 2021–2022. This amount includes an expense totaling EUR 1,796,256 which was recorded in the reporting period ending 31 December 2022.

Restricted Share Plan 2021–2023

The Restricted Share Plan 2021–2023 commenced in 2021 and the reward will be paid during 2024 based on continuous employment. Group's adjusted EBIT margin of 8% for the result release preceding the payment is used as an underlying threshold criterion for share payment. The Restricted Share Plan 2021–2023 was directed to 8 persons at the end of 2022.

Restricted Share Plan 2022–2024

The Restricted Share Plan 2022–2024 commenced in 2022 and the reward will be paid during 2025 based on continuous employment. Group's adjusted EBIT margin of 8% for the result release preceding the payment is used as an underlying threshold criterion for share payment. The Restricted Share Plan 2022–2024 was directed to 1 person at the end of 2022.

Restricted Share Plan

	2021–2023 (2-year vesting)	2021–2023	2022–2024
Amount of granted shares (gross)[1]	100,800	25,700	3,000
Share price at grant date, EUR	39.18	45.20–33.80	32.60
Number of achieved shares (gross) based on performance criteria	83,000[2]	-	-
Number of participants of December 31, 2022	64	8	1
Share delivery	2023	2024	2025
Performance criteria	Continuous employment[3]		

[1] In case shares are paid as reward, the net number of shares which remains after deducting the number of shares corresponding to the applicable taxes will be delivered to participants.
[2] As on January 31, 2023. Shares under RSP 2021–2023 (2-year vesting) will be paid in March 2023.
[3] However, if Huhtamaki Group's adjusted EBIT margin in the result release preceding the payment of the rewards is under 8%, no shares will be paid.

CEO sign-in bonus

The signing bonus of the President and CEO consisted of two parts. The second part of the signing bonus (15,000 shares (net)) was paid in April 2021 and the first part (15,000 shares (net)) of the signing bonus was paid in April 2019. The second part of the signing bonus was subject to reaching an EBIT target for 2020 which was reached. In addition, the Company processed a cash payment to cover taxes and tax related payments. A lock-in period of 12 months will apply.

ACCOUNTING PRINCIPLES

The Group has incentive plans which include equity-settled or cash-settled share-based payment transactions. The fair value of equity-settled share-based payments granted is recognized as an employee expense with a corresponding increase in equity. The fair value of cash-settled share-based payments is valued at each reporting period closing date and the changes in fair value of liability are recognized as expense when incurred. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards that will be vested. Non-market vesting conditions are not included in the value of share-based instruments but in the number of instruments that are expected to vest. At each reporting period closing date, the estimates about the number of awards that are expected to vest are revised and the impact is recognized in income statement.

6.4. LEASES

Right of use assets are presented in Note 3.4. Tangible Assets. Right of use depreciations are presented in Note 2.3. Depreciation, amortization and impairment. Lease liabilities are presented in Note 5.6. Interest bearing liabilities. Lease liability interests are presented in Note 5.1. Net Financial Items. Items where Huhtamaki is the lessor are presented in Note 5.2. Interest Bearing receivables.

EUR million	2022	2021
Short-term leases	6.5	4.2
Low-value leases	0.5	0.3
Variable lease payments based on use/performance	2.6	3.8
Lease payments in Profit or Loss	**9.6**	**8.3**
Cash based lease payments in total	**42.9**	**37.1**

ACCOUNTING PRINCIPLES

Leases

The leases that the Group recognizes in the statement of financial position include mainly land, building, machinery and equipment. Short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value are not booked to the statement of financial position. Payments for short-term and low-value leases and variable lease payments are expensed in P&L.

Right of use (ROU) assets are recognized at the commencement date of the lease. ROU assets are measured at cost less accumulated depreciation and impairment losses. The costs include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less lease incentives received, any direct costs and an estimate of dismantling costs. The carrying amount is further adjusted for any remeasurement of the lease liability. Depreciation is expensed to the income statement on a straight-line basis over the lease term. The lease term includes the noncancelable period of lease together with any extension or termination options that are reasonably certain to be exercised. ROU assets are presented as tangible assets in the statement of financial position.

Lease liabilities are recognized at the commencement date of the lease. Lease liabilities are measured at the present value of future lease payments using an effective interest method. The carrying amount is reduced to reflect the lease payments made and the interest expense is allocated over the lease term. A lease liability is remeasured, when there is a lease modification or reassessment. Lease liabilities are presented as current and non-current interest-bearing liabilities in the statement of financial position.

6.5. COMMITMENTS

EUR million	2022	2021
Capital expenditure	115.9	81.4
Total commitments	**115.9**	**81.4**

EUR million	2022	2021
Capital expenditure commitments		
Under 1 year	115.9	81.4
Total	**115.9**	**81.4**

ACCOUNTING PRINCIPLES

Commitments

Capital expenditure commitments are commitments at the balance sheet date to acquire tangible and intangible assets in the future.

6.6. LITIGATIONS

The European Commission announced on March 7, 2019 to open an investigation into Luxembourg's tax practices, in particular Huhtamaki tax rulings from the years 2009, 2012 and 2013. The investigation is not targeted at Huhtamaki and Huhtamaki has not been approached by the European Commission. The European Commission is investigating whether the tax ruling could potentially be considered as prohibited state aid by Luxembourg. State aid means that a public authority has granted a selective (not available for everyone) competitive advantage to a company in Europe. Huhtamaki monitors the situation and is cooperating with authorities. Huhtamaki complies with all laws and regulations and it is important for Huhtamaki to secure predictability in financial and tax affairs. In Huhtamaki's view, the structure in question is legal and approved by tax authorities, and was not set up to gain unfair competitive advantage in Europe.

6.7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

Subsidiaries

The list contains significant subsidiaries. A complete list is enclosed in the official statutory accounts which may be obtained from the company on request.

Country	Company	Group holding %
Australia	Huhtamaki Australia Pty Limited	100.0
	Huhtamaki Tailored Packaging Pty Ltd - Group	74.5
Brazil	Huhtamaki do Brasil Ltda	100.0
	Huhtamaki Embalagens Flexíveis do Brasil Ltda	100.0
Czech Republic	Huhtamaki Ceska republika, a.s.	100.0
	Huhtamaki Flexible Packaging Czech a.s.	100.0
	LeoCzech spol s r.o.	100.0
Egypt	Elif Global Packaging S.A.E.	100.0
	Huhtamaki Egypt L.L.C.	75.0
	Huhtamaki Flexible Packaging Egypt LLC	100.0
Finland	Huhtamaki Foodservice Nordic Oy	100.0
France	Huhtamaki Foodservice France S.A.S	100.0
	Huhtamaki La Rochelle S.A.S	100.0
Germany	Huhtamaki Flexible Packaging Germany GmbH & Co. KG	100.0
	Huhtamaki Foodservice Germany Operations GmbH & Co. KG	100.0
	Huhtamaki Foodservice Germany Sales GmbH & Co. KG	100.0
Hungary	Huhtamaki Hungary Kft	100.0
India	Huhtamaki Foodservice Packaging India Private Limited	100.0
	Huhtamaki India Limited[3]	67.7
Ireland	Huhtamaki CupPrint Limited	100.0
Italy	Huhtamaki Flexibles Italy S.r.l.	100.0
Luxembourg	Huhtamaki S.à r.l.	100.0
Malaysia	Huhtamaki Foodservice Malaysia Sdn. Bhd.	100.0
Mexico	Huhtamaki Mexicana S.A. de C.V.	100.0
Netherlands	Huhtamaki B.V.	100.0
	Huhtamaki Finance B.V.	
	Huhtamaki Molded Fiber Technology B.V.	100.0
	Huhtamaki Nederland B.V.	100.0
	Huhtamaki Paper Recycling B.V.	100.0
New Zealand	Huhtamaki Henderson Limited	100.0
	Huhtamaki New Zealand Limited	100.0
Philippines	Huhtamaki Philippines, Inc.	
People's Republic of China	Huhtamaki Foodservice (Shanghai) Limited	100.0
	Huhtamaki Foodservice (Tianjin) Ltd.	100.0
	Huhtamaki Foodservice (Xuzhou) Ltd.	100.0
	Huhtamaki (Guangzhou) Limited	100.0
People's Republic of China/Hong Kong	Huhtamaki Hong Kong Limited	100.0

Country	Company	Group holding %
Poland	Huhtamaki Foodservice Gliwice Sp. z o.o.	100.0
	Huhtamaki Foodservice Poland Sp. z o.o.	100.0
Saudi Arabia	Arabian Paper Products Company	50.0[1]
Singapore	Huhtamaki Singapore Pte. Ltd.	100.0
South Africa	Gravics Systems South Africa (Pty) Limited	100.0
	Huhtamaki South Africa Holdings (Pty) Ltd	70.0
	Huhtamaki South Africa (Pty) Ltd.	70.0
	Huhtamaki Flexible Packaging South Africa (Pty) Limited	70.0
Spain	Huhtamaki Spain S.L.	100.0
Switzerland	Huhtamaki AG	100.0
Thailand	Huhtamaki (Thailand) Ltd.	100.0
Turkey	Elif Global Ambalaj Pazarlama Anonim Şirketi	100.0
	Elif Holding Anonim Şirketi	100.0
	Elif Plastik Ambalaj Sanayi ve Ticaret Anonim Şirketi	100.0
	Huhtamaki Turkey Gıda Servisi Ambalajı A.Ş.	100.0
Ukraine	Huhtamaki Foodservice Ukraine LLC	100.0
United Arab Emirates	Arabian Paper Products FZCO	50.0[1]
	Huhtamaki Flexible Packaging Middle East LLC	49.0[2]
	Positive Packaging United (M.E.) FZCO	100.0
	Primetech (M.E.) FZE	100.0
United Kingdom	Huhtamaki BCP Limited	100.0
	Huhtamaki Foodservice Delta Limited	100.0
	Huhtamaki (Lisburn) Limited	100.0
	Huhtamaki (Lurgan) Limited	100.0
	Huhtamaki (UK) Limited	100.0
United States	CupPrint LLC	100.0
	Huhtamaki, Inc.	100.0
Vietnam	Huhtamaki (Vietnam) Limited	100.0

[1] The Group's control is based on a Shareholders' Agreement according to which the Group has control in the company.
[2] The Group has control in the company and can consolidate the company as a fully owned subsidiary based on a Shareholders' Agreement.
[3] For more information: www.huhtamaki.com/en-in/flexible-packaging/investors

The following German subsidiaries are included in these annual accounts of the Huhtamaki Group and exempt from the duty of corporations to audit and disclose financial statements pursuant to German legislation (Sec. 264b HGB): Huhtamaki Flexible Packaging Germany GmbH & Co. KG, Huhtamaki Foodservice Germany Operations GmbH & Co. KG, Huhtamaki Foodservice Germany Sales GmbH & Co. KG, Huhtamaki Real Estate Holding B.V. & Co. KG.

Parent company financial statements

Parent company income statement (FAS)

EUR	Note	2022	2021
Other operating income	1	287,896,846.63	129,211,249.41
Sales and marketing		-10,882,288.41	-10,150,297.29
Administration expenses		-87,866,796.64	-69,508,274.55
Other operating expenses	2	-11,123,454.85	-10,661,943.24
Earnings before interest and taxes	**3, 4, 5**	**178,024,306.73**	**38,890,734.33**
Net financial income/expense	6	386,209,236.19	-10,650,803.89
Profit before appropriations and taxes		**564,233,542.92**	**28,239,930.44**
Group contribution		992,000.00	-1,000,000.00
Income tax expense	7	-12,400,624.35	-6,239,732.25
Profit for the period		**552,824,918.57**	**21,000,198.19**

Parent company balance sheet (FAS)

Assets

EUR	Note	2022	2021
Non-current assets			
Intangible assets	8		
Intangible rights		345,987.69	373,411.55
Development expenditure		7,819,820.60	5,332,469.08
Other capitalized expenditure		4,161,982.16	2,657,897.05
Construction in progress and advance payments		6,806,530.09	6,788,551.79
		19,134,320.54	**15,152,329.47**
Tangible assets	9		
Machinery and equipment		223,646.14	332,255.39
Other tangible assets		96,301.19	96,301.19
		319,947.33	**428,556.58**
Investments			
Investment in subsidiaries		2,418,071,132.51	2,044,741,422.87
Other shares and holdings		1,132,636.92	843,711.73
		2,419,203,769.43	**2,045,585,134.60**
Current assets			
Non-current receivables			
Loan receivables	10	555,828,762.19	408,244,833.37
Current receivables			
Loan receivables	10	0	83,824,423.87
Accrued income	11	59,649,417.09	50,238,683.22
Other receivables	10	152,760,263.19	103,947,728.45
		768,238,442.47	**646,255,668.91**
Cash and bank		19,509,964.47	7,068,379.50
Total assets		3,226,406,444.24	2,714,490,069.06

Equity and liabilities

EUR	Note	2022	2021
Shareholders' equity	12		
Share capital		366,385,309.00	366,385,309.00
Premium fund		115,023,103.38	115,023,103.38
Retained earnings		369,329,656.23	446,400,625.39
Profit for the period		552,824,918.57	21,000,198.19
		1,403,562,987.18	**948,809,235.96**
Liabilities			
Non-current liabilities			
Loans from financial institutions	13	1,270,066,457.77	1,077,222,648.81
Other non-current liabilities	14	641,231.73	807,256.72
		1,270,707,689.50	**1,078,029,905.53**
Current liabilities			
Loans from financial institutions	13	282,602,650.15	358,954,122.84
Other loans	13	169,859,301.73	255,586,377.69
Trade payables	15	17,971,143.64	11,214,158.01
Accrued expenses	16	66,452,535.56	53,329,376.36
Other current liabilities	15	15,250,136.48	8,566,892.67
		552,135,767.56	**687,650,927.57**
Total equity and liabilities		3,226,406,444.24	2,714,490,069.06

Parent company cash flow statement (FAS)

EUR	2022	2021
Earnings before interest and taxes	178,024,306.73	38,890,734.33
Adjustments		
Depreciation and amortization	2,753,166.78	1,560,716.15
Other adjustments	-108,749,623.87	-
Change in non-interest-bearing receivables	-57,542,104.09	-54,393,551.01
Change in non-interest-bearing payables	-11,067,226.01	-13,088,145.75
Net financial income and expense	13,568,285.64	-9,437,543.87
Taxes paid	-9,223,679.31	-7,463,492.09
Net cash flow from operating activities	**7,763,125.87**	**-43,931,282.24**
Capital expenditure	-4,964,076.43	-7,732,440.83
Disposal of tangible and intangible assets	18,526.05	20,366.13
Investments in subsidiaries	-10,000,000.00	-314,865,041.51
Proceeds from subsidiary investments	157,859,916.90	1,343,567.96
Change in non-current deposits	-144,238,843.05	-326,190,951.37
Change in current deposits	73,134,252.33	301,197,646.85
Net cash flow from investing activities	**71,809,775.80**	**-346,226,852.77**
Change in non-current loans	192,640,123.44	269,248,785.58
Change in current loans	-162,078,548.65	157,839,102.82
Dividends paid	-97,692,891.49	-96,334,098.01
Cash flow from financing activities	**-67,131,316.70**	**330,753,790.39**
Change in liquid assets	12,441,584.97	-59,404,344.62
Liquid assets on January 1	7,068,379.50	66,472,724.12
Liquid assets on December 31	19,509,964.47	7,068,379.50

Parent company accounting principles

The financial statements of Huhtamäki Oyj have been prepared according to Finnish Accounting Standards (FAS). The financial statements have been prepared on the basis of historical costs and do not take into account increases in the fair value of assets, unless otherwise stated.

Foreign currency

Foreign currency transactions are recorded according to the exchange rates prevailing on the transaction date. Receivables and payables are revalued at the rate of exchange on the balance sheet date. The exchange rate used at the balance sheet date is the rate of the date prior to the last working day of the reporting period closing date. Exchange rate differences arising from translation of receivables are recognized under other operating income, and exchange rate differences on payables under costs and expenses. Exchange rate differences on translation of financial items, such as loans and deposits, are recognized under financial income and expenses.

Derivative instruments

Foreign exchange derivative contracts are used for hedging the company's currency position. The company manages its interest rate risks using interest rate derivatives. The prudence principle is applied to derivatives in the financial statements. However, also the positive changes in market values of foreign exchange derivatives are recognized in the income statement and the balance sheet in cases where corresponding negative changes in market values exists. Foreign exchange derivatives are marked-to-market at the rate of exchange on the balance sheet date and recorded in the income statement as an adjustment to financial items or sales and purchases only to the extent they relate to balance sheet items being hedged. Interest derivatives used for hedging the company's loans are stated at historical cost. Interest derivatives used for hedging subsidiaries' external loans are stated at lower of historical cost or market value. Interest income or expenses deriving from such instruments are accrued over the contract period.

Intangible assets

Intangible assets are amortized on a systematic basis over their estimated useful life. The period of amortization does not exceed 20 years.

Tangible assets

Items of tangible assets are stated at historical cost and depreciated using the straight-line method over their estimated useful lives. The period of depreciation does not exceed 12 years. Leases of tangible assets are classified as operating leases.

Investments

Investments classified as long-term assets are carried at cost, less amounts written off to recognize permanent declines in the value of the investment. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognized as income or expense.

Investments in subsidiaries are carried at cost in the balance sheet of the company.

Income taxes

The income statement includes income taxes of the Company based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes.

Other operating income and revenue recognition

The Company's operations comprise investment to subsidiaries and offering services to subsidiaries. The revenue relating to sale of services is reported under Other operating income. Revenue is recognized at the date of delivery. In addition, gains from disposal of assets, royalty and rental income are included in Other operating income.

Other operating expenses

Other operating expenses include e.g. losses from disposal of assets.

Appropriations

Gains and losses from appropriations include items which fall outside the ordinary activities of the company, such as group contribution or divestment related items.

Notes to the parent company financial statements

1. OTHER OPERATING INCOME

EUR million	2022	2021
Royalty income	76.8	57.1
Group cost income	65.6	56.4
IT recharge	27.5	12.6
Divestment of subsidiary	109.5	-
Other	8.5	3.1
Total	**287.9**	**129.2**

2. OTHER OPERATING EXPENSES

EUR million	2022	2021
Intercompany other operating expenses	10.7	10.5
Other	0.4	0.2
Total	**11.1**	**10.7**

3. PERSONNEL EXPENSES

EUR million	2022	2021
Wages and salaries	18.6	20.3
Pension costs	3.1	3.7
Other personnel costs	4.5	1.7
Total	**26.2**	**25.7**

The above amounts are on accrual basis. Remuneration paid by the parent company to the members of the Board of Directors as well as the CEO of Huhtamäki Oyj (10 people) amounted to EUR 3.1 million (EUR 3.5 million).

Average number of personnel	2022	2021
Huhtamäki Oyj	138	134

4. DEPRECIATION AND AMORTIZATION

EUR million	2022	2021
Depreciation by function:		
Administration	2.8	1.6
Total	**2.8**	**1.6**
Depreciation and amortization by asset type:		
Machinery and equipment	0.2	0.2
Intangible rights	0.1	0.1
Development expenditure	1.2	0.4
Other capitalized expenditure	1.3	0.9
Total	**2.8**	**1.6**

5. AUDITOR'S FEES AND SERVICES

EUR million	2022	2021
Audit fees	0.4	0.3
Audit-related services	0.1	0.0
Tax services	0.0	0.0
Total	**0.5**	**0.3**

For auditor's other services see note 2.6. in the consolidated financial statements.

6. FINANCIAL INCOME AND EXPENSE

EUR million	2022	2021
Dividend income	**401.9**	**1.3**
Interest and other financial income		
Intercompany interest income	20.0	11.7
Other interest income	3.2	0.4
Total interest income	**23.2**	**12.1**
Other financial income	443.7	231.8
Total interest and other financial income	**466.9**	**243.9**
Interest and other financial expense		
Intercompany interest expense	-2.6	-0.5
Other interest expense	-29.4	-17.7
Total interest expense	**-32.0**	**-18.2**
Other financial expense	-450.6	-237.8
Total interest and other financial expense	**-482.6**	**-256.0**
Net financial items	**386.2**	**-10.7**

7. TAXES

EUR million	2022	2021
Ordinary taxes	12.4	6.2
Total	**12.4**	**6.2**

Deferred taxes are not included in income statement or balance sheet. Unrecognized deferred tax asset from timing differences is EUR 1.1 million (EUR 0.3 million).

8. INTANGIBLE ASSETS

EUR million	Intangible rights	Development expenditure	Other capitalized expenditure	Construction in progress and advance payments	2022 Total	2021 Total
Acquisition cost on January 1	1.0	5.7	44.0	6.8	57.5	48.9
Additions	0.0	-	0	7.2	7.2	8.7
Disposals	0.0	-	-0.5	-0.4	-0.9	-
Intra-balance sheet transfer	0.0	3.7	3.0	-6.7	0.0	0.0
Acquisition cost on December 31	1.0	9.4	46.5	6.8	63.7	57.5
Accumulated amortization on January 1	0.6	0.4	41.4		42.3	41.0
Accumulated amortization on disposals and transfers	-	-	-0.3		-0.3	-
Amortization during the financial year	0.1	1.2	1.3		2.6	1.4
Accumulated amortization on December 31	0.7	1.6	42.4		44.7	42.3
Book value on December 31, 2022	**0.3**	**7.8**	**4.2**	**6.8**	**19.1**	**-**
Book value on December 31, 2021	0.4	5.3	2.7	6.8	-	15.2

9. TANGIBLE ASSETS

EUR million	Machinery and equipment	Other tangible assets	2022 Total	2021 Total
Acquisition cost on January 1	4.0	0.1	4.0	3.9
Additions	0.1	-	0.1	0.2
Disposals	-1.5	-	-1.5	-
Acquisition cost on December 31	2.5	0.1	2.5	4.0
Accumulated depreciation on January 1	3.6	-	3.6	3.4
Accumulated depreciation on disposals and transfers	-1.5	-	-1.5	-
Depreciation during the financial year	0.2	-	0.2	0.2
Accumulated depreciation on December 31	2.2	-	2.2	3.6
Book value on December 31, 2022	**0.2**	**0.1**	**0.3**	**-**
Book value on December 31, 2021	0.3	0.1	-	0.4

10. RECEIVABLES

EUR million	2022	2021
Current		
Loan receivables from subsidiaries	0.0	83.8
Accrued income	39.9	33.8
Accrued corporate income	19.8	16.5
Other receivables	5.4	-
Other receivables from subsidiaries	147.4	103.9
Total	**212.5**	**238.0**
Non-current		
Intercompany loan receivables	555.8	408.2
Total	**555.8**	**408.2**
Total	**768.3**	**646.2**

11. ACCRUED INCOME

EUR million	2022	2021
Accrued interest and other financial items	5.7	6.3
Currency derivative assets	23.9	20.8
Accrued corporate income and prepaid expense	19.8	16.5
Other	10.3	6.7
Total accrued income	**59.7**	**50.2**

12. CHANGES IN EQUITY

EUR million	2022	2021
Restricted equity		
Share capital January 1	366.4	366.4
Share capital December 31	366.4	366.4
Premium fund January 1	115.0	115.0
Premium fund December 31	115.0	115.0
Restricted equity total	**481.4**	**481.4**
Non-restricted equity		
Retained earnings January 1	467.4	542.4
Dividends paid	-98.0	-96.0
Obsolete dividends	0.0	0.0
Profit for the period	552.8	21.0
Retained earnings December 31	922.2	467.4
Non-restricted equity total	**922.2**	**467.4**
Development expenditure	-14.2	-5.3
Distributable equity	**908.0**	**462.1**
Total equity	1,403.6	948.8

For details on share capital see note 5.4. in the consolidated financial statements.

13. LOANS

EUR million	2022	2021
Non-current		
Loans from financial institutions	1,270.1	1,077.2
Non-current loans from financial institutions total	1,270.1	1,077.2
Current		
Current portion of long-term loans from financial institutions	143.0	82.4
Loans from financial institutions and other current loans	139.6	276.6
Current loans from financial institutions total	282.6	359.0
Loans from subsidiaries	169.9	255.6
Other loans total	169.9	255.6
Changes in non-current loans		
Loans from financial institutions		
January 1	1,077.2	787.9
Additions	2,290.4	458.0
Decreases	-2,127.3	-188.6
FX movement	29.8	20.0
Total	**1,270.1**	**1,077.2**

Repayments	Loans from financial institutions
2023	282.6
2024	434.9
2025	85.5
2026	221.6
2027–	528.1

14. OTHER NON-CURRENT LIABILITIES

EUR million	2022	2021
Loans from subsidiaries	0.0	0.0
Employee benefits	0.6	0.8
Total	0.6	0.8

15. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

EUR million	2022	2021
Trade payables	5.7	7.9
Intercompany trade payables	12.3	3.3
Trade payables	18.0	11.2
Other current liabilities	4.3	0.9
Other current liabilities to subsidiaries	11.0	7.6
Other current liabilities	15.3	8.6

16. ACCRUED EXPENSES

EUR million	2022	2021
Accrued interest and other financial expense	15.8	4.3
Currency derivative liabilities	9.8	16.4
Accrued expense to subsidiaries	24.2	18.9
Salaries and social security	7.9	9.8
Accrued income taxes	6.0	2.5
Miscellaneous accrued expense	2.8	1.5
Total	66.5	53.3

17. DERIVATIVES

Fair values of derivatives, EUR million	2022	2021
Currency derivatives		
with external parties	14.1	4.4
with subsidiaries	-19.9	6.7
Interest rate swaps	0.8	-0.9
Total	**-5.0**	**10.2**

Nominal values of principles, EUR million	2022	2021
Currency derivatives		
with external parties	919.2	1,425.0
with subsidiaries	452.4	393.7
Interest rate swaps	143.9	262.4
Total	**1,515.5**	**2,081.1**

The nominal value of external currency derivatives is 919.2 MEUR and the nominal value of internal currency derivatives allocated to them is 452.4 MEUR. For the rest of the external currency derivatives hedge accounting is applied.

See note 5.7. in the consolidated financial statements for more information on the Group's financial risk management.

18. COMMITMENTS AND CONTINGENCIES

EUR million	2022	2021
Operating lease payments		
Under one year	1.2	1.1
Later than one year	0.2	0.7
Total	**1.4**	**1.8**

Guarantee obligations		
For subsidiaries	224.8	94.3

Signatures of the Board of Directors' Report and Financial Statements

Espoo, February 8, 2023

Pekka Ala-Pietilä	Kerttu Tuomas	Mercedes Alonso
Doug Baillie	William R. Barker	Anja Korhonen
Heikki Takala	Sandra Turner	Ralf K. Wunderlich

Charles Héaulmé
President and CEO

Auditor's Report

This document is an English translation of the Finnish auditor's report.
Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Huhtamäki Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Huhtamäki Oyj (business identity code 0140879-6) for the year ended 31 December, 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.6. to the consolidated financial statements.

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters 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. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Valuation of goodwill and acquisition related intangible assets (Refer to notes 3.1., 3.2. and 3.3. to the consolidated financial statements)	
At year end 2022 goodwill and intangibles totaled EUR 1,153 million and represented 24 percent of the consolidated total assets. The purchase price allocation for the acquisition of Elif Holding A.S. in September 2021 was finalized in 2022. Goodwill is tested for impairment at least annually. Preparation of cash flow projections used as the basis for the impairment tests requires management judgments and assumptions for profitability, long-term growth rate and discount rate. The acquisition related intangible assets have finite useful lives and are amortized on a straight-line basis over their useful lives. Due to the uncertainty related to the projections used in the impairment testing and the significant carrying amounts involved, valuation of goodwill and acquisition related intangible assets is considered a key audit matter.	Our audit procedures included assessment of the key assumptions used in the impairment tests by reference to the budgets approved by the parent company's Board of Directors, data external to the Group and our own views. We involved KPMG valuation specialists to assess the mathematical accuracy of the calculations and to compare the assumptions to externally available market and industry data. In addition, we considered the appropriateness of the disclosures presented.
Revenue recognition (Refer to note 2.1. to the consolidated financial statements)	
Huhtamäki Group revenues are generated from sales of disposable tableware products, foodservice packaging products as well as ice cream containers and other consumer good packaging products. Consolidated net sales in 2022 were EUR 4,479 million. Sales contracts with customers include several different client specific delivery terms, which determine when the ownership of the product is transferred to the customer. Revenue recognition is considered a key audit matter due to the considerable number of sales transactions and risk that revenue is recognized in an incorrect period.	In our audit of revenues, we have tested key controls related to sales and performed substantive audit procedures, by using e.g. data-analytics. • We have assessed the accounting principles and practises for different revenue streams and evaluated the appropriateness of the revenue recognition principles in relation to the IFRS-standards. • We have tested revenue, discounts, and pricing using data-analytics. • We have tested selected samples of sales transactions comparing them to sales invoices, contracts, delivery notes, external confirmations and payments received. • We have verified that revenues have been recognized in the appropriate financial year by comparing sales transactions, invoices and delivery terms to actual deliveries as well as by inspecting credit invoices issued in early 2023. • In addition, we considered the appropriateness of the disclosures regarding net sales.

The key audit matter	How the matter was addressed in the audit
Valuation of inventories (Refer to note 4.1. to the consolidated financial statements)	
Group's value of inventories totaled EUR 755 million at year end 2022. Inventory management, stocktaking routines and costing of inventories are underlying key factors in determining the value of inventories. The valuation of inventories involves management judgement and assessment in relation to defining obsolete inventory and net realisable values for finished goods and is therefore considered a key audit matter.	We have evaluated the appropriateness of the valuation principles in relation to the IFRS-standards and tested related key controls and performed substantive audit procedures, by using e.g. data-analytics. • We have attended stock takings in selected inventory locations and assessed the appropriateness of the stock taking processes. • We have compared the value of selected finished goods inventory items to the sales prices. • We have analysed slow-moving inventory items and items with exceptional values using data analytics. • We have assessed the inventory valuation principles and the adequacy of the provisions recorded.
Income taxes (Refer to note 2.7. to the consolidated financial statements)	
Income taxes are material to the financial statements as a whole. The Group's presence is global, and it operates in several countries with different and changing tax rules. Management use judgments when assessing tax matters and -risks impacting on the recognition of deferred tax assets, -liabilities and tax provisions. Due to the above income taxes are considered a key audit matter.	We have evaluated the appropriateness of the accounting principles in relation to the IFRS-standards and the processes for recognizing and assessing current and deferred tax. Our audit procedures for assessing recognized deferred taxes and tax provisions included assessment of assumptions and methodologies used by management and correspondence with tax authorities. We involved KPMG tax specialists both on group level and in significant subsidiaries. In addition, we considered the appropriateness of the disclosures regarding income taxes.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director 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 Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's 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 auditor's 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on April 29, 2020, and our appointment represents a total period of uninterrupted engagement of 3 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 8 February 2023

KPMG Oy Ab
Henrik Holmbom
Authorised Public Accountant, KHT

Definitions for performance measures

Performance measures according to IFRS

Earnings per share (EPS) attributable to equity holders of the parent company =	Profit for the period – non-controlling interest / Average number of shares outstanding
Diluted earnings per share attributable to equity holders of the parent company (diluted EPS) =	Diluted profit for the period – non-controlling interest / Average fully diluted number of shares outstanding

Alternative performance measures

EBITDA =	EBIT + depreciation and amortization
Dividend yield =	100 x Dividend per share / Share price at December 31
Shareholders' equity per share =	Total equity attributable to equity holders of the parent company / Number of shares outstanding at December 31
P/E ratio =	Share price at December 31 / Earnings per share
Market capitalization =	Number of shares outstanding multiplied by the corresponding share price on the stock exchange at December 31
Return on investment (ROI) =	100 x (Profit before taxes + interest expenses + net other financial expenses) / Statement of financial position total – interest-free liabilities (average)
Return on equity (ROE) =	100 x Profit for the period / Total equity (average)
Net debt to equity (gearing) =	Interest-bearing net debt / Total equity
Solidity =	100 x Total equity / Statement of financial position total – advances received
Current ratio =	Current assets / Current liabilities
Times interest earned =	Earnings before interest and taxes + depreciation, amortization and impairment / Net interest expenses
Return on net assets (RONA) =	100 x Earnings before interest and taxes (12m roll.) / Net assets (12m roll.)
Operating cash flow =	Adjusted EBIT + depreciation and amortization (including impairment) – capital expenditure + disposals +/– change in inventories, trade receivables and trade payables
Free cash flow =	Net cash flow from operating activities – capital expenditure + proceeds from selling tangible and intangible assets
Comparable net sales growth =	Net sales excluding foreign currency changes, acquisitions and divestments

In addition to IFRS and alternative performance measures presented above, Huhtamaki may present adjusted performance measures, which are derived from IFRS or alternative performance measures by adding or deducting items affecting comparability (IAC). The adjusted performance measures are used in addition to, but not substituting, the performance measures reported in accordance with IFRS.

Key figures and financial development

Huhtamaki 2018–2022

EUR million	2022	2021	2020	2019	2018
Net sales	4,479.0	3,574.9	3,301.8	3,399.0	3,103.6
Increase in net sales, %	25.3	8.3	-2.9	9.5	3.8
Net sales outside Finland	4,416.3	3,523.1	3,252.5	3,342.8	3,055.4
Earnings before interest, taxes, depreciation, amortization and impairment	614.9	469.6	464.5	448.8	390.3
Earnings before interest, taxes, depreciation, amortization and impairment/net sales, %	13.7	13.1	14.1	13.2	12.6
Earnings before interest and taxes	405.3	296.0	265.3	285.5	225.5
Earnings before interest and taxes/net sales, %	9.0	8.3	8.0	8.4	7.3
Profit before taxes	352.1	263.0	237.1	256.7	194.4
Profit before taxes/net sales, %	7.9	7.4	7.2	7.6	6.3
Profit for the period	285.4	202.7	183.7	199.0	156.9
Total equity	1,922.2	1,597.2	1,364.5	1,437.1	1,267.3
Return on investment, %	11.4	10.6	10.3	11.9	10.4
Return on shareholders' equity, %	15.7	13.9	12.9	14.8	12.8
Solidity, %	39.9	35.4	38.1	39.9	39.2
Net debt to equity	0.77	0.95	0.64	0.63	0.73
Current ratio	1.50	1.22	1.42	1.39	1.29
Times interest earned	11.56	14.25	15.44	16.23	13.21
Capital expenditure	318.5	259.4	223.5	203.9	196.9
Capital expenditure/net sales, %	7.1	7.3	6.8	6.0	6.3
Research & development	30.6	25.7	20.7	22.0	20.2
Research & development/net sales, %	0.7	0.7	0.6	0.6	0.6
Number of shareholders (December 31)	50,150	43,774	35,764	31,056	31,755
Personnel (December 31)	18,927	19,564	18,227	18,598	17,663

IFRS 16 Leases standard has been adopted as of January 1, 2019 using full retrospective transition method. The financial information for 2018 has been restated.

Key exchange rates in euros

EUR million		2022 Income statement	2022 Statement of financial position	2021 Income statement	2021 Statement of financial position
Australian Dollar	AUD	0.6591	0.6306	0.6350	0.6413
British Pound	GBP	1.1731	1.1293	1.1625	1.1915
Indian Rupee	INR	0.0121	0.0113	0.0114	0.0119
Russian Rouble	RUB	0.0129	0.0167	0.0115	0.0118
Thai Baht	THB	0.0271	0.0271	0.0264	0.0264
US Dollar	USD	0.9486	0.9391	0.8447	0.8823

The exchange rates used at the month end are the rates of the date prior to the last working day of the month, due to the change of publication time of the ECB euro foreign exchange reference rates.

Share and shareholders

The Company has one class of shares. Each share carries one vote at the General Meeting of Shareholders. The Company does not have in force any option rights plan or any other plan based on which the Company can issue special rights entitling to subscription of the Company's shares.

Article 11 of the Articles of Association of the Company contains provisions concerning the redemption obligation of shareholders. Election of the members of the Board of Directors and the Chief Executive Officer is stipulated in Articles 4, 5 and 8 of the Articles of Association.

The Annual General Meeting of Shareholders on April 27, 2022 authorized the Board of Directors to decide: (i) on the repurchase of the Company's own shares and (ii) on the issuance of shares as well as the issuance of special rights entitling to shares. The authorizations remain in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2023.

Certain agreements relating to the financing of the Company as well as supply agreements entered into with certain most significant customers contain terms and conditions upon which the agreement may terminate if control in the Company changes as a result of a public tender offer.

Per share data

		2022	2021	2020	2019	2018
Earnings per share	EUR	2.65	1.91	1.69	1.82	1.49
Earnings per share (diluted)	EUR	2.64	1.91	1.69	1.82	1.49
Dividend (nominal)	EUR	1.0[1]	0.94	0.92	0.89	0.84
Dividend/earnings per share	%	37.8[1]	49.3	54.3	48.9	56.4
Dividend yield	%	3.1[1]	2.4	2.2	2.2	3.1
Shareholders' equity per share	EUR	17.65	14.57	12.31	12.92	11.65
Average number of shares adjusted for share issue		104,364,676[2]	104,360,114	104,349,676	104,344,950	104,281,454
Number of shares adjusted for share issue at year end		104,364,676[2]	104,364,676	104,349,676	104,349,676	104,334,676
P/E ratio		12.1	20.4	24.9	22.7	18.2
Market capitalization at December 31	EUR million	3,339.7[2]	4,058.7	4,409.8	4,318.0	2,824.3
Trading volume in NASDAQ OMX Helsinki Ltd	units	61,712,620[3]	50,514,600	59,337,954	54,959,467	75,209,544
Trading volume in alternative trading venues	units	161,291,609[4]	99,597,314	92,820,000	90,523,665	125,806,431
Trading volume, total	units	223,004,229	150,111,914	152,157,954	145,483,132	201,015,975
In relation to average number of shares	%	213.7[2]	143.8	145.8	139.4	192.8
Development of share price						
Lowest trading price	EUR	26.41	36.57	23.48	26.81	22.96
Highest trading price	EUR	39.94	45.93	46.62	42.20	36.89
Trading price on December 31	EUR	32.00	38.89	42.26	41.38	27.07

[1] 2022: Board's proposal
[2] Issue-adjusted and excluding treasury shares
[3] Source: Nasdaq Helsinki Ltd
[4] Source: Refinitiv Eikon

ⓘ | *See also note 2.8. Earnings per share.*

Distribution of ownership by number of shares on December 31, 2022

Number of shares	Number shareholders	% of shareholders	Number of shares	% of shares
1–100	27,194	54.2%	1,076,262	1.0%
101–1,000	19,072	38.0%	6,774,086	6.3%
1,001–10,000	3,607	7.2%	9,056,845	8.4%
10,001–100,000	239	0.5%	6,223,693	5.8%
100,001–1,000,000	40	0.1%	12,733,469	11.8%
More than 1,000,000	10	0.0%	71,828,170	66.7%
Total	50,162		107,692,525	99.9%
In the joint book-entry account			67,860	0.1%
Number of shares issued			**107,760,385**	**100.0%**

Distribution of ownership by sector on December 31, 2022

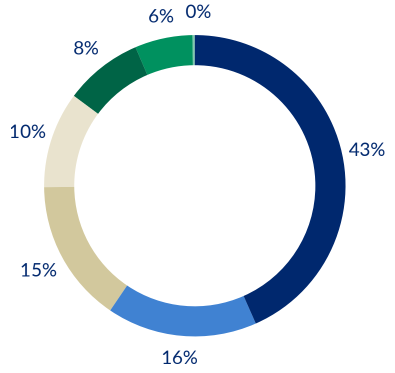
Sector	Number of shares	%
Nominee-registered shares	46,702,146	43.3%
Non-profit organizations	17,359,815	16.1%
Households	16,545,864	15.4%
Public-sector organizations	11,115,446	10.3%
Financial and insurance companies	9,035,760	8.4%
Private companies	6,658,197	6.2%
Foreigners	275,297	0.3%
In the joint book-entry account	67,860	0.1%
Number of shares issued	**107,760,385**	**100.0%**

Largest registered shareholders on December 31, 2022*

Name	Number of shares and votes	%
Finnish Cultural Foundation	11,314,840	10.5
Varma Mutual Pension Insurance Company	4,019,171	3.7
Ilmarinen Mutual Pension Insurance Company	3,239,000	3.0
Elo Mutual Pension Insurance Company	1,566,000	1.5
Holding Manutas Oy	1,470,000	1.4
OP-Finland	1,108,642	1.0
Security Trading Oy	1,000,000	0.9
The State Pension Fund	1,000,000	0.9
Society of Swedish Literature in Finland	963,500	0.9
Total	**25,681,153**	**23.8**

*Excluding own shares acquired by Huhtamäki Oyj totaling 3,395,709 and representing 3.2% of the total number of shares.

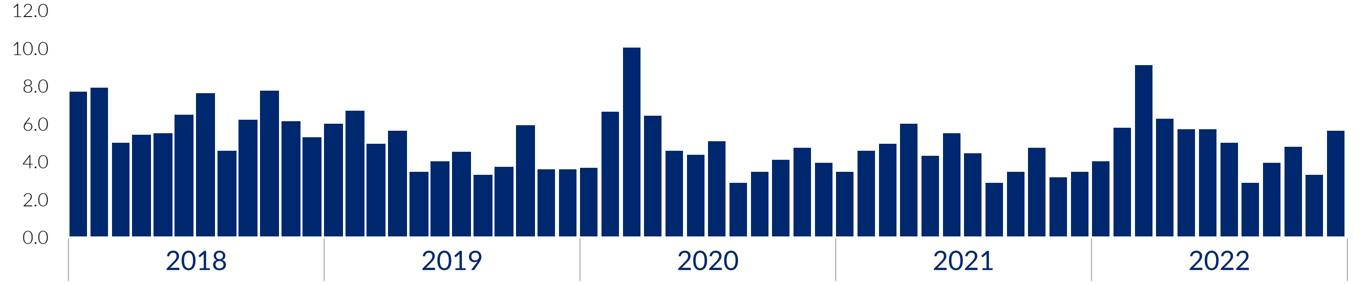
Shareholder distribution by sector December 31, 2022



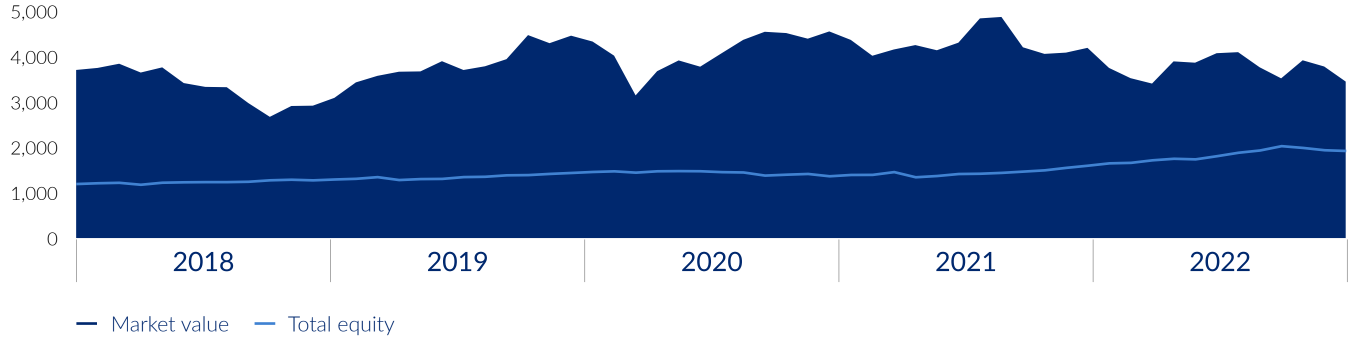
The list above includes only direct registered shareholders and is based on information available from Euroclear Finland Ltd., excluding 3,395,709 shares held by Huhtamäki Oyj that represent 3.2% of the total number of shares. Nominee-registered holdings, which may be substantial, are not included. On December 31, 2022 nominee-registered shareholders held in total 43% of Huhtamäki Oyj's shares.

Development of Huhtamaki's share price January 2, 2018–December 31, 2022

Monthly trading volume on Nasdaq Helsinki 2018–2022



Market value and equity 2018–2022



GOVERNANCE

Corporate Governance Statement

Introduction

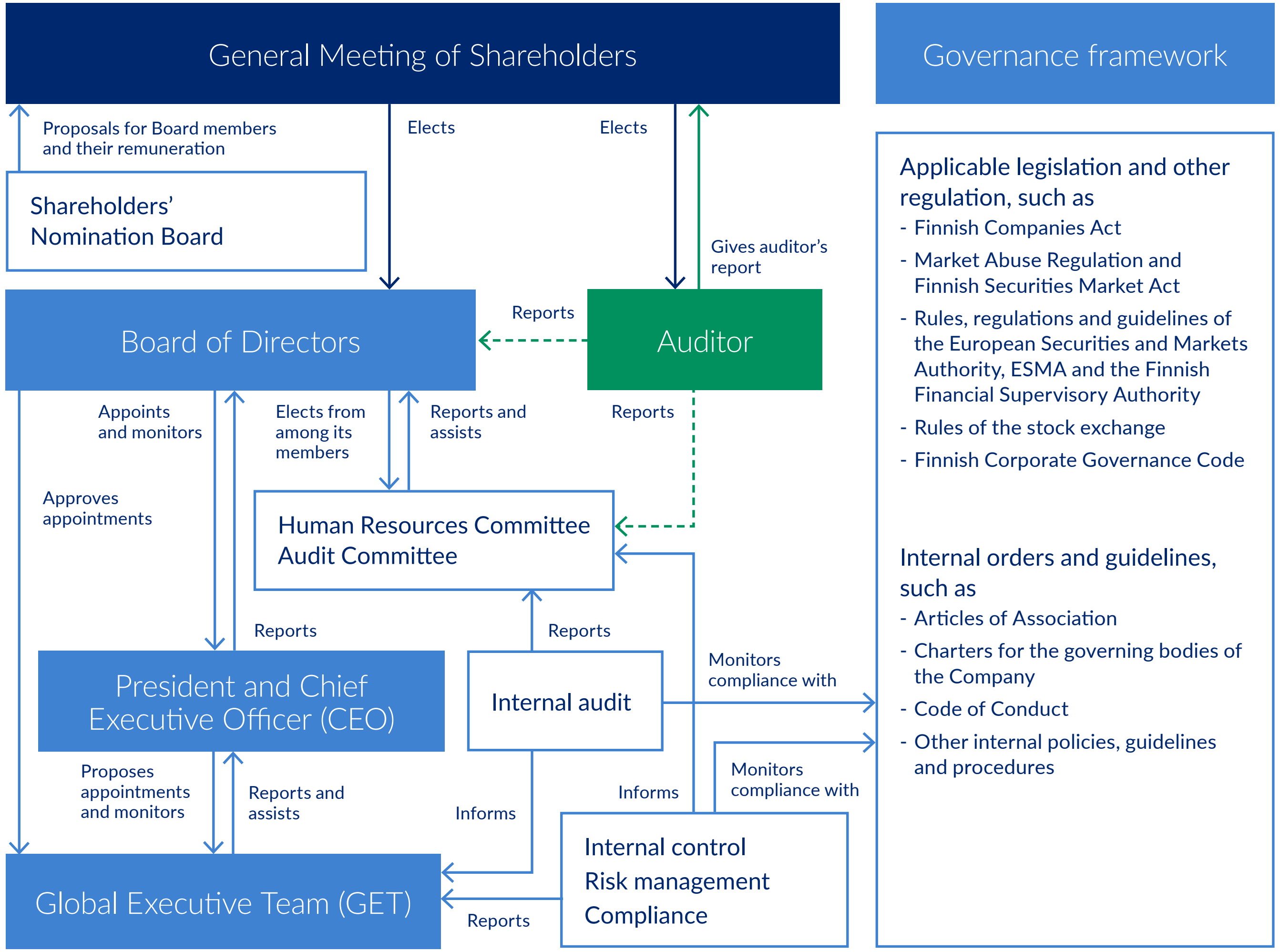
Huhtamäki Oyj (the Company) complies with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association. This Corporate Governance Statement complies with the Code effective from January 1, 2020. The Code is available in its entirety on the internet at www.cgfinland.fi/en. Huhtamäki Oyj is a support member of the Securities Market Association.

This separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. The Audit Committee of the Board of Directors of the Company has reviewed the statement and it has been approved by the Board of Directors. The Auditor of the Company has reviewed that the statement has been issued and that the description of the main principles of internal control and risk management systems of the financial reporting process fully complies with the financial statements of the Company.

The Company's corporate governance comprises the General Meeting of Shareholders, the Shareholders' Nomination Board (Nomination Board), the Board of Directors (Board) and the Committees founded by it, the President and Chief Executive Officer (President and CEO) and the Global Executive Team (GET), laws and regulations applicable in countries where the Group operates as well as the Group's internal policies, guidelines and practices.

Updated information on the governance of the Company is available on the Company's website in section "Corporate Governance at Huhtamaki" (www.huhtamaki.com – Investors – Corporate Governance)

Corporate governance structure



Descriptions concerning corporate governance

Shareholders' Nomination Board

Huhtamäki Oyj's Annual General Meeting of Shareholders (AGM) resolved on April 29, 2020 to establish a Shareholders' Nomination Board and to adopt the Charter of the Shareholders' Nomination Board. The Nomination Board was established until further notice. The Nomination Board is responsible for preparing proposals to the General Meeting for the election and remuneration of the members of the Board of Directors.

Each of the four largest shareholders of the Company determined annually on the basis of the shareholders' register on August 31 have a right to appoint one member to the Nomination Board. In addition, the Chair of the Board of Directors of the Company shall serve as an expert member of the Nomination Board. The representative of the largest shareholder will be the Chair of the Nomination Board, unless the Nomination Board decides otherwise. The term of office of the members of the Nomination Board ends annually after the new Nomination Board has been nominated.

The members of the Nomination Board are not entitled to any remuneration on the basis of their membership in the Nomination Board. The members' travel expenses are reimbursed in accordance with the Company's travel policy.

Tasks and duties of the Shareholders' Nomination Board

The tasks and duties of the Nomination Board are defined in the Charter of the Shareholders' Nomination Board. The Charter is available on the Company's website in section "Shareholders' Nomination Board" (www.huhtamaki.com – Investors – Corporate Governance – Shareholders' Nomination Board).

The tasks and duties of the Nomination Board include, among other things,

- preparing and presenting to the General Meeting proposals for:
  - the remuneration and coverage of expenses of the members of the Board of Directors and the Board Committees
  - the number of the members of the Board of Directors
  - the election of the members of the Board of Directors, Chair and Vice-Chair
- seeking prospective successor candidates for the members of the Board of Directors
- participating in the development of the principles on diversity of the Board of Directors.

The members and meetings of the Shareholders' Nomination Board

The following persons belonged to the Nomination Board on December 31, 2022:

Chair Mr. Antti Arjava, appointed by The Finnish Cultural Foundation
Born 1961
Main occupation: Secretary General, The Finnish Cultural Foundation
Education: Ph.D. (Philosophy)

Mr. Mikko Mursula, appointed by Ilmarinen Mutual Pension Insurance Company
Born 1966
Main occupation: Deputy CEO, Investments, Ilmarinen Mutual Pension Insurance Company
Education: M. Sc. (Economics)

Mr. Risto Murto, appointed by Varma Mutual Pension Insurance Company
Born 1963
Main occupation: President and CEO, Varma Mutual Pension Insurance Company
Education: Ph.D. (Economics)

Ms. Hanna Hiidenpalo, appointed by Elo Mutual Pension Insurance Company
Born 1966
Main occupation: Chief Investment Officer, Deputy CEO, Elo Mutual Pension Insurance Company
Education: M. Sc. (Economics)

Mr. Pekka Ala-Pietilä (Expert member)
Chair of the Board of Directors of Huhtamäki Oyj
Curriculum vitae of Pekka Ala-Pietilä is available on page 113.

In 2022, the Nomination Board held five meetings. The average attendance of the members at the Nomination Board meetings was 100%.

Board of Directors

Election and composition of the Board

The Shareholders' Nomination Board shall prepare a proposal concerning the composition of the Board to be presented to the General Meeting of Shareholders. The General Meeting elects the Board members for the term of office expiring at the close of the AGM following the election, including the Chair and Vice-Chair. The Articles of Association of the Company do not contain any provisions on a special order of appointment of the Board members. Any shareholder of the Company may also make a proposal directly to the General Meeting in accordance with the Finnish Companies Act. If the President and CEO of the Company was elected to the Board, the President and CEO could however not be elected as the Chair of the Board.

When preparing its proposal concerning the composition of the Board, the Nomination Board shall take into account the independence requirements under the Code, the results of the annual performance assessment of the Board, the principles on diversity of the Board and other applicable rules and regulations. According to the Articles of Association of the Company the Board shall consist of a minimum of six and a maximum of nine members. There are no limitations as to the number of terms a person may be elected as Board member or as to the maximum age of a Board member. The Nomination Board may also consult an external expert in order to find and assess suitable candidates.

Board members

The AGM 2022 elected the following nine individuals to the Board:

Mr. Pekka Ala-Pietilä, Chair

Born 1957, Finnish citizen

Independent of the Company and significant shareholders

Starting date: April 24, 2012

Board Committees: Chair of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Econ); D.Sc. (Econ) h.c. and D.Sc. (Tech) h.c.

Primary working experience: Blyk Services Ltd., Co-founder and CEO (2006–2011); Nokia Corporation, several different roles (1984–2005), last positions as President (1999–2005), Member of the Group Executive Board (1992–2005) and Nokia Mobile Phones, President (1992–1998)

Key positions of trust: HERE Technologies, Chairman of the Supervisory Board (2021–); Sanoma Corporation, Chairman of the Board (2016–) and Board member (2014–2016); Climate Leadership Coalition, Board member (2021–); SAP SE, Supervisory Board member (2002–2021); European Commission High-Level Expert Group on Artificial Intelligence, Chair (2018–2020); Finland's Artificial Intelligence Programme, Chair (2017–2019); Netcompany A/S, Chairman of the Board (2017–2019); Pöyry PLC, Board member (2006–2017); Solidium Oy, Chairman of the Board (2011–2015)

Ms. Kerttu Tuomas, Vice-Chair

Born 1957, Finnish citizen

Independent of the Company and significant shareholders

Starting date: April 27, 2017

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: B.Sc. (Econ)

Primary working experience: KONE Corporation, Executive Vice President, Human Resources and member of the Executive Board (2002–2017); Elcoteq Network Corporation, Group Vice President, Human Resources (2000–2002); MasterFoods Oy (Mars), Personnel & Organization Manager (1994–1999); Mercuri Urval, Consultant (1987–1993)

Key positions of trust: YIT Corporation, Board member (2022–); Medix Biochemica Group Oy, Board member (2018–); Finnish National Opera and Ballet, Board member (2016–); Kemira Oyj, Vice- Chairman of the Board (2014–2021) and Board member (2010–2014)

Ms. Mercedes Alonso

Born 1966, Spanish and Swiss citizen

Independent of the Company and significant shareholders

Starting date: April 27, 2022

Board Committees: Member of the Human Resources Committee

Main occupation: Executive Vice President, Renewable Polymers and Chemicals, and Member of the Executive Committee at Neste Corporation

Education: M.Sc. (Chem)

Primary working experience: LyondellBasell, Marketing Director, Advanced Polymer Solutions, Europe (2019); Schulman, several different roles (2013–2019), Managing Director, Engineered Composites Europe (2016–2019) and Global Director, Corporate Marketing (2013–2016); Dow Chemical, several different roles (1991–2013), including Global Business Excellence Leader, Advanced Materials, Europe (2010–2013), Product Marketing Director and Global Product Director; Dow Elastomers, EMEA (2005–2010), European Commercial Development Program Director (2002–2005) and Product Marketing & New Business Development Manager, EMEA (2000–2002)

Key positions of trust: The European Chemical Industry Council (Cefic), Member of the Executive Board and Executive Committee (2020–), Sustainability Advisory Forum, Chair (2022–)

Mr. Doug Baillie

Born 1955, U.K. citizen

Independent of the Company and significant shareholders

Starting date: April 21, 2016

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: BComm, Business Finance, Marketing & Business Administration

Primary working experience: Unilever Group, several different roles (1978–2016), last positions Chief Human Resources Officer and a member of the Executive Board (ULE) of Unilever Group (2008–2016), President, Western Europe (2008–2011), Chief Executive Officer & Group Vice President, South Asia, Hindustan Unilever (2006–2008) and Group Vice President, Africa, Middle East & Turkey (2004–2005)

Key positions of trust: Little Sun Foundation, Board member (2020–2022); Airtel Africa PLC, Board member (2019–); The MasterCard Foundation, Board member (2015–); Leverhulme Trust, Board member (2015–)

Mr. William R. Barker

Born 1949, U.S. citizen

Independent of the Company and significant shareholders

Starting date: March 24, 2010

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: MBA and B.Sc. (Chem. Eng.)

Primary working experience: Milacron LLC, Executive Vice President (2013–2014); Mold-Masters (2007) Limited, President and CEO (2010–2013); The Whitehawk Group LLC, CEO (2009–2010); Rexam PLC, Board member and Rexam Beverage Can, Group Executive Director (2005–2009); Rexam Beverage Can Americas, President & CEO (2001–2004); Textron, Inc., President, Textron Fastening Systems – Commercial Solutions (2000–2001); OEA Inc., President, OEA Automotive Safety Products (1998–2000); Bosal International N.V., President, Bosal North America (1995–1998); Gates Rubber Company, Vice President, Gates Power Drive Products, Managing Director, Asia Pacific Operations and other positions (1972–1995)

Key positions of trust: Davis-Standard, LLC, Board member (2022–); Shield Holdco LLC (holding company of Dynatect Manufacturing, Inc.), Chairman of the Board (2014–2019) and Board member (2014–); Shape Technologies Group, Inc., Chairman of the Board (2015–2019) and Board member (2015–2019); Leeds School of Business, University of Colorado, Board member (2008–2018); The Carlstar Group LLC, Board member (2014–2017); Mcron Acquisition Corporation (holding company of Milacron LLC), Board member (2013–2014); Mold-Masters (2007) Limited, Board member (2010–2013); Rexam PLC, Board member (2005–2009)

Ms. Anja Korhonen

Born 1953, Finnish citizen

Independent of the Company and significant shareholders

Starting date: April 25, 2018

Board Committees: Chair of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Econ.)

Primary working experience: Nokia Corporation, several different roles (1996–2011), Senior Vice President, Corporate Controller (2006–2011), Vice President, Business Controller, Mobile Phones (2004–2006) and Senior Vice President, Business Controller, Mobile Phones (1996–2003); Hewlett-Packard, several different roles (1983–1996), including Nordic Controller and Finance & Admin Manager, Finland (1996) as well as other management and finance positions in Finland and abroad

Key positions of trust: Oriola Oyj, Board member (2014–2022); Outotec Oyj, Board member (2013–2020)

Mr. Heikki Takala

Born 1966, Finnish and Swiss citizen

Independent of the Company and significant shareholders

Starting date: April 27, 2022

Board Committees: Member of the Audit Committee

Main occupation: Various advisory roles for private equity and strategy consulting companies

Education: M.Sc. (Econ.)

Primary working experience: Amer Sports, President and CEO (2010–2020); Procter & Gamble, several different roles (1992–2010) based mostly in Geneva, Switzerland, including Managing Director, Global Commercial Operations, P&G Professional Haircare (2008–2010), Commercial Director, P&G Haircare Europe (2005–2008) and Director Market Strategy, P&G Food & Beverages Europe (2003–2005) as well as various leadership roles in the P&G Nordic Region (1992–2002)

Key positions of trust: The Quality Group, Executive Chairman (2022–); Paulig Group, Board member (2021–)

Ms. Sandra Turner

Born 1952, U.K. citizen

Independent of the Company and significant shareholders

Starting date: April 20, 2011

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: BA (Marketing) Honours

Primary working experience: Tesco PLC, several different roles in United Kingdom and Ireland (1987–2009), last position Commercial Director, Tesco Ireland Limited (2003–2009)

Key positions of trust: Greggs PLC, Board member (2014–); McBride PLC, Board member (2011–2020); Greene King PLC, Board member (2019); Berkhamsted School, Board of Governors, Vice-Chairman (2013–2021) and member (2011–2013); Carpetright PLC, Board member (2010–2019); Countrywide PLC, Board member (2013–2014); Northern Foods PLC, Board member (2010–2011)

Mr. Ralf K. Wunderlich

Born 1966, German citizen

Independent of the Company and significant shareholders

Starting date: July 1, 2018

Board Committees: Member of the Human Resources Committee

Main occupation: Senior Adviser, Independent Consultant and Operating Partner to private equity companies

Education: B.Sc. (Business Administration)

Primary working experience: Amcor Group, President and Managing Director, Flexibles, Asia Pacific and Member, Global Management Team (2010–2016); LINPAC Packaging Ltd, President and Managing Director, and Executive Director, LINPAC Group companies (2008–2009); Rio Tinto Alcan, several different roles (1993–2007), including President, Alcan Packaging Global Tobacco and Member, Alcan Packaging Executive Committee United States and United Kingdom (2005–2007) as well as other management positions in Germany, Italy, Malaysia and Singapore

Key positions of trust: AptarGroup, Board member (2009–); Essentra PLC, Board member (2017–); Shepherd Building Group, Board member (2021–)

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Sustainability

Diversity of the Board

The principles on diversity of the Board are defined in the Charter of the Shareholders' Nomination Board. According to the Charter of the Nomination Board, the Board must have sufficient expertise, competence and experience related to the Company's line of business. The composition of the Board shall reflect the requirements set by the Company's operations and development stage. The Board must specifically have sufficient collective knowledge and competence in:

- matters pertaining to the Company's line of business and its business operations
- management of an internationally operating public limited company of corresponding size
- group and financial management
- strategy as well as mergers and acquisitions
- internal control and risk management
- corporate governance

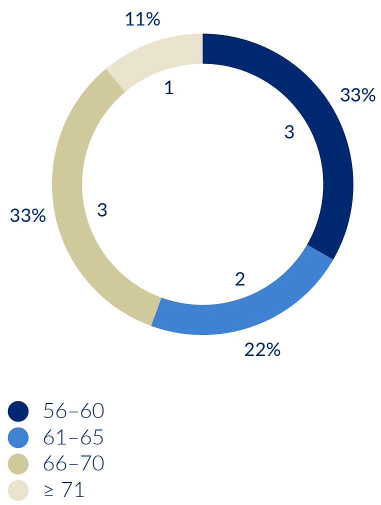
The selection of the members of the Board is based on candidates' background and competence to understand Huhtamaki's current and future markets, strategy, employees and customers, including a sound understanding of financials and business dynamic. The Board must as a whole have combined experience in different markets, geographies and important topics like digitalization and sustainability. The most important nomination criteria for the candidates of the Board are competency, knowledge, personal qualities and integrity. Both genders shall be represented in the Board. These principles on diversity are central to achieving objectives concerning the diversity and ensuring that the Board composition corresponds to the needs of Huhtamaki.

The objectives concerning the diversity of the Board have been achieved well. According to the Shareholders' Nomination Board, the composition of the Board comprises qualifications defined in the principles on diversity of the Charter of the Nomination Board, that were valid at the time of the election of the Board members, in a balanced way. As regards diversity in terms of gender, both genders are represented in the Board in a well-balanced manner and both genders have been represented in the Board for a long time. Since 2009, two to four Board members have been female thus representing 25–44% of all Board members. At the AGM in 2022 nine members representing six different nationalities were elected to the Board. Currently, the age structure of the Board members is 56–73 years and four Board members are female (44%) and five are male (56%). The Board members have international experience in different roles in global companies operating in the different businesses and geographical market areas that are important for the Group. Board members hold or have held management positions and positions of trust in both listed and unlisted companies. All Board members have a university level degree, mainly in technology or finance. More information on the educational and professional background of the Board members is available on pages 113–115.

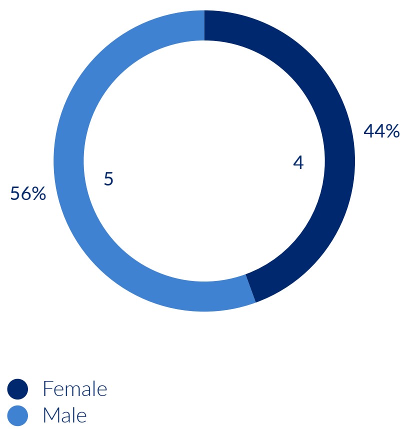
Diversity of the Board

Composition of the Board on December 31, 2022

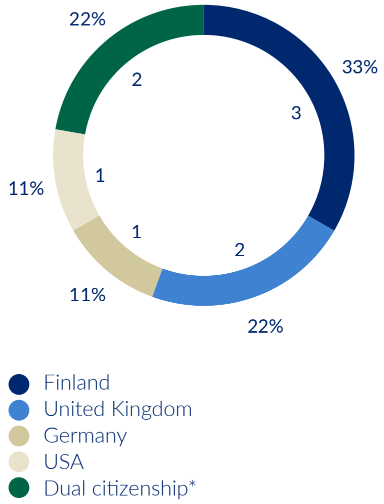
Age



Gender

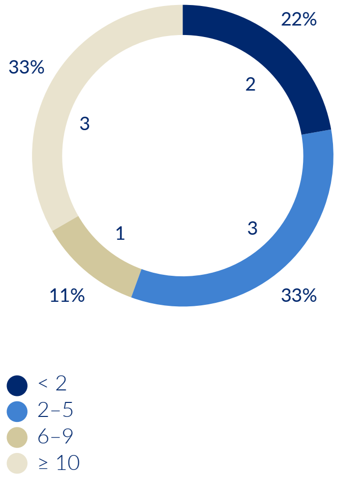


Nationality



*Dual citizenships: Spain & Switzerland; Finland & Switzerland

Tenure



In the view of the Nomination Board, the current composition of the Board well meets both comprehensive knowledge of the Company and new insights. The Board strives to ensure that experienced Board members with longer history in the Company's Board and with wide knowledge of the Company's various stages transfer their Company specific knowledge and expertise to the new members thereby ensuring that the knowledge stays in the Board also in the future.

Board expertise areas

			Independent of		Committee memberships in 2022	
Name	Board member since	Principal expertise areas	Company	Significant shareholders	Audit Committee	Human Resources Committee
Pekka Ala-Pietilä	2012	Digitalization, Emerging markets	●	●		Chair
Kerttu Tuomas	2017	Human Resources, Emerging markets	●	●	Member	
Mercedes Alonso	2022	Sustainability, Emerging markets	●	●		Member
Doug Baillie	2016	FMCG and retail, Sustainability, Human Resources, Emerging markets	●	●		Member
William R. Barker	2010	Packaging industry, Emerging markets	●	●		Member
Anja Korhonen	2018	Finance and accounting, Risk management, Emerging markets	●	●	Chair	
Heikki Takala	2022	FMCG and retail, Emerging markets	●	●	Member	
Sandra Turner	2011	FMCG and retail, Sustainability	●	●	Member	
Ralf K. Wunderlich	2018	Packaging industry, Sustainability, Emerging markets	●	●		Member

All board members have experience in global business leadership and the table sets out the additional expertise areas of each Board member. The fact that an item is not highlighted for a Board member does not mean that such member does not possess expertise in that area.

Independence of the Board members

All Board members are non-executive. The Board considers all Board members independent of the Company and independent of the significant shareholders of the Company. It was noted in the consideration that despite William R. Barker, Sandra Turner and Pekka Ala-Pietilä having served as directors for more than 10 consecutive years, the Board has determined no reasons justifying them to be considered dependent of the Company. The evaluation has been made based on the actual circumstances from both the perspective of the Company and the director in question.

Shares owned by the Board members on December 31, 2022

Pekka Ala-Pietilä	3,250
Kerttu Tuomas	3,000
Mercedes Alonso	750
Doug Baillie	1,000
William R. Barker	1,000
Anja Korhonen	2,000
Heikki Takala	3,000
Sandra Turner	1,000
Ralf K. Wunderlich	19,850
Board total	**34,850**

The shareholdings include the Company's shares owned by the Board members and by any potential corporations over which a Board member exercises control. Board members do not own any shares in any other Group companies than the Company. Information on the remuneration of the Board members is available in the Remuneration Report for the Governing Bodies issued and published in connection with the Directors' Report and available on the Company's website in section "Remuneration" (www.huhtamaki.com – Investors – Corporate Governance – Remuneration).

Responsibilities and duties of the Board

In addition to the powers vested in the Board by the Companies Act and the Articles of Association, the essential duties and working principles of the Board are defined in the Company's Charter of the Board of Directors.

The responsibilities and duties of the Board include, among other things,

- organizing the Company's management and operations including e.g.
  - appointing and dismissing the President and CEO and approving the proposals by the President and CEO for GET members' appointments and dismissals
  - deciding on the compensation of the President and CEO within the framework of the Remuneration Policy and of other GET members and annually reviewing the performance of the President and CEO and other GET members
  - defining the Group's ethical values and methods of working including e.g. the approval of the Company's Code of Conduct
  - deciding on related party transactions that are not part of the ordinary course of business of the Company or are not implemented under arms-length terms
- directing the Company's business and strategy including e.g.
  - establishing strategic and financial targets as well as dividend policy and approving the strategic plans and budget as well as monitoring their implementation
  - approving acquisitions and divestments as well as capital expenditure proposals exceeding EUR 10 million or proposals which are otherwise of material importance to the Group
  - discussing and approving of financial statements, Directors' Report, interim reports, Corporate Governance Statement, Remuneration Policy and Remuneration Report for the Governing Bodies, and reviewing Sustainability Report
- financial communication and outlook
- internal control and risk management and
- preparation of matters to be resolved by the AGM.

The Board conducts an annual evaluation of its own performance and working methods. The evaluation may be conducted as an internal self-evaluation or by using an external evaluator. In 2022, the evaluation was done as an internal self-evaluation without an external evaluator.

In order to discharge its duties, the Board requires sufficient information on the structure, business operations and markets of the Group. Each Board member is provided with a monthly report on the financial situation and markets of the Group. In addition, if necessary, the Board is informed of all material events in the Group. New Board members are properly introduced to the operations of the Company with induction presentations and materials as well as visits to selected manufacturing units.

Board meetings

The meetings of the Board are held at the Company's headquarters in Espoo or in other Group locations or in other places as decided by the Board. The Board may also hold its meetings by video or telephone and make decisions without convening a meeting. According to the Charter of the Board of Directors, it shall hold at least six regular meetings each year. In 2022, the Board held thirteen (13) meetings, seven (7) of which were video or telephone meetings and two (2) were held without convening. The average attendance of the members at the Board meetings was 100%.

The President and CEO is usually attending all Board meetings. Other GET members are also invited to participate Board meetings depending on the matters to be deliberated in the respective meeting. The Auditor is participating annually in the meeting deliberating the financial statements. The Group General Counsel of the Company acts as the secretary of the Board.

Board members' attendance at the Board meetings in 2022

	Attendance (%)	Meetings attended
Pekka Ala-Pietilä (Chair)	100	13/13
Kerttu Tuomas (Vice-Chair)	100	13/13
Mercedes Alonso*	100	7/7
Doug Baillie	100	13/13
William R. Barker	100	13/13
Anja Korhonen	100	13/13
Heikki Takala*	100	7/7
Sandra Turner	100	13/13
Ralf K. Wunderlich	100	13/13

*Board member since April 27, 2022

Board Committees

In order to focus on certain responsibilities, the Board may appoint Committees consisting of three to five Board members each. The Board also appoints the Chair of each Committee. Each Committee member shall have the qualifications required by the duties of the Committee.

Board Committees and their duties and responsibilities

The Board currently has two Committees: the Human Resources Committee and the Audit Committee. The duties and responsibilities of the Committees are described in the charter for each Committee approved by the Board. The Committees assist the Board by preparing matters belonging to the competence of the Board. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and, thus, the Board passes its resolutions collectively. The entire Board remains responsible for the duties assigned to the Committees.

The duties and responsibilities of the Board Committees

Human Resources Committee

- To prepare, review and discuss development and implementation of people and organization strategy, talent management as well as other human resources matters and relating policies to be further deliberated by the Board
- To prepare the Remuneration Policy for the Governing Bodies and the Remuneration Report
- To prepare the appointment of the CEO and other GET members, including the terms and conditions as well as remuneration
- To review and assess the performance and remuneration of the CEO and other GET members and
- To review succession and contingency planning for the CEO and the GET including training development and talent management.

Audit Committee

- To monitor and assess Company's financial reporting system
- To monitor and assess the effectiveness and efficiency of the Company's internal control, internal audit and risk management systems
- To monitor and assess how agreements and other legal acts between the Company and its related parties meet the requirements of the ordinary course of business and arm's length terms
- To monitor and evaluate the independence of the statutory auditor, and in particular the provision of non-audit services
- To monitor the Company's auditing
- To prepare and make the recommendation to the Board for the election of the statutory auditor at the AGM and
- To review the financial statements, Directors' Report, interim reports, Corporate Governance Statement and Sustainability Report.

The members and meetings of the Board Committees

Human Resources Committee

The Human Resources Committee shall meet at least twice a year. The following individuals have comprised the Human Resources Committee in 2022: Pekka Ala-Pietilä (Chair), Mercedes Alonso, Doug Baillie, William R. Barker and Ralf K. Wunderlich. In 2022, the Human Resources Committee held four meetings. The average attendance of the members at the Human Resources Committee meetings was 100%.

Members' attendance at the Human Resources Committee meetings in 2022

	Attendance (%)	Meetings attended
Pekka Ala-Pietilä (Chair)	100	4/4
Mercedes Alonso*	100	2/2
Doug Baillie	100	4/4
William R. Barker	100	4/4
Ralf K. Wunderlich	100	4/4

*Human Resources Committee member since April 27, 2022

Audit Committee

The Audit Committee members shall have sufficient expertise and experience with respect to the committee's area of responsibility and the mandatory tasks relating to auditing. At least one member shall have competence in accounting and/or auditing. The Audit Committee members shall not be involved in the day-to-day management of the Group. The majority of the members shall be independent of the Company and at least one member shall be independent of the Company's significant shareholders. In addition to the Audit Committee members, the CFO of the Company and when considered necessary also other members of the Company's management participate in the Committee's meetings. The Auditor participates regularly in the meetings.

The Audit Committee shall meet in accordance with the schedule determined by the Committee but at least four times a year. The following individuals have comprised the Audit Committee in 2022: Anja Korhonen (Chair), Kerttu Tuomas, Heikki Takala and Sandra Turner. In 2022, the Audit Committee held six meetings. The average attendance of the members at the Audit Committee meetings was 100%.

Members' attendance at the Audit Committee meetings in 2022

	Attendance (%)	Meetings attended
Anja Korhonen (Chair)	100	6/6
Heikki Takala*	100	4/4
Kerttu Tuomas	100	6/6
Sandra Turner	100	6/6

*Audit Committee member since April 27, 2022

President and Chief Executive Officer

The President and CEO manages the Group and its businesses. According to the Companies Act the President and CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board and is responsible for ensuring that the book-keeping of the Company complies with the law and that the financial administration is arranged in a reliable manner. The President and CEO is responsible for the achievement of the goals, plans and objectives set by the Board. The President and CEO is the Chair of the GET.

Charles Héaulmé (born 1966), B.Sc. (Business Administration), has acted as the Group President and CEO of Huhtamaki as of April 26, 2019. Before joining the Company, Charles Héaulmé acted in several different roles in Tetra Pak Group, latest position being Vice President Europe and Central Asia. Further information on the President and CEO Charles Héaulmé as well as his shareholding in the Company is available later in this statement in connection with information on other GET members.

Certain key conditions of the written Service Agreement between the Company and the President and CEO Charles Héaulmé, President and CEO's remuneration and information on the pension arrangement of the President and CEO are available in the Remuneration Report for Governing Bodies and published in connection with the Directors' Report and available on the Company's website in section "Remuneration" (www.huhtamaki.com – Investors – Corporate Governance – Remuneration).

Global Executive Team

The GET supports the President and CEO in the management of the Group and its businesses. It addresses and follows the implementation of the Group strategy and overall financial performance as well as the fulfillment of significant projects and set targets. The GET has no formal status under company law. The GET consists of the President and CEO as the Chair and the executives approved by the Board. The GET members report to the President and CEO. Each GET member has a clear operational responsibility within a Global function or a business segment. The GET convenes at least once a month.

GET members

The following persons belonged to the GET on December 31, 2022:

Mr. Charles Héaulmé

Born 1966, French citizen

Chair of the GET, President and Chief Executive Officer (CEO)

GET member since: April 26, 2019

Joined the company: 2019

Education: B.Sc. (Business Administration)

Primary working experience: Tetra Pak (1999–2019), several different roles in Europe and Americas, latest positions as Executive Vice President, Tetra Pak Europe & Central Asia (2015–2019), Vice President South Europe (2012–2014), Managing Director Southern Cone (2010–2012), Managing Director Central America & Caribbean (2007–2010). Prior to Tetra Pak, several Finance leadership positions at Bosch Braking Systems (1996–1999); AlliedSignal Automotive (1993–1996); KPMG (1990–1993); BRGM Gabon (1988–1990)

Key positions of trust: Fedrigoni Group, Board member (2021–)

Mr. Thomas Geust

Born 1973, Finnish citizen

Chief Financial Officer (CFO)

GET member since: October 1, 2013

Joined the company: 2013

Education: M.Sc. (Econ)

Primary working experience: ABB Group (2004–2013), several different roles, last position as Group Vice President, Global Controller, Business Unit Marine & Cranes; Schneider Electric (2003–2004), Global Division Controller, Vice President, Control; Lexel Group (2000–2003), Production Controller; KPMG (1998–2000), Auditor

Key positions of trust: –

Mr. Marco Hilty

Born 1972, Swiss and U.S. citizen

President, Flexible Packaging

GET member since: September 1, 2021

Joined the company: 2021

Education: Ph.D. (Management)

Primary working experience: Rubicon Technologies LLC (2018–2021), Chief Commercial Officer; Amcor (2007–2018), various regional and global commercial, GM and R&D roles in Switzerland and the United States; latest position as Vice President and General Manager, Amcor Flexibles North America; Vice President Business Group Sales and Commercial Excellence; McKinsey & Company (2004–2007), Engagement Manager; Hilty Business Consulting (2000–2004), Owner

Key positions of trust: –

Mr. Eric Le Lay

Born 1962, French citizen

President, Fiber and Foodservice Europe-Asia-Oceania

GET member since: March 12, 2008

Joined the company: 2008

Education: MBA, M.Sc. (Eng.)

Primary working experience: Huhtamäki Oyj (2008–), previous position as Executive Vice President, Foodservice Europe-Asia-Oceania; Amcor Limited (1997–2008), several different roles, last position as Managing Director, Chilled Foods, Amcor Flexible Europe; United Biscuits (1996–1997), Plant Manager; Johnson & Johnson International S.A. (1994–1996), Deputy Plant Manager; Kraft General Food France S.A. (1986–1994), various positions in operations and finance/controlling

Key positions of trust: European Paper Packaging Alliance (EPPA), President (2021–)

Ms. Ann O'Hara

Born 1970, U.S. citizen

President, North America

GET member since: January 1, 2021

Joined the company: 2020

Education: MBA, BSE (Chemical Engineering)

Primary working experience: Four Provinces Investments LLC (2019–2020), Managing Director; Global Products for the Intertek Group (2019), Executive Vice President; Amcor Limited (2008–2019), several different roles, last position as Vice President and General Manager, Rigid Plastic Diversified Products; General Electric Company (2003–2008), several different roles, last position General Manager, HC Lifescience Service; McKinsey & Company (1999–2003), Engagement Manager; Procter & Gamble (1993–1997), Technical Services Manager, Guangzhou, China and Tianjin, China & Product Development Engineer

Key positions of trust: Foodservice Packaging Institute, Board Member (2021–)

Mr. Fredrik Davidsson

Born 1968, Swedish citizen

Executive Vice President, Digital and Process Performance

GET member since: May 1, 2022

Joined the company: 2022

Education: Degree from Swedish National Defence College

Primary working experience: Tetra Pak (2002–2022), various roles: Vice President Automation & Solutions (2021–2022); Vice President Services, Europe & Central Asia (2016–2021); Vice President, Development & Engineering (2012–2016); Director Project Management, Development & Engineering (2006–2012); Program Manager, Carton Ambient (2002–2006); Ericsson (2000–2002), Project Manager/Main Project Manager; Swedish Armed Forces (1990–2000), several different positions, latest position as Major)

Key positions of trust: –

Ms. Thomasine Kamerling

Born 1972, Dutch citizen

Executive Vice President, Sustainability and Communications

GET member since: March 1, 2020

Joined the company: 2020

Education: M.A. (HONS)

Primary working experience: Varanah Ventures (2019–2020), Head of Communications and Public Affairs; Viskumed (2019–2020), Head of Value Creation; Hoffman-La Roche Pharmaceuticals (2015–2019), several positions, latest Head of Communications & Public Affairs, Europe; General Electric Oil & Gas (2010–2013), General Manager and Director, Global Communications; APCO Worldwide (1996–2008), several positions, latest Managing Director, Africa (Public Affairs & Strategic Communications)

Key positions of trust: –

Ms. Marina Madanat

Born 1979, Finnish citizen

Executive Vice President, Strategy and Business Development

GET member since: January 1, 2020

Joined the company: 2018

Education: M.Sc. (Econ.), B.Sc. (Electrical Eng.)

Primary working experience: Huhtamäki Oyj (2018–), previous position as Vice President, Strategy; Bain & Company (2007–2018) in Stockholm, Sweden; Helsinki, Finland and Boston, USA

Key positions of trust: –

Mr. Sami Pauni

Born 1974, Finnish citizen

Executive Vice President, Corporate Affairs and Legal, Group General Counsel

GET member since: February 12, 2015

Joined the company: 2006

Education: LL.M., EMBA

Primary working experience: Huhtamäki Oyj (2006–), several different legal and corporate affairs roles, previous position as Group Vice President, Legal, and General Counsel; Roschier Attorneys Ltd. (2001–2006), Attorney

Key positions of trust: International Chamber of Commerce (ICC), member of the Finnish Committee (2020–); Securities Market Association, member of the Market Practice Board (2013–); Confederation of Finnish Industries EK, member of the Legal Affairs Committee (2013–)

Mr. Ingolf Thom

Born 1975, German citizen

Executive Vice President, Human Resources and Safety

GET member since: January 10, 2022

Joined the company: 2022

Education: MBA

Primary working experience: K+S Group (2018–2021) Chief Human Resources Officer; The Dow Chemical Company (2001–2018), various leadership and change management roles in human resources in Europe, India, Asia-Pacific, and North America; latest position as Senior HR Director, Joint Integration Management Office, Dow DuPont Merger & Spins, USA

Key positions of trust: –

Changes in Global Executive Team

On December 21, 2021, Huhtamaki announced that Huhtamäki Oyj's President and CEO Charles Héaulmé was diagnosed with cancer and had to take a leave of absence as of January 1, 2022. He resumed his duties on April 19, 2022. Thomas Geust, CFO, was appointed as interim Deputy CEO of Huhtamäki Oyj, effective January 1, 2022. Thomas Geust reported to the Board of Directors and assumed the duties of the CEO until the end of Charles Héaulmé's leave of absence. Eric Le Lay, President Fiber Foodservice EAO, was appointed as interim Chief Operating Officer effective January 1, 2022. Eric Le Lay reported to the Board of Directors on the said position until the end of Charles Héaulmé's leave of absence. The two Business Segment Presidents Marco Hilty, President Flexible Packaging, and Ann O'Hara, President North America, reported to Eric Le Lay.

Updated information on the GET members is available on the Company's website in section "Management" (www.huhtamaki.com – Investors – Corporate Governance – Management).

During 2022, Mr. Antti Valtokari has been a GET member until May 1, 2022.

Mr. Antti Valtokari

Mr. Antti Valtokari's CV is presented as it was on May 1, 2022.

Born 1975, Finnish citizen

Head of Digital and Process Performance (acting)

GET member: January 1, 2020–May 1, 2022

Joined the company: 2018

Education: M. Sc. (Computer Science)

Primary working experience: Huhtamäki Oyj (2018–), previous position as Chief Information Officer; KONE Oyj (2013–2018), several different roles, last position as Head of Finance Development and Head of Shared Services; Fiskars Oyj (2009–2013), several different roles, last position as Director, Chief Architect; Nokia Oyj (2002–2009), several different roles, last position as Senior Manager, Retail Processes; Iocore Suomi Oy (2000–2002), Technology Manager; Open Solutions Oy (1996–2000), Partner, Product Development Manager

Key positions of trust: –

Shares owned by the GET members on December 31, 2022

Charles Héaulmé	35,000
Thomas Geust	16,000
David Fredriksson	0
Marco Hilty	0
Thomasine Kamerling	0
Eric Le Lay	10,464
Marina Madanat	0
Ann O'Hara	0
Sami Pauni	5,375
Ingolf Thom	0
GET total	**66,839**

The shareholdings include the Company's shares owned by the GET members and by any potential corporations over which a GET member exercises control. GET members do not own any shares in any other Group companies than the Company.

Information on the remuneration of the GET members is available on the Company's website in section "Remuneration" (www.huhtamaki.com – Investors – Corporate Governance – Remuneration).

Descriptions of risk management systems, internal control procedures and internal audit function

Overview of the risk management systems

Principles of risk management

Risk management is an essential part of the internal control system of the Group and an active means to analyze and manage opportunities and threats related to the business strategy and operations. The Company has defined the principles applied in the organization of the risk management. The purpose of risk management is to identify potential events that may affect the achievement of the Group's objectives in changing business environment and to manage such risks to a level that the Group is capable and prepared to accept so that there is reasonable assurance and predictability on the achievement of the Group's objectives. The risk management process of the Group is based on Enterprise Risk Management (ERM) framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk management process and responsibilities

The Group's risk management process involves assessing risks systematically by business unit, segment and Global function, improving risk management awareness and quality, sharing best practices and supporting cross-functional risk management initiatives. In order to systematize and facilitate the identification of risks they are categorized as strategic, operational, and financial risks. These categories are closely aligned with the strategic, operational, financial and compliance objectives of the Group.

Huhtamaki Group Enterprise Risk Management (ERM) Policy defines the objectives, scope and responsibilities of risk management. Compliance with the risk management policy assures timely identification and recording of risks and the application of relevant risk management measures to address these risks. More detailed risk management procedures are set forth in the Group's ERM framework and process guideline.

The Audit Committee monitors the implementation of risk management activities, and evaluates the adequacy and appropriateness of ERM. The Audit Committee reports regularly to the Board, which is responsible for reviewing the Group's strategic, operational, and financial risks. The Board approves the risk level that the Group is capable and prepared to accept and the extent to which risks have been identified, addressed and followed up.

The GET is responsible for the adoption and deployment of the Group's internal control principles and procedures relating to risk management. The risk management process includes systematic identification and assessment of risks in each business segment and their business units as well as at Group level. Risks are consolidated from the business unit to the segment level and from the business segment to the Group level. At each level risk treatment actions are defined in order to reach acceptable risk levels. Execution and supervision of these risk treatment actions is a task of line management. Upper level line management always approves lower level risk mitigation actions and the risk level reached after implementation of such actions. The Global Risk Management function monitors and reports the achievement of these actions. The purpose is to verify that risk treatment actions support the achievement of the Group's strategic, operational, financial and compliance objectives.

The Global risk management function organizes, instructs, supports, supervises and monitors risk management activities on an ongoing basis. The function also analyses changes in the impact, likelihood and level of control for each identified business risk. It reports results of the risk management process to the Audit Committee annually. The Global risk management function also prepares reports to the business segment and Group management as well as the internal audit and the Auditor.

Business unit, segment and Group level risk management process and activities are integrated into the Group's strategic planning and budgeting processes. Risk management process may be commenced any time in the course of the financial year should a certain business area encounter essential strategic changes requiring initiation of the risk management process.

Risk management focus

A description of the risks that are material to the Group as well as of the focus of the risk management processes in 2022 is available in the Directors' Report and on the Company's website in section "Risk management" (www.huhtamaki.com – Investors – Corporate Governance – Risk management).

Overview of internal control

Successful business requires continuous development and monitoring of the Group's operations, processes and procedures. Internal control is an essential part of the corporate governance and management of the Group. The Company has defined the operating principles for internal control. The Board and the President and CEO are responsible for adequate internal control. The Audit Committee is monitoring the effectiveness and efficiency of the internal control systems and the correctness of the financial reporting.

Internal control is a process aiming at providing reasonable assurance on achievement of Group's strategic and financial objectives. The responsibility for arranging the internal controls belongs to the executive management of the Group and is being carried out by the whole organization. The aim of internal control is to ensure reliability of financial reporting, effectiveness and efficiency of operations as well as compliance with laws and regulations.

Control of financial reporting assures that financial statements are prepared in a reliable manner. The aim is also to ensure that all financial reports published and other financial information disclosed by the Company provide a fair view on the Group's financial situation. Control of operations is aiming to ensure effectiveness and efficiency of operations and achievement of the Group's strategic and financial objectives.

Control of compliance ensures that the Group follows applicable laws and regulations.

Foundation of all Group's activities lies with Huhtamaki values and principles providing discipline and structure for the operations formalized in policies and guidelines on integrity, ethical behavior and management of personnel. Allocation of authorities and responsibilities as well as segregation of duties allow efficient and proper decision-making procedures.

Group policies, standards and guidelines are deployed in all business segments and business units. Policies, standards and guidelines on financial, human resources, corporate responsibility, environmental, legal and compliance as well as risk management related matters have been issued in the Group. In addition to the Group policies, there are more specific local policies in the business segments and their business units.

Reliability of financial reporting

The Global finance function and the network of business segment and business unit controllers are supporting and coordinating the financial management and financial control of operations in the Group. The Group's financial reporting guidelines and standards are applicable throughout the financial reporting process of the Group. The interpretation and application of accounting standards are centralized in the Global finance function which maintains the financial reporting guidelines and standards and takes care of communicating such throughout the Group. The Global finance function also supervises the compliance with such guidelines and standards. Supervision of reporting and budgeting processes is based on the Group's reporting standards which are determined and updated by the Global finance function. The reporting standards are uniformly applied in the whole Group and a unified Group reporting system is used.

Effectiveness and efficiency of operations

The Group's strategic direction, objectives and related actions are deployed and communicated throughout the Group. Key performance indicators and annual targets are agreed, approved and communicated as part of the annual planning process. Achievements are followed monthly and quarterly in business review meetings that are held with line management in all business segments and business units.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks as well as designing preventive and detective controls. Corrective actions are implemented and monitored by business segment and business unit management. These activities need to be in compliance with Group policies and standards. Internal controls related to quality, safety and environmental processes and procedures are audited both internally and by external service providers.

The Group is applying World Class Operations process in all business segments to identify and implement continuous improvement projects.

Compliance with laws and regulations

Group-wide policies, for example on corporate governance for subsidiaries, competition compliance, data privacy, contracts and agreements, management of claims, disputes and proceedings as well as insider matters have been issued. Compliance with the policies is facilitated through communication and training. The Group has a Global compliance function. Internal audit also covers the compliance with policies.

Overview of internal audit

The objective of the internal audit is to improve the effectiveness of supervising obligation of the Board. Internal audit aims at ensuring that the Group's operations are efficient, information is adequate and reliable and that set policies and procedures are properly followed by the organization.

The Group has an internal audit function, and in 2022 internal audit field work has been managed in cooperation with Deloitte Oy. The Code of Ethics and other standards and guidelines issued by the Institute of Internal Auditors are complied with in internal audit activities.

In 2022 internal audits have been conducted in various Group and business segment level processes as well as in business units on a monthly basis according to an approved annual internal audit plan.

Global internal audit function evaluates independently and systematically Group's management and governance systems as well as the effectiveness, efficiency and appropriateness of the Group's business processes and risk management. The internal audit function provides development recommendations for the aforementioned systems and processes in the internal audit reports. The main purpose of these activities is to assure achievement of strategic and financial objectives of the Group.

The Audit Committee approves the annual internal audit plan. Audit engagements are included in the plan in accordance with the Group's strategic objectives, assessed risks, focus areas defined by the Board and the executive management of the Group on a rotation basis. The internal audit function reports to the Audit Committee. Additionally, the President and CEO, the CFO, the Group General Counsel, the Compliance Counsel, other representatives of relevant Global functions as well as the management of the business segment and business unit where the audit has been conducted are informed of the results of the audit. Achievement of actions related to internal audit recommendations are followed by segment management and internal auditor. Results of these internal audit follow-ups are reported to the Audit Committee.

Internal audit pre-material, documentation and data are collected before internal audit field work. During the field work further findings are recorded at site. Internal audit reports include key findings, conclusions and recommendations for control improvements. The management of the audit target prepares an action plan to mitigate risks and develop controls to improve recommended audit issues. The implementation of the action plans is followed up regularly by the line management and the Group internal audit manager.

Other information

Insider administration

Legal framework

The Company follows the Regulation No. 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation), the Finnish Securities Market Act and the thereto relating regulations and guidelines by the European Securities Markets Authority, the Finnish Financial Supervisory Authority and Nasdaq Helsinki Ltd. In addition, the Group has an insider policy. Certain key provisions of the Company's insider policy have been described below. The insider policy clearly defines certain practices and decision-making procedures in order to ensure that insider administration in the Company is arranged in a consistent and reliable way.

Assessment regarding inside information

The assessment whether certain information constitutes inside information is made by the President and CEO after consultation with the Group General Counsel. Similarly, the President and CEO also determines, after consultation with the Group General Counsel, whether the Company is to immediately disclose the information or whether conditions exist to delay the disclosure. The Company properly records any decisions to delay disclosure and the grounds for such decision, and follows set procedures as required by applicable laws and regulations.

Insider list

The Company maintains an insider list for recording the persons having inside information. The Company's employees and service providers who have access to inside information are entered into a relevant project-specific section of the insider list. The decision to establish such section is made by the President and CEO. The Company has decided not to establish a permanent insider section. Each person entered into a project-specific section is notified by e-mail of the entry, the duties entailed and the applicable sanctions. The person receiving such notification shall promptly confirm their acknowledgment of such notification in written form. The decision to terminate the project-specific section is made by the President and CEO after consultation with the Group General Counsel and persons entered into such list are notified by email of the termination of the project-specific section. Service providers may assume the task of maintaining insider lists of their employees as decided by the Company on a case-by-case basis.

Trading restrictions

Insider dealing is always prohibited. In addition, there are trading restrictions imposed on certain managers and employees of the Company even when such parties do not hold any inside information.

The Company has defined the Board and the GET members as persons discharging managerial responsibilities in accordance with the Market Abuse Regulation. Such managers cannot, subject to the exceptions set out in the applicable regulations, conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to the Company's shares or debt instruments or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim report or a year-end report.

The Company also applies a specific recommendation not to trade to its employees who regularly receive information on the contents of the Company's interim and year-end reports before their publication due to the highly confidential nature of the unpublished financial information. Such restricted period commences 30 calendar days before the announcement of an interim report or a year-end report.

Notification obligation

The persons discharging managerial responsibilities at the Company i.e. the Board and the GET members as well as their related parties must notify the Company and the Finnish Financial Supervisory Authority of the transactions conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto. The notification obligation applies to any transaction made once a total value of EUR 5,000 has been reached within a calendar year (calculated without netting). The Company has an obligation to publish the received notification through a stock exchange release.

Related party transactions

The Company and its Board monitor and evaluate transactions between the Company and its related parties. The Company has defined principles and processes for identifying the Company's related parties and the transactions to be carried out with them as well as for evaluating and reporting the nature and terms of such transactions. In order to identify its related party transactions, the Company keeps record of the persons that are its related parties. The Audit Committee of the Board monitors the Company's related party transactions in accordance with the Company's reporting practices. Transactions between the Company and its related parties are typically part of the ordinary course of business of the Company and implemented under arms-length terms. Related party transactions that are not part of the ordinary course of business of the Company or are not implemented under arms-length terms require a decision by the Board. Board members cannot participate in deciding a related party transaction concerning themselves or their related parties in accordance with applicable laws and regulations.

The Company has not concluded transactions with its related parties in 2022 that are material to the Company and that either deviate from the Company's normal business operations or are not made on market or market equivalent terms.

Audit

The Company must have one Auditor, which is an accounting firm approved by the Auditor Oversight unit of the Finnish Patent and Registration Office. The AGM elects the Company's Auditor. The AGM 2022 elected the Authorized Public Accountant firm KPMG Oy Ab as the Company's Auditor. Mr. Henrik Holmbom, APA, has acted as the auditor with principal responsibility. Each subsidiary is subject to local auditing under the local regulations, which is conducted by representatives of the KPMG network in each country. KPMG Oy Ab has acted as the Company's Auditor since the AGM 2020. During the financial years 2010–2019 the Company's Auditor was the Authorized Public Accountant firm Ernst & Young Oy and auditors representing it.

Fees paid to the Auditor (MEUR)

	2022	2021
Auditing costs	2.9	2.5
Other consultancy not related to auditing*	0.8	0.9
Total	**3.7**	**3.4**

* Such other consultancy services are subject to separate review and approval process concerning the provision of non-audit services by the Auditor and included e.g. advisory in connection with various tax, reporting and other local compliance matters.

Remuneration Report 2022

Introduction

Huhtamäki Oyj (the Company, and together with its group companies Huhtamaki) complies with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association. This Remuneration Report has been prepared in accordance with the Code effective from January 1, 2020. The Code is available in its entirety on the internet at www.cgfinland.fi/en. Huhtamäki Oyj is a support member of the Securities Market Association.

This separate Remuneration Report has been issued and published in connection with the Directors' Report. The Human Resources Committee of the Board of Directors has reviewed the report and it has been approved by the Board of Directors. The Company's Auditor has reviewed that the report has been issued.

The Remuneration Report provides information on the remuneration paid to the Board of Directors (Board) and the Managing Director (President and CEO since April 26, 2019) during the financial year 2022. Updated information on the remuneration of the Company is available on the Company's website in section "Remuneration" (www. huhtamaki.com – Investors – Corporate Governance – Remuneration).

Remuneration paid to the Board members and the President and CEO during the financial year 2022 was in line with the Remuneration Policy for the Governing Bodies (Remuneration Policy) approved by the Annual General Meeting of the Company (AGM) on April 29, 2020. There were no deviations from the Remuneration Policy. The Company uses clawback and malus provisions in its incentive plans (in both short- and long-term incentives) and no claw back on compensation has been used during the financial year 2022.

According to the Remuneration Policy, the annual compensation of Board members shall be in proportion to the time commitment required from the Board members and be competitive to attract and retain professionals with strong expertise and knowledge relevant in conducting the Board's responsibilities, such as establishment of strategic and financial directions and monitoring their implementation. Thereby, the remuneration contributes to the Company's long-term financial performance and success. The remuneration of the Board members during the financial year 2022 consisted of annual compensation and meeting fees paid for each meeting attended as approved by the AGM.

According to the Remuneration Policy, the remuneration principles applied to the President and CEO contribute towards creating shareholder value through competitive remuneration based on performance and linking remuneration to the business strategy. Total remuneration shall be in line with the relevant market practices in corresponding global industries to ensure motivation and engagement. The President and CEO's remuneration during the financial year 2022 consisted of a non-variable annual base salary, benefits and performance-based short-term incentive plan. The Company also focused on shareholder value creation by aligning the interests of the President and CEO with those of the shareholders through share-based long-term incentive plans.

Shareholders views and positions on remuneration are constantly followed and potential amendments in remuneration principles and practices as well as relative disclosures are made. External service providers and consultants are engaged by the Company for monitoring and securing market practice alignment for remuneration.

Development of remuneration over the past five financial years

During the past five financial years the Company's net sales has increased with 44%. Improvement in adjusted EBIT was 57% and improvement in adjusted EPS was 47% during the same period. The Company's adjusted EBIT margin has changed from 8.1% in 2018 to 8.8% in 2022.

The remuneration of the Board of Directors has been decided by the AGM of the Company. The annual remuneration of the Chair was increased in 2022. The previous increase in Board remuneration was done in 2021 when the AGM increased the annual remuneration for Chair, Vice-Chair and other members of the Board. The AGM in 2021 decided also on annual remuneration to the Chair and members of the Board Committees. At the same time the meeting fee paid for each Board and Committee meeting attended was unified to EUR 1,500.

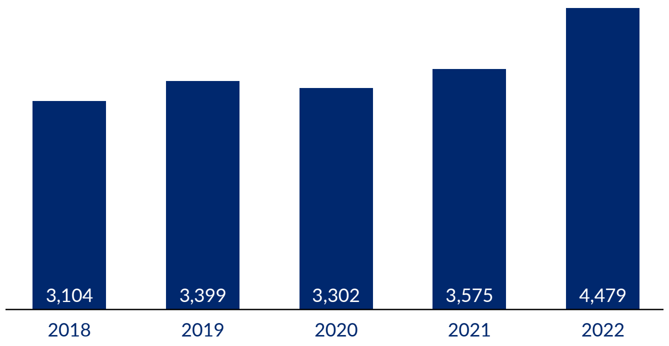
	Paid compensation (EUR)				
	2022	2021	2020	2019	2018
Board of Directors[1]	997,365	826,365	687,490	679,790	687,590
President and CEO Charles Héaulmé (President and CEO since April 26, 2019)	2,063,476	2,699,262	1,732,507	1,368,666	-
Interim Deputy CEO Thomas Geust (during January 1, 2022–April 18, 2022)	156,462	-	-	-	-
CEO Jukka Moisio (CEO until April 25, 2019)	-	-	-	243,143	2,538,525
Employees' average remuneration[2]	35,438	29,753	32,601	29,990	29,200

[1]Total compensation of the Board of Director's

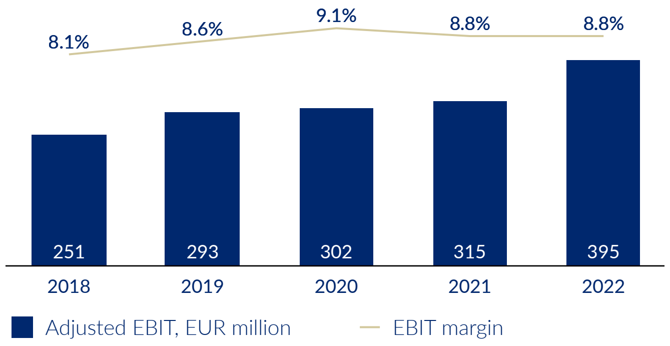
[2]The total wages and salaries amount of Huhtamaki reduced with the wages and salaries amount (excluding share-based payments) paid to the managing director and Board members of the Company and divided with the number of employees of Huhtamaki (other than the managing director) in the end of the respective financial year. Short-term incentives are taken into account on the year they are paid. Pensions are not included. 2021 figure includes Elif that was acquired on September 23, 2021.

Net sales

EUR million

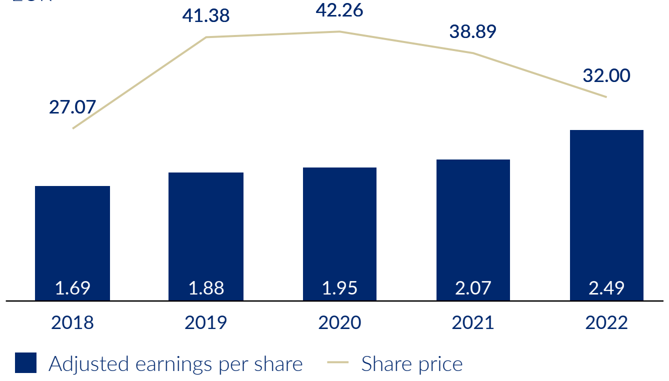


Adjusted EBIT and EBIT margin



Adjusted earnings per share and share price, year-end

EUR



Board of Directors

In accordance with the resolution passed by the AGM held on April 27, 2022, as of the AGM 2022 the annual compensation for the Chair of the Board is EUR 160,000, for the Vice-Chair EUR 75,000 and for other members EUR 62,000. In addition, the following annual remuneration is paid to the Chair and members of the Board Committees: to the Chair of the Audit Committee EUR 15,000 and to the other members of the Audit Committee EUR 5,000 as well as to the Chair of the Human Resources Committee EUR 5,000 and to the other members of the Human Resources Committee EUR 2,500. In addition, a EUR 1,500 meeting fee is paid for each Board and Committee meeting attended. Traveling expenses of the Board members are compensated in accordance with the Company policy. In addition, the Chair of the Board has a mobile phone benefit.

None of the Board members were employed by the Company or any company belonging to its group or acted as an advisor thereof. Thus, Board members were not eligible for any employment relationship related salaries, remuneration or financial or other benefits not related to the Board work nor were they eligible for any pension scheme. Board members did not receive the Company's shares as remuneration and they were not participants in the Company's share-based or other incentive plans. The Shareholders' Nomination Board is recommending all Board members to own shares of the Company.

The following remuneration was paid to the members of the Board for the financial year 2022.

	2022 (EUR)		
	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä[1]	160,240	37,500	197,740
Kerttu Tuomas	80,000	40,500	120,500
Mercedes Alonso[2]	48,375	24,000	72,375
Doug Baillie	64,500	39,000	103,500
William R. Barker	64,500	39,000	103,500
Anja Korhonen	77,000	40,500	117,500
Heikki Takala[2]	50,250	22,500	72,750
Sandra Turner	67,000	39,000	106,000
Ralf K. Wunderlich	64,500	39,000	103,500
Total	**676,365**	**321,000**	**997,365**

[1] Annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit.
[2] Board member since April 27, 2022.

President and CEO and Interim Deputy CEO

The following remuneration was paid to the President and CEO and Interim Deputy CEO for the financial year 2022.

Remuneration	President and CEO (EUR)	Interim Deputy CEO (during January 1, 2022–April 18, 2022)
Non-variable annual base salary and benefits[1]	**1,263,476**	**156,462**
Short-term incentives[2]		
Remuneration based on the performance in the year preceding the payment year	800,000	-
Long-term incentives[3]		
Number of shares received as a reward	-	
Value of the shares at the time of the transfer	-	
Amount of income taxes and tax-like charges arising based on the shares received	-	
Total value of the reward	-	
Total remuneration	**2,063,476**	**156,462**

[1] Non-variable annual base salary and benefits includes cash payments for pension for the President and CEO.

[2] Short-term incentives are presented in the table on the year they have been paid. The total amount of remuneration includes remuneration paid under the short-term incentive plan 2021 and under a one-time incentive plan for 2021 decided by the Board of Directors for retention purposes. This one-time incentive plan did include a performance target being Group adjusted EBITDA in 2021. The total amount of the short-term incentive for the President and CEO for 2021 amounted to EUR 800,000 and was paid in March 2022. Of this total amount, the short-term incentive plan 2021 amounted to EUR 560,000 and the one-time incentive plan for 2021 amounted to EUR 240,000. Interim Deputy CEO's Short-term incentive payment is not disclosed since the payment made in 2022 relates to his role as CFO.

[3] Share-based incentives include the monetary value of the payments based on the performance share plans at the time of awarding the shares and including the value of taxes and tax-like charges arising based on the received shares. The share-based incentives are based on the performance in the year preceding the payment year and they are presented in the table on the year they have been paid. The adjusted EPS target for the performance share plan 2019–2021 was not reached and, therefore, no shares under the long-term incentive plan was paid during the financial year 2022.

President and CEO

The remuneration of the President and CEO consisted in the financial year 2022 of a non-variable annual base salary and an annually determined short-term incentive plan. In addition, the President and CEO participated in the long-term incentive plans of the Company (Performance Share Plan and Restricted Share Plan) and had the following benefits:

- Car benefit
- Housing benefit
- Support for child's education
- Support for insurance premiums

The pension coverage is arranged by the President and CEO himself. The Company contributes towards the pension through monthly cash payments to the President and CEO. The total cash payment in 2022 was EUR 294,000 gross.

The total compensation paid (excluding EUR 294,000 pension allowance) to the President and CEO in the financial year 2022 was EUR 1,769,476 of which 45% consisted of variable compensation. Variable compensation consisted of short-term incentive 2021 and a one-time incentive plan for 2021 decided by the Board of Directors for retention purposes. Both plans were paid in 2022. There was no payout under the Performance Share Plan 2019–2021 (adjusted EPS target was not reached).

Interim Deputy CEO

The total remuneration of the Interim Deputy CEO during January 1, 2022–April 18, 2022 consisted of a non-variable annual base salary, car benefit and a short-term incentive plan.

Under his role as CFO the Interim Deputy CEO participated in the long-term incentive plans of the Company (Performance Share Plan and Restricted Share Plan) but no additional shares were allocated for the role as Interim Deputy CEO. Also, under his role as CFO, he participated in a supplementary defined contribution pension plan where annual contribution is 15% of non-variable salary.

The total compensation paid to the Interim Deputy CEO role for the period of January 1, 2022–April 18, 2022 was 156,462. The amount includes a non-variable base salary and a car benefit. Short-term incentive for the period of acting as the Interim Deputy CEO will be paid in 2023.

Variable remuneration earning opportunity and performance measures

The President and CEO's earning opportunity in short-term incentive (STI) plans 2021 and 2022 is 100% of the annual base salary (this same earning opportunity is applied for the Interim Deputy CEO during January 1, 2022–April 18, 2022). Group level criteria and payments under the short-term incentive plans are presented in the table below. Compensation under the short-term incentive plan is paid in cash which is aligned with Finnish Corporate Governance Code and market practice.

	Short-term incentive plan 2021 and 2022	Criteria weighting
Criteria	Adjusted EBIT	80%
	Free Cash Flow	
	Global Sustainability Index*	20%

	President and CEO	Interim Deputy CEO
Paid 2022 (STI 2021)	EUR 800,000[1]	
Payment due in 2023 (STI 2022)	EUR 593,600	EUR 105,001

[1]The Board of Directors may decide on other short-term incentive plans for the President and CEO and other GET members. These plans are usually done on retention purposes and are aligned with existing short-term incentives. In 2021, the short-term incentive for the President and CEO included the short-term incentive plan 2021 and a one-time incentive plan for 2021 decided by the Board of Directors for retention purposes. This one-time incentive plan did include a performance target being Group adjusted EBITDA in 2021. The total amount of the short-term incentive for the President and CEO for 2021 amounted to EUR 800,000 and was paid in March 2022. Of this total amount, the short-term incentive plan 2021 amounted to EUR 560,000 and the one-time incentive plan for 2021 amounted to EUR 240,000.

Long-term incentive and other share-based remuneration grants

President and CEO has been granted shares under the following Performance Share Plans and Restricted Share Plan. Interim Deputy CEO was not granted any shares for his role as Interim Deputy CEO.

Long-term incentive plan	Earning opportunity	Performance measure	Pay-out year	Achievement	Achievement (in shares)
Performance Share Plan 2019–2021	31,000 shares (net)	Adjusted EPS	2022	Target was not reach	-
Performance Share Plan 2020–2022	62,000 shares (gross)		2023	54.88%	34,026[1]
Performance Share Plan 2021–2023	62,000 shares (gross)		2024	in progress	in progress
Performance Share Plan 2022–2024	62,000 shares (gross)		2025	in progress	In progress
Restricted Share Plan 2021–2023	11,000 shares (gross)	Continuous employment[2]	2023	100%	11,000[1]

[1]Shares will be paid in March 2023. Number of shares represents the gross amount of shares. Applicable taxes are withheld from the gross reward.
[2]However, if Huhtamaki Group's adjusted EBIT margin in the result release preceding the payment of the rewards is under 8%, no shares will be paid. Group adjusted EBIT margin for the financial year 2022 was 8.8 % and thus shares can be paid.

As per Finnish market practice, President and CEO shall hold at least half (50%) of the Company's shares received until he holds shares received from the long-term incentive plans corresponding in aggregate to the value of his annual gross base salary. The ownership requirement applies until termination of employment or service.

*In 2021 the Company introduced Huhtamaki Global Sustainability Index as one business objective in the short-term incentive plan. Sustainability is a key element in Company's strategy and thus it's important that our pay is also linked to sustainability. More info on Huhtamaki Global Sustainability Index can be found here.

SUSTAINABILITY

Our approach to sustainability

We are redesigning the future of packaging with sustainable solutions by embedding sustainability in everything we do. Sustainability is at the very core of our 2030 Strategy and a key differentiator for us at Huhtamaki.
Our sustainability approach is comprehensive, covering three pillars related to the environment, social accountability, and governance and ethics.

Our continuing journey on embedding sustainability in everything we do

In 2022, we made good progress on our 2030 sustainability targets, which was externally recognized by ESG ratings – we improved to an A (on a scale of AAA-CCC) in MSCI and we maintained our gold medal in EcoVadis. Though our ambition and progress have been externally validated, we know our journey is far from over and we must continue to work hard to deliver on our 2030 sustainability ambitions and increase our positive impact as we go.

Developments in 2022 once again highlighted that we have a critical role in enabling safe, hygienic, accessible, and affordable food for everyone, everywhere. We believe we have a role in reducing food waste, which is a significant contributor to the carbon footprint of food systems globally*. Developments in 2022 also highlighted that being sustainable is not just about being green, it is also greatly about ensuring safety and fundamental human rights. At Huhtamaki we have made progress here as well. We proactively ensured the evacuation and safety of our Ukrainian colleagues but also worked globally to address both supplier due diligence as well as conducting our second human rights impact assessment.

2022 also witnessed increased pressure from regulation for more sustainable packaging. We support the objectives of the EU's Green deal and global regulation to support sustainable packaging. We need regulation that is science-based, focuses on creating a level playing field through harmonized approaches and continues to incentivize innovation.

Advancing towards our 2030 ambitions

In 2022, we continued to build on the sustainability roadmaps created for each of our sites in 2021. The roadmaps define concrete actions that guide our sites to reach our 2030 targets. We achieved substantial improvements in waste management at many of our sites, with several sites reducing the amount of waste sent to landfill to zero and other sites reducing significantly. In renewable energy, in addition to the current 80% coverage in Europe, we gained 30% coverage for carbon neutral energy in North America through our second VPPA.

Another KPI that we focused on was creating water management plans for all our sites – a goal that we achieved in 2022. Based on this, we have included in 2023 a water intensity reduction target in our Global Sustainability Index (GSI), which links our sustainability performance with short-term incentives. In addition, we have included a solvent reduction target in the GSI.

We believe in a regenerative economy and that post-consumer packaging has value as a secondary resource material. In 2022, we launched several collaborative industrial scale pilots to tackle the barriers to recycling. These include The Cup Collective, launched with Stora Enso to collect paper cups for recycling, and a cup recycling pilot project in China in collaboration with S-bag. In India, the Huhtamaki Foundation inaugurated its first flexible plastic packaging recycling plant in Khopoli, Maharashtra, to help drive circularity across the value chain.

Collaborating to create solutions that transform industries

In 2022, we continued developing game-changing sustainable innovation under our blueloop™ brand. This included partnering with Nespresso on home compostable paper-based coffee capsules. Another significant innovation was the aluminum free Push Tab® blister lid, developed in collaboration with Klöckner Pentaplast.

Huhtamaki's three guiding principles drive our focus on sustainable products. First, we believe that the value of packaging is greater than its impact on the environment, it is net positive. Second, we work hard to minimize the negative impacts by ensuring our products are fit-for-purpose. Third, we are constantly innovating to improve the full impact of our packaging, investing in sustainable solutions. We claim our responsibility in driving toward impact where it matters.

"We have made good progress in our sustainability management practices. At the same time, we know our journey is far from over and we must continue to work hard to move ahead on our transformational sustainability journey."

Thomasine Kamerling
Executive Vice President,
Sustainability and Communications

**According to the United Nations Environment Programme (2021), approximately a third of produced food is wasted, which accounts for 10% of global CO_2 emissions.*

Sustainable food packaging plays a crucial role in ensuring food security around the world

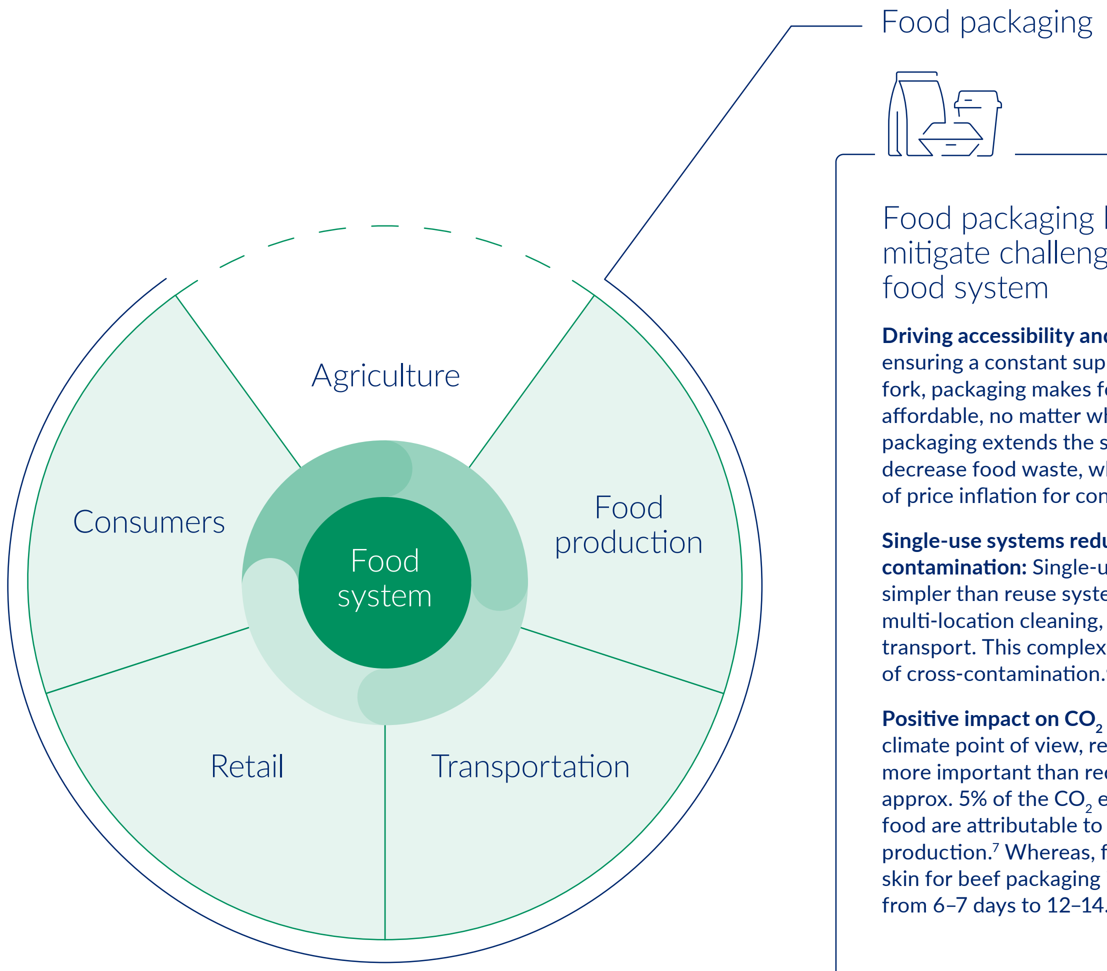
We believe packaging is essential to safeguard food and reduce food waste, ensuring consumers around the world have safe, hygienic, accessible and affordable food, no matter where they live.

Challenges to the food system

Food prices increase due to difficulties in supply: Food prices increase as a result of extreme weather events, economic shocks and conflict undermining food security. The Natural Resources Institute Finland (Luke) has estimated the price increase to be 10% in 2022.[1] The Food and Agriculture Organization of the United Nations' (FAO) food price index, measured since 1996, reached its all-time high in March 2022.[2]

Food contamination and foodborne illnesses: The World Health Organization (WHO) estimates there are 600 million cases of foodborne illness worldwide each year.[3] Food safety agencies and authorities have long recognized the significant role of cross-contamination as the most frequent cause of most foodborne illness.

Food waste: Approximately a third of produced food is wasted, which accounts for 10% of global CO_2 emissions. Food waste increases the need for more farmland. This is a leading cause of the current biodiversity crisis and deforestation. An estimated 931 million tonnes of food available to consumers landed in the waste bins of households, retailers, restaurants, and other food providers in 2019 alone.[4]



Food packaging helps mitigate challenges to the global food system

Driving accessibility and affordability: By ensuring a constant supply chain from farm to fork, packaging makes food more accessible and affordable, no matter where people live.[5] As packaging extends the shelf-life of food, it helps decrease food waste, which is also helpful in time of price inflation for consumers to save money.

Single-use systems reduce the threat of cross contamination: Single-use systems are inherently simpler than reuse systems, which feature multi-location cleaning, sanitation, storage and transport. This complexity leads to greater risks of cross-contamination.[6]

Positive impact on CO_2 emissions: From a climate point of view, reducing food waste is more important than reducing packaging. Only approx. 5% of the CO_2 emissions of packaged food are attributable to packaging, 80% is food production.[7] Whereas, for example, the vacuum skin for beef packaging increases its shelf-life from 6–7 days to 12–14.[8]

1) Natural Resources Institute of Finland, 2022
2) UN FAO, 2022
3) WHO, 2015
4) United Nations Environment Programme, 2021
5) Marsh K. & Bugushu B., 2007
6) Ramboll, 2022
7) Poore, J. & Nemecek, T., 2018
8) FFG / Denkstatt, 2020

Overview
Financials
Governance
Sustainability
Our approach to sustainability
Our continuing journey on embedding sustainability in everything we do
• Our 2030 sustainability ambitions
Materiality
Managing sustainability
Environment
Social accountability
Ethical business practices
Appendices

Our 2030 sustainability ambitions

Our ambition is to become the first choice in sustainable packaging solutions. Sustainability is at the core of our growth strategy, and we remain committed not only to the 2030 sustainability ambitions we set out as part of this strategy, but also other KPIs that have now become part of our sustainability journey. This means that sustainability is embedded in everything we do, from our sourcing practices to our operations, products and beyond. We want to ensure that the decisions we take consider the impact across the full life cycle of our products.

Read more about our 2030 Strategy in the Overview on pages 13–19.

Huhtamaki's sustainability ambition embraces the three ESG pillars of Environment, Social and Governance and business ethics. For us, sustainability means considering our full impact – both positive and negative – throughout our entire value chain. This holistic approach is critical as we work to deliver a net positive impact.

On the environmental side, our ambitions can be grouped into two main themes: circularity and climate. We play a critical role in the transition towards a circular economy, designing products for recyclability. However, design on its own is not sufficient. We also recognize the value of recycling post-consumer packaging as a secondary resource material and this year have taken a leading role in building industrial scale pilots addressing the challenges around post-consumer recycling. 2022 saw the launch of several of these recycling pilots in India, Europe and China.

Read more about our recycling initiatives on pages 154–155.

WE SUPPORT
UN GLOBAL COMPACT

"We support the UN Global Compact initiative. Our sustainability ambitions are in line with the ten principles, which cover the areas of human rights, labor, the environment and anti-corruption."

Charles Héaulmé
President and CEO

Our three main Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

Providing a healthy, safe and inclusive working environment for our people is our utmost priority. We foster human rights and sustainability throughout our value chain.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible use of resources in operations and in product design is a must for us. We are constantly looking for ways to use less materials, energy, and other resources, without compromising the functionality of our packaging.

13 CLIMATE ACTION

Climate action across the full life cycle of our products remains a key focus area for us. We work relentlessly to reduce our emissions, guided by our science-based targets and other climate commitments. Our aim is to reach carbon neutral production by 2030.

Our two supporting Sustainable Development Goals

6 CLEAN WATER AND SANITATION

Water is essential to life and must be used responsibly, particularly in water stressed areas. Our site-specific water management plans completed in 2022 for 73 sites and tailored to address local water conditions guide how we safeguard water ecosystems across our operations. We have now incorporated a reduction target on water intensity into our Global Sustainability Index which helps to drive sustainability through incentivization.

15 LIFE ON LAND

We use certified fiber to promote best practices in sustainable forest management. In addition, our biodiversity mapping in 2022 helps us to identify and manage biodiversity-related risks that are specific to certain areas.

Our 2030 sustainability ambitions

First choice in sustainable packaging solutions

100% of products designed to be recyclable, compostable or reusable

100% of fiber from recycled or certified sources

>90% of non-hazardous waste recycled or composted

>80% renewable or recycled materials

100% renewable electricity

Carbon neutral production and science-based emissions targets

We offer the most engaging, motivating and safest workplace for our people

We ensure human rights are respected throughout our value chain

We support the UN Global Compact and the UN Sustainable Development Goals

In 2022, we also continued our focus on innovation and launched some game-changing sustainable packaging solutions. We continued to develop our fiber capabilities, expanding our line of smooth molded fiber products. Partnering with Nespresso on home compostable paper-based coffee capsules is just one example of how we can work in partnership to transform industries with rigorous R&D, focused on sustainable solutions. In flexible packaging, we continued on our journey towards recyclable, mono-material solutions. The launch of our paper-based blister tab was another game-changing innovation, allowing us to offer the same healthcare grade capability with zero aluminum.

With regards to social aspects of our sustainability agenda, we want to provide the safest and most engaging and motivating workplace for our employees. We do this by investing in the competence development of our employees and cultivating an environment of inclusion and belonging. We respect human rights and are putting in place systems and procedures to support this fundamental commitment. Read more about our social accountability on pages 173–188.

We are a participant in the UN Global Compact Initiative and are guided by the UN Sustainable Development Goals (SDGs). We use the SDG universal framework to help us embed sustainability across all three ESG pillars and accelerate our transformation as part of our 2030 Strategy. We have identified three SDGs to which we can contribute the most, as well as two supporting Goals that are also relevant to our business. Read more about our commitment to the SDGs on the previous page.

Huhtamaki's science-based emission reduction targets

27.5% reduction in absolute Scope 1 and 2 GHG emissions by 2030, from the 2019 base year

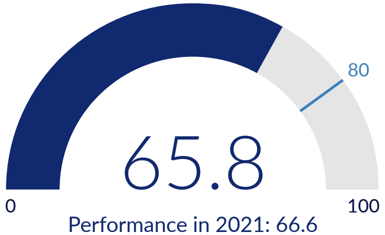
13.5% reduction in absolute Scope 3 GHG emissions from the end-of-life treatment of sold products within the same timeframe

Our suppliers, covering **70%** of spend for purchased goods and services, will have science-based targets by 2026

Sustainability dashboard 2022

Our global sustainability dashboard summarizes key performance indicators that help us monitor and communicate our progress towards our 2030 sustainability ambitions.

Renewable or recycled materials
% of total materials



Performance in 2021: 66.6

Certified or recycled fiber
% of fiber-based raw materials

Performance in 2021: 98.0

Renewable electricity
% of total electricity consumed

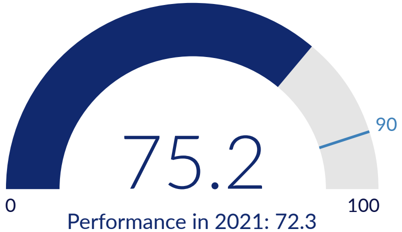
Performance in 2021: 18.0

Health and safety

Lost time injury frequency rate (LTIFR)
1.5
2021: 1.4

Total recordable injury frequency rate (TRIFR)
3.7
2021: 4.3

Non-hazardous waste recycled or composted
% of total non-hazardous waste



Performance in 2021: 72.3

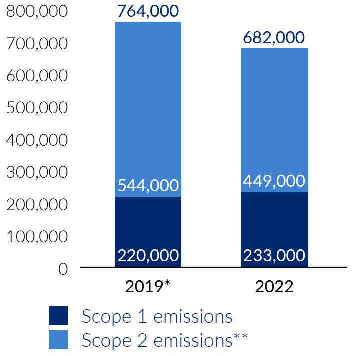
Waste to landfill
% of total waste

Performance in 2021: 17.9

Water management plans
available in number of sites

Performance in 2021: 47

Greenhouse gas emissions
t CO_2e



— Figures in light blue indicate Huhtamaki Group's 2030 ambitions.
In 2022, we revisited the KPIs in the dashboard. The dashboard will be updated in 2023 to reflect additional KPIs, e.g. water intensity reduction and solvent reduction.

*Emission reduction base year
**Scope 2 emissions are calculated using the market-based calculation method

Highlights and external recognition for our sustainability work in 2022

We joined forces with Stora Enso to launch **a new paper cup recycling initiative,** The Cup Collective. The programme, which is the first of its kind in Europe, aims to recycle and capture the value of used paper cups at an industrial scale aiming for 5,000 tonnes in two years.

We took another important step towards carbon neutral production by **signing our second Virtual Power Purchasing Agreement (VPPA)** in the US, covering approximately 25% of our electricity usage in North America. This is in addition to the VPPA we signed in 2021, which will cover approximately 80% of our energy use in Europe and will come online in 2024.

We continued building our human rights due diligence process and **conducted our second country-level analysis and a site-level human rights impact assessment** in Thailand.

We launched our new, **enhanced Huhtamaki Anti-Corruption program** to ensure adequate procedures and efforts to counter negative impacts of corruption and other unethical business practices on people, societies and the environment.

In 2021, we introduced our Global Sustainability Index (GSI), which **links the short-term incentives of the President and CEO and other Global Executive Team members to our sustainability performance.** In 2022, **sustainability-linked objectives were rolled out to all employees** taking part in the short-term incentive plan.

Huhtamaki became one of the first Finnish companies to **launch a sustainability-linked bond framework,** issuing a EUR 500 million senior, unsecured sustainability-linked bond, connecting the cost of financing to our sustainability performance.

Our journey towards our 2030 sustainability ambitions has been recognized externally, with high scores in four key ESG ratings: MSCI, EcoVadis, CDP and the S&P Global Corporate Sustainability Assessment.

In 2022, Huhtamaki received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. The MSCI ESG rating measures a company's resilience to long-term, industry-wide material environmental, social and governance risks and how well it manages those risks relative to peers.

For the second year in a row, Huhtamaki was awarded a Gold medal by EcoVadis for its sustainability performance in 2022. The EcoVadis rating covers a broad range of non-financial topics including environmental, labor & human rights, ethics, and sustainable procurement. Each company is rated on the material issues as they pertain to their company's size, location, and industry.

Huhtamaki pro-actively discloses it impact on climate change, forests, and water security through the Climate Disclosure Project (CDP), a global non-profit that runs the world's leading environmental disclosure platform. In 2022, our CDP ratings remained at the 'Management' level in all three areas.

As of November 18th 2022, Huhtamaki scored 67 points in the annual S&P Global Corporate Sustainability Assessment (CSA) ranking us at the 8th out of 64 companies assessed in the Containers & Packaging Industry. The CSA is used to determine the companies that are invited to the DJSI. It is a widely used, independent sustainability ranking systems that measures the performance of companies with ESG criteria, using a best-in-class approach.

Materiality

To ensure that our sustainability work concentrates on the most material topics, we continuously follow the most recent developments and trends in the field of sustainability, including changes in legislation and views from our stakeholders. We regularly update our materiality assessment, although the material sustainability topics tend to stay the same over the years, with only slight variations to their relative importance.

Updated materiality analysis conducted in 2022

In order to meet GRI's revised standards, we updated our materiality analysis in 2022. The materiality analysis aimed to identify our material topics, based on our most significant impacts on the economy, the environment and people, including human rights. In this process, our actual and potential, negative and positive impacts were mapped out, and the perspectives of several different stakeholders were included. The process of identifying the material topics included the following steps:

Step 1: Mapping Huhtamaki's sustainability context

In order to understand the impact that Huhtamaki has or can have externally, we mapped out our value chain, activities and business relationships. This step increased our understanding of the industry in which we operate, the industries that we come into contact with across the value chain, and the challenges that exist in these industries, as well as in society at large.

Step 2: Identification of actual and potential impact

In order to produce a preliminary list of Huhtamaki's actual and potential impacts, a desktop analysis was carried out based on our industry and value chain. The analysis was based on a review of internal documentation and external sources. In connection with this step, stakeholder dialogue was carried out with the aim of gaining an enhanced understanding of our operations, identifying the type of impact that Huhtamaki has externally, and the severity of that impact. This dialogue comprised nine qualitative interviews with different stakeholders: Huhtamaki representatives, NGOs, experts within circularity and packaging, and suppliers.

The results of this stakeholder dialogue directly informed the impact Huhtamaki has or can have, and how significant this is.

Step 3: Assessment of the significance of the impact

The mapping and stakeholder dialogue resulted in a longlist of Huhtamaki's positive and negative, as well as actual and potential impacts on the environment, economy and people, including human rights. The significance of these impacts was then assessed quantitatively using the results of the stakeholder dialogue and external sustainability experts. Huhtamaki's different types of impacts were compared with each other, and negative and positive impacts were analyzed separately. The significance of the negative impacts was assessed based on severity, a combination of scale, scope and remediation. The significance of positive impacts was assessed based on scale and scope only. For potential impacts, probability was also taken into account.

Step 4: Prioritization of the most significant impact

Based on the analysis in step 3, the impacts were prioritized from highest to lowest significance. A threshold was set, based on discussions both internally and with external sustainability experts. The final list of material topics was validated in a cross-functional workshop, which included members of Huhtamaki's global executive team. Fifteen impact areas were identified as the most significant, and thus correspond to our material topics:

Environment	• Biodiversity and ecosystems • Circularity • Energy • GHG emissions • Materials • Waste, including waste generation and recycling • Water
Social	• Employee development • Food safety • Food availability and affordability • Health and Safety • Human rights • Local communities
Ethics and governance	• Economic prosperity • Unethical business, including corruption

This list includes both potential and actual, as well as both positive and negative impacts across the entire value chain. The table on the next page shows the topics mapped according to our value chain. and indicates which impacts are considered positive and negative. These topics guide the content of our 2022 sustainability report.

In general, the updated assessment reaffirmed that our sustainability ambitions cover most of our material topics. We continue addressing these issues in cross-functional teams, constantly looking for ways to improve our policies and processes in order to achieve world-class performance in these areas. This Sustainability Report reflects the results of our analysis of material topics.

Assessment of potential and actual impacts in the value chain

Upstream	Huhtamaki own operations	Downstream
Environmental		
↓ Scope 3 greenhouse gas emissions from purchased goods and services ↓ Impact on biodiversity and ecosystems ↑ Sustainable material choices	↓ Scope 1 and Scope 2 greenhouse gas emissions from energy consumption ↓ Raw material and chemical use ↓ Water use, management and discharge ↓ Generation of waste and hazardous waste ↑ Product design for circularity ↑ Creation and use of renewable energy	↓ Scope 3 greenhouse gas emissions from end-of-life treatment of products ↓ Incorrect disposal of product waste ↑ Reduction of emissions by minimizing food waste ↑ Promotion of waste management development and regeneration of value
Social		
↓ Human rights impact through labor rights, vulnerable groups, deforestation and land use ↓ Health and safety impact ↑ Job creation and economic opportunities in local communities	↓ Human rights impact through freedom of association, migrant workers, discrimination ↓ Occupational health and safety, work-life balance for employees ↑ Employee competence development, growth, diversity and inclusion ↑ Community development through donations and support	↑ Contribution to food safety and hygiene ↑ Contribution to food availability and affordability, promoting public health
Governance		
↓ Corruption and other unethical dealings	↓ Corruption and other unethical dealings ↑ Economic value creation, responsible employer	↓ Corruption and other unethical dealings

↑ Positive impact ↓ Negative impact

Managing sustainability

Our sustainability work is based on our 2030 Strategy and is underpinned by our values – Care Dare Deliver – which guide everything that we do in making a difference where it matters. Our 2030 sustainability ambitions set the framework for our sustainability initiatives across the global organization and in communities we operate in.

Huhtamaki is committed to doing business in a responsible and sustainable way and we expect the same standards from our business partners. We comply with local laws and regulations and follow commonly accepted best practices. We do not accept the violation of any laws or regulations or any unethical business dealings anywhere.

The mandatory Huhtamaki Code of Conduct sets the standards of ethical behavior for all our employees globally. This is supported by other policies and guidelines. The same overarching policy framework governs all our manufacturing units and our operations. Huhtamaki aims to follow the precautionary principle in all its operations and to minimize negative impact, while maximizing the positive impact of our business on society.

> ⓘ
> In 2021, we renewed the Huhtamaki Group Environmental Policy to reflect our sustainability ambitions and our commitment to protect food, people, and the planet by offering sustainable packaging solutions. The objective of the policy is to ensure a group-wide understanding of our environmental commitments. In 2022, we updated our policy to reflect the latest developments in our operating environment and operations, increasing the focus on biodiversity, water management and proactive chemicals management in particular.

Tracking our performance

Our 2030 ambitions set the direction for our operations globally, and we track our performance on a quarterly basis through our sustainability dashboard. We follow sustainability performance at the manufacturing unit, business segment and group levels, enabling us to identify examples of best practices, which we can then share across business units and functions. We also evaluate our sustainability work regularly by benchmarking other companies and best practices, listening to stakeholders, analyzing external ESG rankings, regularly updating our materiality assessment and investigating all reports made through our Speak Up channel.

Our 76 sites report on their sustainability performance regularly: either monthly or quarterly. The frequency of reporting depends on the topic being reported on. The results are collected and combined in the above-mentioned sustainability dashboard, which is discussed in the Global Executive Team and presented quarterly to the Board of Directors. The dashboard is shared with a wider audience during our internal quarterly update by our EVP Sustainability and Communications at a global town hall meeting, led by our CEO. The sustainability dashboard is also shared with external stakeholders regularly.

In 2022, we continued working on our site-specific sustainability roadmaps. The roadmaps were initially created in 2021 based on site-specific sustainability performance and our 2030 ambitions. The roadmaps provide concrete actions at site level aimed at improving that site's performance on a specific sustainability KPI. They include a broad range of actions, including increasing health and safety performance, certification of our fiber sources, share of renewable electricity, re-directing waste from landfill to recycling or to other disposal methods, or installing rainwater harvesting systems. These roadmaps ensure that site-level contribution to the Huhtamaki 2030 sustainability ambitions is tangible.

Incentivizing sustainability initiatives through remuneration, investments and financing

For the reporting year, we rolled out sustainability linked objectives to all employees that participate in the short-term incentive plan. This took the form of either a site- or segment-specific sustainability objective or our Global Sustainability Index, the GSI. The GSI was first introduced into the incentives of the Global Executive Team in 2021. The index tracks our progress towards our 2030 sustainability ambitions. KPIs within the index are linked to our sustainability dashboard and relate, for example, to the share of renewable or recycled materials, the share of renewable electricity, and the share of non-hazardous waste recycled. Linking remuneration to sustainability further strengthens our commitment to sustainability and incentivizes our teams to help achieve our ambitious goals. Read more about remuneration on page 127.

For the reporting year 2023, we will update the GSI to reflect our updated ambitions around water and solvent use as well as elevate the role of health and safety. Going forward, the index will be called the Global Sustainability & Safety Index, the GSSI, and it will be implemented as a joint business objective for all participants of the global short-term incentive plan.

Sustainability continues to be a key decision-making factor in Huhtamaki's capital investment process. Similar to our EHS approach, our sustainability criteria is included in the investment approval process. The sustainability criteria can include, for example, energy efficiency.

In 2022 we further integrated sustainability into our financing through the launch of our Sustainability-Linked Bond Framework (SLB) and the associated EUR 500M bond raised. With this bond, the cost of financing is directly linked to Huhtamaki's performance on specific sustainability KPIs. The bond builds on our sustainability-linked loan, launched in 2021.

An important part of how we manage sustainability, is identifying sustainability-related risks and opportunities. This is covered by our Enterprise Risk Management (ERM). Our risk management procedures and key sustainability risks are presented in the Risk Review of the Directors' Report (see pages 35–36).

Our sustainability governance structure

At Huhtamaki, sustainability is governed at the following levels:

Board of Directors (BoD): The highest body to approve the guiding policies for sustainability and outline sustainability principles regarding the Group's strategy. The BoD approves the non-financial information as a part of the Directors' Report. It monitors and evaluates the risk management activities of the Group, including sustainability risks and impacts (such as climate-related financial risks). It approves the risk level that the Group can and is prepared to accept and the extent to which risks and impacts have been identified, addressed, and followed up. Regular updates on progress on our sustainability ambitions is given to the BoD throughout the year including the sustainability dashboard that is shared as part of quarterly updates. A deeper dive on sustainability is held once a year with the BoD (December 2022), during which the BoD reviews the entire span of our sustainability agenda across our operating environment, our operations and our products.

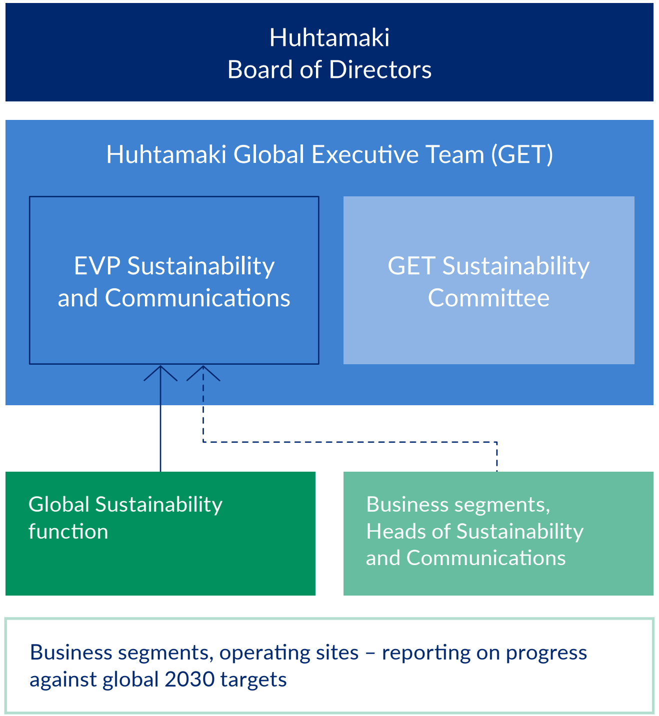
Global Executive Team (GET): Responsible for monitoring sustainability performance and setting and reviewing sustainability targets. The GET adapts and deploys the Group's internal control principles and risk management procedures and approves global policies, making sure that sustainability is embedded in everything we do. Business segment and unit management teams are responsible for integrating sustainability matters into daily business decision-making and practices, while ensuring that the required processes are in place to meet our objectives

Sustainability Committee: The Sustainability Committee is a decision-making body which meets quarterly to review and discuss the progress made by various enterprise-wide working groups on key initiatives aimed at helping to embed and accelerate our sustainability agenda. The committee consists of the Business Segment Presidents, the CEO, and EVP Business Development and Innovation and is chaired by the EVP Sustainability and Communications.

Ethics and Compliance Committee (ECC): The committee oversees the investigation processes related to breaches and suspected breaches of the Huhtamaki Code of Conduct and any other Huhtamaki policies, as well as laws and regulations, acting as a decision-making body for remedial and pre-emptive actions. The ECC is chaired by Group General Counsel. The Executive Vice President HR and Safety and Chief Financial Officer are permanent members of the ECC.

The Executive Vice President Sustainability and Communications: leads the Huhtamaki Group global sustainability organization and is a member of the GET. The EVP Sustainability and Communications ensures that the GET and the Board are well informed and engaged on sustainability issues. The sustainability organization consists of a functional sustainability team and teams within each of the three business segments. Although working as one team, the functional sustainability team can be considered two teams, with one focusing on the environment and the other focusing on social and governance aspects. These teams identify Group-level sustainability opportunities and risks, promote responsible operating practices throughout the value chain, and publish the Group's annual Sustainability Report. The sustainability teams within each of the three segments focus on sustainability topics directly linked to their specific business segment, covering the operating environment, their operations, products of the segment and innovation. The functional team and segment sustainability teams collaborate closely on key initiatives, ensuring that group strategy is executed within the segment.

Sustainability governance structure



More information on our corporate governance, including a description of the governance structure and processes can be found in the Corporate Governance Statement 2022 (part of the Huhtamaki Annual Report 2022) and from our website www.huhtamaki.com.

Policy commitments for responsible business conduct

Huhtamaki's responsible business policy commitments are based on full compliance with internationally recognized human and labor rights, Huhtamaki's environmental sustainability targets, and international principles on ethical business conduct. The Huhtamaki Code of Conduct, which is approved by our Board of Directors, sets out the ethical guidelines and expected behaviors to be followed by all our employees at every level, in order to ensure responsible and ethical business conduct. Our Code of Conduct principles are detailed further in various Huhtamaki Group Policies covering our commitments to environmental and social sustainability, as well as to ethical business practices.

Huhtamaki Group Policies are designed and managed in collaboration between the relevant global functions and the Global Ethics and Compliance team. As a general principle, all policies are approved by the GET, except for the Huhtamaki Code of Conduct, the Group Enterprise Risk Management Policy and the Group Internal Audit Policy, which are approved by the Board of Directors. Our key policies related to responsible business conduct, including the Huhtamaki Code of Conduct, the Code of Conduct for Huhtamaki Suppliers, the Group Environmental Policy, the Group Anti-corruption Policy, the Group Trade Compliance Policy and the Global Human Rights Policy are publicly available and can be accessed via our website. In addition, there are several internal policies that govern our ways of working, including Global Employment Guidelines, Working Conditions Requirements, and the Group Health and Safety Policy.

Huhtamaki's Global Ethics and Compliance team gives guidance, communication, and training to Huhtamaki employees and business partners on the policies and procedures that fall under their respective responsibility areas. Furthermore, it is mandatory for all our employees to complete Huhtamaki's annual e-learning programs, covering the main topics under Ethics & Compliance and Sustainability. We ensure that our policy commitments to sustainable and ethical business practices are also shared with our suppliers and other business partners via the Code of Conduct for Huhtamaki Suppliers, which includes our responsible business requirements and what we expect from our business partners.

Huhtamaki Group policies on environmental and social sustainability and on ethical business practices include our commitments to act with care and to avoid causing harm to the people, communities and the environment affected by our business. These policies explain our sustainability due diligence processes and the practical steps we take to minimize and address the negative impact we might cause or contribute to in our own operations and in our supply chain, whilst ensuring compliance with all applicable laws and full adherence to our responsible business commitments. Huhtamaki Global Sustainability and the Global Ethics and Compliance functions manage the Huhtamaki due diligence processes and support the efficient implementation of our policy commitments into Huhtamaki's operations and supply chain.

Engaging with our stakeholders

Huhtamaki is committed to collaboration and co-creation with stakeholders from across the value chain as we believe it is a key component in enabling us to achieve our sustainability ambitions. Our two-way dialogue with our stakeholders both helps us to align our strategies and actions to the expectations of various stakeholder groups and gives us valuable information about the possible risks and opportunities related to our business.

The list of our key stakeholder groups remains unchanged compared to previous years. Our stakeholders represent the full breadth of our value chain, and are identified from both our past engagement and horizon scanning to determine new engagement opportunities:

- Customers
- Suppliers
- Employees and contingent workers
- Shareholders
- Investors
- Consumers
- Industry associations
- Public authorities
- Non-Governmental Organizations
- Trade unions
- Communities near our manufacturing units
- Media

Our 2030 Strategy and sustainability ambitions cover many of the issues that our stakeholders are most concerned about. In order to respond to stakeholder expectations, we strive to be:

- The most reliable, solutions-focused partner for our customers,
- The safest and most sustainable choice for consumers,
- The most engaging, motivating and safest workplace for our people,
- The most attractive innovation and growth catalyst for our partners,
- The industry's thought leader and a respected member of the communities in which we operate.

Our approach to stakeholder engagement

We use multiple tools – including horizon scanning and direct and indirect contact – to identify stakeholders, and then use both structured and ad-hoc approaches to engage with them. One example is our use of surveys, such as the global employee engagement survey. Our latest engagement survey took place in 2021, and gave us valuable feedback on how our employees perceive Huhtamaki as an employer, and how successful we are in building a high-performance workplace and culture.

The Huhtamaki 2030 ambition is to become the first choice in sustainable packaging solutions. To achieve this ambition, it is critical that we actively embrace customer centricity. To us, being the first-choice means being the most sustainable and most reliable solutions-focused partner for our customers. In 2021, we introduced the Voice of Customer survey, a comprehensive customer satisfaction survey which, amongst other topics, reviews our positioning in innovation and sustainability in the light of our 2030 ambitions. The survey helps us to better understand the needs of our customers and to deliver value through continuous improvement based on their feedback. 2022 saw several local surveys being held across different regions while 2023 will focus on another company wide survey. Global as well as local outcomes are the base for customer-, segment- and region-specific development plans, which feed into continuously improving our performance, keeping the customers central in everything we do across the company.

In addition to conducting surveys, we also receive information through our whistleblowing channel, social media, and investor meetings. Our stakeholder engagement also includes active membership of trade associations, participation in external meetings, responding to consultations and requests for information, contributing to working groups, answering surveys and working as part of multi-stakeholder projects. We actively participate in benchmarking and transparency initiatives, including the CDP, EcoVadis and the S&P Global Corporate Sustainability Assessment

Stakeholder engagement should create value for all parties, and therefore, we do not take a 'one size fits all' approach. As a global company, we adapt our engagement depending on the needs of our stakeholders, which may include, for example, specific language and cultural requirements. Also, different customers have different needs, and investors need information in a different format than our employees do. Communities around our manufacturing units require contact with local management, whereas global stakeholders require contact with our segment teams or global functions. We use feedback from stakeholders to inform business decisions. Our engagement with stakeholders is always guided by Huhtamaki's values and Code of Conduct, and always aligns with our commitment to human rights.

Bringing together key stakeholders through Think Circle

In 2020, Huhtamaki stepped up its stakeholder engagement. We launched the Think Circle initiative, a platform that brings together key stakeholders from across the global food value chain to openly address the issues we face as we design for packaging circularity. This platform reflects differing viewpoints from a range of contributors, such as leaders from academia, business, NGOs and other key institutions. Its aim is to move the circularity dialogue forward, contribute to a common understanding, and arrive at breakthroughs that deliver significant progress. Think Circle continued in 2021 with four roundtable discussions that Huhtamaki hosted throughout the year. In 2022 we held four additional Think Circle roundtable discussions on various aspects of the role of food packaging in sustainable food systems. Of these, one was held in India and one in China, one at Finland's Suomi Areena and one was held virtually. Read more about Think Circle and the stakeholders involved on our dedicated website: www.think-circle.com.

Key topics and concerns of stakeholders

Our stakeholders continue to be concerned by the impact of plastic waste on the environment and are also increasingly seeking low carbon solutions in support of the Paris Agreement. Huhtamaki continues to support plastic substitution, plastic reduction and solutions that increase the circularity of the packaging we produce. This includes working with other stakeholders to increase the recycling of used packaging to enable the re-use of materials. For example, in India, Huhtamaki has supported the development of a pilot facility in Khopoli to recycle flexible plastic packaging. In Europe, we have worked with Stora Enso to establish The Cup Collective, which will collect used paper cups for recycling and in China we have launched our first paper cup recycling pilot with value chain partners.

Huhtamaki also strongly supports the objectives of the EU Green Deal and has set high ambitions to achieve carbon neutral production and science-based emission reduction targets. We continue to invest and work across the value chain to develop and deliver lower carbon, sustainable and circular packaging solutions.

In 2022, we actively worked with stakeholders and policymakers to drive a better understanding of the essential nature of food packaging and how it plays a crucial role within food systems in delivering safe, hygienic, affordable, accessible and durable food around the world, and its role in reducing food waste (itself a major contributor to greenhouse gas emissions). In 2021, both the UN Food Systems Summit and the EU's contingency plan for food supply and food security recognized the importance of food packaging in food systems. Following on from those statements, Huhtamaki has engaged with the Food and Agriculture Organization (FAO), with speakers from the FAO participating in two Huhtamaki-organized events. We have also represented the EU packaging industry in the Expert Group on the European Food Security Crisis Preparedness and Response Mechanism. We continued our partnership with the international charity WasteAid to support its work to improve waste management in developing countries, and we are supporting new projects in the Republic of South Africa.

Welcoming the latest scientific evidence on the environmental impacts of reusable packaging in takeaway services

Along with most stakeholders, we think policies need to be evidence-based, so that unintended consequences on the environment, businesses and consumers can be avoided. As previously reported, in 2020, we contributed to an independently verified Life Cycle Assessment (LCA) conducted by independent third-party consultants comparing single-use and multiuse systems used for dine-in meals in European Quick Service Restaurants. The study, undertaken by Ramboll, found that paper-based single-use products provide significant environmental advantages in key impact categories. The study was updated in 2021, and found that in the baseline scenario, the reusable system was responsible for generating 2.8 times more CO_2e emissions than the paper-based single-use system, with the single main contributor to climate change in the multi-use baseline scenario being the electricity related to the washing process. The study also found that the multi-use system used 3.4 times the amount of freshwater in the baseline scenario.

A new, peer-reviewed study comparing paper-based single-use packaging with multiuse systems in takeaway was released in November 2022, showing that recyclable, paper-based packaging used in the quick service food delivery and takeaway sector offers significant environmental advantages over reusable systems across 12 'impact categories' including climate change, freshwater consumption and resource depletion. The results show that switching to reusable alternatives would generate 48% more CO_2-equivalent emissions, consume 39% more freshwater and demand 82% more mineral and resource extraction. Further information on the study is available at www.eppa.eu.org.

We collaborate with several international initiatives and associations

Huhtamaki is a member of several external initiatives and associations that drive development related to matters such as sustainable packaging solutions, recycling infrastructure, climate protection and improved sustainability-outcomes. Huhtamaki is an active member in such key associations because we believe that collaboration with different entities across the value chain and beyond is needed to solve pressing societal and sustainability issues.

Below is a selection of the key associations and initiatives that we were a member of during 2022:

- 4evergreen
- Business Europe
- Call on Carbon Initiative
- CeFlex
- Climate Leadership Coalition
- European Carton Manufacturers Association (ECMA)
- European Moulded Fibre Association (EMFA)
- European Organization of Packaging and the Environment (EUROPEN)
- European Paper Packaging Alliance (EPPA)
- Finnish Business and Society (FIBS)
- Flexible Packaging Europe
- Foodservice Packaging Institute (FPI)
- HolyGrail 2.0; the Digital Watermarks Initiative
- Industrievereinigung für Lebensmitteltechnologie und Verpackung (IVLV)
- Industry Council for Research on Packaging and the Environment (INCPEN)
- Sedex
- Taskforce on Nature-related Financial Disclosures Forum (TNFD Forum)
- The Life Cycle Initiative hosted by UN Environment
- UN Global Compact

Environment

We are driving the transition to a carbon neutral and circular economy by using renewable, natural resources, focusing on waste management, ensuring our products are recyclable, compostable or reusable and minimizing our environmental footprint across the value chain by focusing on designing for circularity and promoting sustainable end-of-use for packaging.

Responsible, safe and circular product design

Theme	KPIs	Performance in 2022
Designing for circularity	100% of products designed to be recyclable, compostable or reusable	72% of our products fulfilled these criteria*
	>80% renewable or recycled materials by 2030	65.8% of total materials were renewable or recycled materials.
	100% of fiber from recycled or certified sources by 2030	98.0% of fiber-based materials were from recycled or certified sources
Product safety	All our products comply with Huhtamaki Global Food Contact Packaging Safety Policy	Digitalization project of food contact material (FCM) compliance documentation continued Cross-functional global FCM team in place for knowledge sharing and compliance across markets globally
	Zero food contact compliance related claims reported	Zero significant incidents of non-compliance reported

*Any claim or classification is a general statement and does not imply that a product can be recycled or composted currently everywhere globally. Ability to be recycled or composted will depend on the specificities of the recycling programs that consumers or other stakeholders have access to in each market or geography. As such, the statement does not constitute a recyclability or compostability claim according to ISO14021, the FTC Green Guides, the ICC guidance, or any other national, state or local law, regulation or standard. Further information about compostability or recyclability for specific products, markets or geographies shall be obtained. Independent expert legal advice should be considered before making composting or recyclability claims in specific markets or geographies or for any specific product.

Access to safe and affordable food is paramount for people and society. Equally food waste is the single biggest contributor to carbon emissions within food systems. According to the United Nations Environment Programme (2021), food waste is estimated to cause 10% of all greenhouse gas emissions globally. Huhtamaki is committed to delivering sustainable packaging solutions responsibly, with a positive impact on the environment. As an advanced manufacturer of sustainable packaging, we are an essential partner for our customers and society on their sustainability journey. We create value for our customers, shareholders and employees while aiming for a net-positive impact on the food system, people and the planet across the entire life cycle of our products.

To guide our efforts in developing sustainable packaging solutions, we apply product stewardship, a product-centric approach to sustainability.

Product stewardship as the foundation for safe and sustainable packaging

Product stewardship drives systems thinking and is an approach that guides the way we design our products, source materials, operate, engage with stakeholders in the value chain and contribute to a circular economy. This holistic approach considers the entire product life cycle and addresses the roles and responsibilities of different internal functions and their connection to external stakeholders.

As design decisions significantly influence the sustainability performance of our products, we launched our sustainability-focused Design Principles in 2022 that we apply early in the product development process. These design principles help us to identify and reduce health,

We promote the following UN Sustainable Development Goals:

Information disclosed in this section

GRI standards:
301 Materials
306 Waste
416 Customer health and safety

SASB standards:
Accounting metrics (RT-CP-000.A, RT-CP-000.B)
Product lifecycle management (RT-CP-410a.1, RT-CP-410a.2, RT-CP-410a.3)
Supply chain management (RT-CP-430a.1, RT-CP-430a.2)
Product safety (RT-CP-250a.2)

Huhtamaki's Push Tab® blister lid – one of the game-changing innovations launched in 2022 – is mono-material PET and free from aluminum.

Our three guiding product stewardship principles drive our innovation, product portfolio and product sustainability:

1. **We believe the value of packaging is greater than its impact on the environment; it is net positive**
   - Post-consumer packaging has significant value as a resource – we focus on recycling to unlock this value.
2. **Our packaging is fit-for-purpose**
   - Our packaging is engineered to provide the right functionality to protect each product
   - We choose the right material for each application
   - We seek to simplify material structures to minimize the amount of material used
   - We drive circularity, both in material selection and product design.
3. **We innovate to improve our packaging and invest in sustainable solutions**
   - We offer the most sustainable available alternative
   - We want to be the partner of choice to our customers
   - We are committed to comply with all global, regional and local regulations and legislation
   - We will not invest where a more sustainable, economically viable alternative is available.

safety and environmental impacts from new production processes wherever possible.

Product safety is at the core of our product stewardship approach. For example, we minimize exposure to hazardous substances through safe chemicals management practises, which are included in our design criteria. To consider the social and environmental aspects in the development of new products and manufacturing technologies, we use a life-cycle approach.

Whilst a material selected by our designer may have intrinsic sustainability benefits – such as renewable or recycled raw materials – the footprint of our products is greatly dependent on the upstream phase of the actual value chain. Therefore, we engage with our suppliers to enable them to contribute to our sustainability performance. We have policies and procedures in place to source materials responsibly. These include supply chain due diligence procedures along with the associated supplier assessments, and the Code of Conduct for Huhtamaki Suppliers. To meet our customers sustainability expectations and to have fact-based answers to product enquiries, we collaborate with our suppliers and obtain the information necessary for safe chemicals management and the assessment of our products' sustainability performance.

Read more about Responsible sourcing on page 194.

To maximise positive impacts and minimize potential negative impacts related to post-consumer packaging, we take informed decisions at the design stage so that our products are recyclable, compostable or reusable and therefore circular. We also carefully select materials by considering their chemical composition, so that our packaging can be returned into the circular economy as a valuable secondary resource material through recycling. At the end of the life cycle, we address the challenges of circularity directly with the relevant stakeholders downstream in our value chain. To close the loop, we engage with customers, other companies in the packaging industry and actors within the recycling industry.

Our customers and consumers benefit from our product stewardship through our readiness to communicate our products' sustainability performance. We manage information on the sustainability performance of our products and make it available, both publicly and on-demand. We ensure our staff have the necessary information and skills to answer sustainability enquiries. For instance, all personnel attend a training on sustainability and have access to in-depth, informative resources through the Huhtamaki intranet. Additionally, Huhtamaki has positive impacts throughout the value chain in terms of the economic value generated and then distributed upstream, directly in communities where we operate and employ people and downstream through value generated for our customers and shareholders.

Read more about competence management in the section on Engaged and Motivated Employees on page 174.

Circular by design

As a key global provider of sustainable packaging solutions, we are committed to contributing to the transition from a linear to a circular economy, where products and materials are kept in circulation in a closed loop system. This change starts from our product design and affects the entire life cycle of our products. For us, circularity is a strategic choice embedded in our innovative processes, competence management, direct operations and external engagement.

In 2021, we introduced a new KPI related to designing our products for circularity: the percentage of our products designed to be recyclable, compostable or reusable annually. Today, 72% (71%) of Huhtamaki products are designed to meet these criteria, which represents approximately EUR 3,219 million in revenue in 2022. However, the actual level of recycling, composting and reuse depends on local recycling infrastructure and on the willingness of consumers to participate in recycling schemes. Huhtamaki aims to accelerate the development of collection, sorting and recycling infrastructure by working together with our value chain to drive change.

Huhtamaki ensures that its employees have the skills and competences required to enable the transition to a circular business model in various roles across functions. For example, product designers apply Huhtamaki Design principles for circularity in our products, while operators ensure waste is sorted appropriately at manufacturing sites.

Huhtamaki's Design Principles for circularity

We have developed Design Principles to ensure innovation and the development of new products for circularity. These principles cover material selection, product structure and elements of design that are important for the post-consumer phase of the life cycle.

Our Design Principles for circularity can be summarized as follows:

- **Material selection:** The main materials we use are fiber-based renewable materials, recycled renewable fiber and polymers. We are guided by minimizing the environmental and social impacts when selecting materials for our products.
- **Product structure:** We make sure circularity is considered in the product design and structure by designing high-quality packaging solutions that are fit-for-purpose, without excessive use of packaging, and by optimizing the amount of raw materials and resources used in our products, all while ensuring technical recyclability.
- **Product end-of-life:** We use materials compatible with collection and recovery systems, ensure sufficient consumer information and ease of use for collection, and support easy, automatic sorting.

The Design Principles were published in 2022 and are publicly available from our corporate website. They are aligned with the Design for Recyclability guidelines developed for plastic packaging by RecyClass and those developed for fiber-based packaging by 4evergreen. Huhtamaki is actively participating in the maintenance of these guidelines. We also participate in the collective R&D around recyclability led by 4evergreen and RecyClass.

Sustainable products designed for the circular economy

Guided by our Design Principles, we have launched game-changing innovation with enhanced sustainability performance throughout the year. We have extended our trademark dedicated to recyclable solutions across all our product portfolio. The Huhtamaki blueloop™ brand promise incorporates our commitment to design for circularity, to be operationally carbon neutral, and to source our materials responsibly in line with our 2030 Strategy. It is a reflection of our commitment to focus on innovation that moves us from a linear economy to a circular one. We collaborate together with customers and partners across the entire packaging value chain to accelerate innovation towards a circular future. We continuously develop new solutions that support our customers in reaching their sustainability goals.

"In 2022, we continued developing game-changing sustainable innovation under our blueloop™ brand."

Read more about blueloop™ solutions on our website www.huhtamaki.com/blueloop

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- Climate action throughout the value chain
- Taking care of our environment

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Ethical business practices

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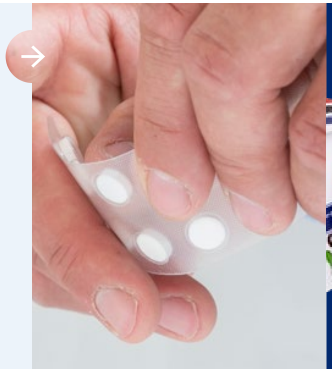
Award-winning sustainable innovations

Several of our packaging solutions were recognized as flagship sustainable innovations in 2022 – below are some examples:

Push Tab® blister lid

An aluminum-free blister pack cover film made from mono material PET that is easy to recycle, developed in partnership with Klockner Pentaplast.
2022 German Packaging Award winner.

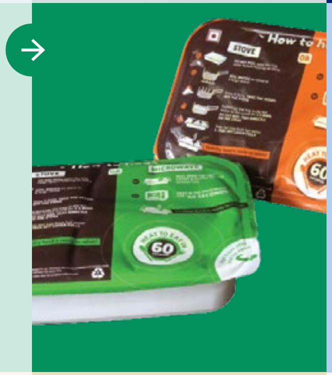


Paperboard yogurt container

A paperboard yogurt container made from renewable resources, replacing plastic alternatives.
Paperboard Packaging Council's 2022 Top Awards for Sustainability.

The aluminum-free easy-peel lid

The aluminum-free, retortable, microwave-safe easy-peel lid, in partnership with Tata Smarfoodz Pvt. Ltd.
WorldStar Global Packaging Awards winner 2022.



Recyclable high barrier laminate

ElifProLite is a recyclable laminate with high barrier properties that replaces non-recyclable grades and achieves 2030 recyclability targets of the EU Commission.
WorldStar Global Packaging Awards winner 2022.

Flexible packaging with recycled content

ElifPCR is a packaging solution containing post-consumer recycled materials recovered from commercial, industrial and household waste, reducing the need for fossil-based plastics.
Crescent and Stars of Packaging Bronze Award 2022.

In 2022, we launched several new, game-changing innovations. These include, in addition to the **Push Tab® blister lid** mentioned above, the **ICON® ice cream packaging**. We also partnered with **Nespresso on the home compostable paper-based coffee capsules** which they will launch in France, which uses our proprietary high precision manufacturing technology.

ⓘ | *Read more about these in the Overview on page 15.*

Life-cycle approach to product design and sourcing

Science-based, verifiable and comparable information is needed to improve the environmental performance of our products. Life Cycle Assessments (LCA) provide us with fact-based information on the environmental impact of our products throughout their life cycle.

At Huhtamaki, we coordinate our LCA studies and related communications at the Group level. We use a harmonized method based on the applicable international standards (ISO 14040:2006 as amended and ISO 14044:2006 as amended). In LCA studies, we always use the data specific to our value chain wherever it is available and meets the requirements of the applicable standards. The Group's Sustainability team implements the method, provides LCA training internally, consults on the subject and ensures robust data and clear, exact communication of our products' environmental performance, in collaboration with the business segments.

In 2022, we reviewed several LCA studies, conducted new LCAs and extended the scope of our expertise on the methods available. We conducted studies of several products to better understand their performance and to compare different material and production options. We also conducted a study to pilot the use of a biodiversity footprint calculation tool, based on the Biodiversity Footprint Method developed by Plansup, in collaboration with Wageningen Environmental Research (NL). This simplified tool covers the biodiversity impact in terms of land use and climate. We used a mix of data based on the ecoinvent life cycle inventory (LCI) database and on carbon footprint data for certain raw materials. The pilot was an opportunity to increase the awareness of our suppliers about biodiversity and strengthen our collaboration on environmental performance improvement efforts. In connection with the LCA studies, we added the CEPI Framework for assessing carbon footprints for paper and board products to the panel of methods connected to our overall LCA work.

Huhtamaki is a member of the Life Cycle Initiative, a public-private multi-stakeholder initiative that aims to enable the global use of credible life cycle knowledge by private and public decision-makers. Hosted by the United Nations Environment Programme (UNEP), the Life Cycle Initiative facilitates the application of life cycle knowledge in the global sustainable development agenda in order to achieve global goals faster and more efficiently.

Design criteria for materials

We are material positive and choose the right material dependent on its functionality for fit for purpose packaging. We integrate sustainability aspects in the selection of materials, choosing the ones that minimize the overall life cycle impacts of our products on people and the environment, without compromising on performance.

The main types of materials that we use are renewable fiber-based materials, recycled fiber and polymers. Some of the polymers that we use are made from renewable resources or recycled materials. We seek to simplify material structures to minimize the amount of material used, and hence, the amount of waste generated. Our selection criteria guide the choice of materials and aim at minimizing the potential adverse environmental and social impacts when selecting materials for our products.

In flexible packaging, our innovation focuses on moving from multi-layer packaging to recyclable mono-material solutions. For fiber-based materials, we support sustainable forestry by sourcing from certified sources, and ensure the traceability of the certified fiber. When not in conflict with product safety or functionality, we prefer recycled materials.

Read more about Responsible sourcing on page 194.

Sustainable design criteria are applied for other important product components as well, such as additives, inks and adhesives. We promote the use of additives and adhesives that are suitable for recycling. Criteria for colours and inks relate to their detectability by the Near Infrared (NIR) technology used in sorting facilities and their properties that can minimize chemical hazards or risks.

Several elements of the Huhtamaki Group Environmental Policy are directly connected to our product design. Our aim is to go beyond legal compliance by continuously improving our environmental management and performance. We apply a precautionary approach to our decision-making and integrate environmental principles into our business strategy. Huhtamaki is committed to protecting the environment and public health, including the restriction and the substitution of potentially hazardous high-impact chemicals globally. We aim to minimize the consumption of chemicals in our products and production, and to reduce the environmental impact of our business across all our operations. Read more about safe chemicals management on page 156.

We innovate to achieve higher sustainability performance, for example by substituting certain materials with others (e.g., grass fiber instead of wood, fiber-based materials instead of plastic or aluminum), or by simplifying the structure and eliminating aluminum in multi-layer flexible packaging – offering instead a mono-material alternative. These bring about significant improvements in actual recyclability, impacts from the upstream or end-of-life phases of the value chain, or through risk mitigation as we reduce the use of critical raw materials, as stipulated by the European Commission in their list of raw materials of high importance to the EU economy and of high levels of risk associated with their supply.

The materials of our value chain

At Huhtamaki, the main raw materials used are paperboard and paper (35%), recycled fiber (29%) and plastic polymers (26%). In 2022, the revenue by product category was 55% paper and fiber-based products and 45% plastic products.

Paperboard is used to manufacture disposable tableware, such as hot and cold drink cups, plates, food containers and ice cream packaging. In polycoated paperboards, we are working to decrease the amount of polymers, here our goal is to achieve a level of less than 10% polymer coating. Due to the product safety requirements for food contact materials or healthcare applications we mostly use virgin materials for food contact packaging.

Post-consumer recycled fiber, such as old newspapers, is used to manufacture molded fiber packaging, such as egg or fruit packaging and foodservice cup carriers.

Post-industrial recycled fiber, such as cutting waste from our paper cup manufacturing, is used to manufacture molded fiber disposable tableware, such as Chinet® plates.

Polymers such as PS (polystyrene), PET (polyethylene terephthalate), recycled PET and PLA (polylactic acid derived from renewable

Material use, 1,000 metric tons

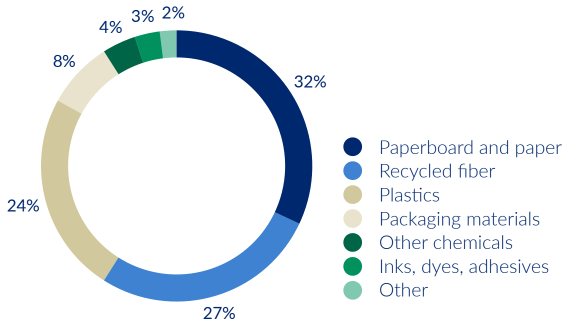
	2022	2021	2020
Total Material usage	1,475	1,392	1,353
Renewable materials used	965	925	911
Non-renewable materials used	510	468	442
Share of renewable materials, %	65	66	67
Share of recycled input materials, %	28	29	29
Share of recycled renewable materials, %	28	28	28
Total wood fiber procured	483	470	477
Share from certified sources, %	96	96	97
Total aluminum procured	25	26	25
Share from certified sources, %	71	N/A	N/A

Production volume, 1,000 metric tons

	2022	2021	2020
Total production volume*	1,111	1,108	1,048
Fiber-based products	715	729	701
Plastic-based products	293	274	246
Other products	102	105	102

*Label and cylinder manufacturing units excluded from production volume mass

Material use by category



resources) are used to manufacture disposable tableware, such as transparent cups, tumblers, containers, lids and cutlery. Polymers such as PE (polyethylene), PET and PP (polypropylene) are the main materials in multilayer flexible packaging. In mono-material flexible packaging, the main materials used are PE and PP.

In addition to the main raw materials mentioned above, we use packaging materials, inks, dyes, adhesives, other chemicals, metals and alternative fibers (e.g., from non-wood sources such as grass). The use of alternative non-wood fiber is limited to certain products. The composition of printing inks varies, based on the functionalities and features of the final product. We use solvent-based, water-based, oil-based and UV/EB curable inks. The majority of the metal we use is aluminum, mostly from certified sources. Huhtamaki does not use any conflict minerals.

Huhtamaki subsidiaries hold various types of certificates related to circularity concerning either the input or output material or a Chain of Custody certificate:

- Certified bio-based materials (OK bio-based certificates)
- The recyclability and the recycled content for plastic materials or packaging (RecyClass certification, ISCC Plus certification or APR recognition)
- The recyclability of fiber-based packaging (Institute Cyclos – HTP certification)
- To demonstrate compostability (OK Compost Industrial certification, OK Compost Home certification and the Seedling conformity mark).

Our positive list: renewable, certified and recycled materials

We drive circularity by using materials that are renewable, certified and recycled where possible. Paper, cardboard and recycled fiber are our main raw materials by volume. All of these renewable materials can be sourced from certified sources or recycling streams. Nearly 65% of our product portfolio (by mass of raw material) is fiber-based – either virgin or recycled.

In 2022, the share of renewable materials in all materials used across Huhtamaki globally was 65% (66%). Most of the renewable material comprised wood-based materials - either virgin fiber or recycled paper. Out of the total recycled raw materials we used, the largest by volume was post-consumer recycled paper. The share of recycled materials in all materials we purchased remained at 28% (29%) in 2022.

We believe that post-consumer packaging is a valuable secondary resource material. Recycled fiber is sourced from post-industrial or from post-consumer recycled material. We use residual clippings from our own paper cup manufacturing to make new fiber plates with our molded fiber technology. We produce egg cartons and trays from post-consumer recycled paper, as well as cup carriers and wine bottle protectors.

For some of the packaging we manufacture, the applicable requirements allow us to use plastics from renewable resources or recycled materials. Sorted by volume used, they are: recycled PE (polyethylene), PLA (polylactic acid, from renewable natural resources), recycled PET (polyethylene terephthalate), Green PE (a bio-based polyethylene produced from renewable natural resources) and recycled PP (polypropylene).

To meet food safety and hygiene requirements, we use virgin fiber for most food packaging involving direct food contact. For specific types of food packaging, such as egg trays, recycled fiber can be used, as eggshells constitute a natural barrier and prevent direct food contact.

For fiber-based packaging where the raw material must be virgin to meet the applicable product safety requirements, we source FSC®, PEFC (PEFC/02-44-55) and SFI® certified materials, ensuring traceability and control over sustainability aspects. We require our suppliers not to source materials that contribute to deforestation of high conservation value areas or interfere with the habitats of endangered species. either directly or indirectly. We require our suppliers to comply with all applicable environmental laws and regulations, including compliance with the applicable rules on the trade in species covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Securing a sustainable supply chain is crucial. Our goal is to source 100% of the wood fiber that we use from recycled or certified sustainable sources by 2030. In 2022, 96% (96%) of our fiber raw materials (excluding recycled fiber) were PEFC, FSC® or SFI® certified, which guarantees that the fiber is traceable to sustainably managed forests. Most Huhtamaki fiber packaging subsidiaries have chain-of-custody certification, which verifies that they have put processes in place to produce certified products and deliver them to our customers and final consumers.

We also use certification to promote the responsible sourcing of aluminum, with more than 70% of the volume of aluminum we purchased in 2022 being ASI (Aluminium Stewardship Initiative) certified. ASI provides its members with a comprehensive standards and assurance platform that can be applied across aluminum supply chains. It is focused specifically on the full aluminum life cycle and the issues that are most material to this sector: climate, circularity, nature-positivity and human rights.

Closing the loop

We see our packaging solutions as one component of the material cycle that will make the circular economy a reality. We use recycled material wherever possible and design products to ensure that the materials can be returned to the economy, either through recycling, composting or reuse. We see used packaging as a valuable secondary resource and want to ensure that materials are kept in circulation for as long as possible. Reflecting this, our aim is to have 100% of our products designed to be recyclable, compostable or re-usable by 2030.

We are committed to increasing the recyclability of our products. Our Design Principles related to material selection focus on the requirements of the end-of-life stage. Other areas of importance are the materials' compatibility with existing local collection, sorting and recycling infrastructures, the availability of collection and sorting information for consumers, and sufficient testing to guarantee the recyclability or compostability of the products. We also acknowledge that focusing only on our part of the value chain is not enough and we are determined to collaborate with upstream and downstream value chain actors to close the material loop.

To ensure products are not only recyclable but also actually recycled, certain conditions must be met in terms of the recycling value chain, legislation and the behaviour of consumers. To achieve this, we promote the transition to a circular economy together with our peers in the packaging industry. We are actively contributing to research and development work around recycling technologies and the recyclability of packaging, the suitability of sorting technologies and resource-efficient recycling technologies that are all required to recirculate materials from the post-consumer stage back into the economy.

Huhtamaki addresses circularity through Think Circle, which is our platform to openly discuss the issues in designing for circularity and move towards finding solutions. By reflecting differing viewpoints from a range of contributors – such as leaders from academia, business, NGOs and other key institutions – we hope to move the circularity dialogue forward and contribute to a common understanding.

Read more about Think Circle on our website: www.huhtamaki.com/think-circle.

The Cup Collective – industrial scale paper cup recycling program in Europe

Huhtamaki and Stora Enso launched a new paper cup recycling initiative, The Cup Collective, in September 2022. Being made up primarily from virgin fiber, paper cups are easily recyclable, but in practice the overwhelming majority of used cups are discarded in general waste, making recycling very difficult. The Cup Collective addresses this challenge by accelerating paper cup recycling across Europe at an industrial scale, aiming to recycle half a billion paper cups in the first two years, while making it easy for consumers and businesses to contribute.

The Cup Collective is focused on reducing the environmental impact of paper cups by creating a transparent, open-loop recycling system that integrates paper cups into the circular economy. This maximizes the opportunity to recycle the cups many more times – for example, from cup to magazine, to cup-carrier, to cardboard – generating added value every step of the way by prolonging the wood fiber's life cycle.

The initiative went live in December thanks to the partnership with McDonalds, SSP (The Food Travel Experts), C2 Centre and the National Railway Company of Belgium (SNCB). The first paper cup collection bins are now installed in restaurants, cafés, office buildings and transport hubs in the Benelux countries, with collection volumes expected to be scaled up in 2023.

THE CUP COLLECTIVE

We engage in initiatives such as industry associations to foster the circularity of packaging. Through our participation in industry associations and organizations such as Europen, Business Europe, RecyClass, 4evergreen and Ceflex, we aim to influence recycling infrastructure development in Europe and contribute to the development of better EU regulation that takes into account the realities of the packaging industry.

In 2021, we started a dedicated working group focusing on advancing the transition to a circular economy. In 2022, this work continued, with various initiatives across different regions to accelerate the recycling of our products. Some examples of the post-consumer waste recycling initiatives launched in 2022 are presented on this and the previous page.

Paper cup recycling pilot in China

In 2022, Huhtamaki launched its first paper cup recycling pilot project in China in collaboration with S-bag, a service provider for recyclable resource management. The aim of the six-month pilot was to collect, sort and recycle post-consumer paper cups in a selected area in Shanghai and provide real life data for evidence-based decisions on developing viable solutions for paper cup recycling.

By better understanding the recycling mechanisms for paper cups across the value chain, we can accelerate resource recycling, which forms an important component of China's plans to transfer to a green, low-carbon and circular economy. So far, the pilot has succeeded to collect approximately 15 tons of paper cups which are recycled into notebooks and other fiber products.

Huhtamaki Foundation recycling plant inaugurated in Khopoli, India

In May 2022, the Huhtamaki Foundation inaugurated its first flexible packaging recycling plant in Khopoli, Maharashtra, to help drive circularity across the value chain. The Huhtamaki Foundation aims to improve global waste and recycling infrastructure by 2030 and has invested INR 90 million in the recycling plant. The plant has the capacity to recycle around 100 kilograms of post-consumer flexible plastic waste per hour, which is then processed to create the resin needed to produce refined compounds used in household products for consumers in India.

The aim of the Huhtamaki Foundation is to reduce our carbon footprint in India while maintaining food safety, by enabling material recovery in a sustainable manner and offering job opportunities for local people. The initiative highlights our commitment to transforming waste into a valuable resource. By fostering innovation, we are actively working towards increased circularity and carbon reduction by making packaging more sustainable and recyclable. Read more about the recycling plant on page 188.

Our quality promise: product safety, always

Designing for circularity offers exciting opportunities to develop new packaging solutions that address the needs of society. When making choices in the product design phase – for example, regarding the choice of materials or the structure of the packaging – there can never be compromise on the safety and quality of the final product that is to be used in food contact. Besides food and drink, there are stringent product safety requirements in other industry sectors, especially in pharmaceuticals.

Food packaging plays a vital role in ensuring the availability of safe, hygienic, and affordable food products. Product safety is non-negotiable and managing food contact safety is at the core of our sustainable packaging solutions for food. We are committed to providing safe, fit-for-purpose and high-quality packaging products for food and drink customers globally. Each Huhtamaki product meets high quality and food safety standards that give our customers and their customers – the consumers – confidence in our products. Our approach to food safety is essential to our overarching product stewardship and covers our entire supply chain. Pro-active communication between all parties in the value chain regarding raw materials, composition and the intended use of the final food packaging is essential when we design our products. Our suppliers are requested to comply with our product safety requirements and provide all the technical documentation needed.

Chemical safety and proactive chemicals management is an essential component of product stewardship and product safety: it encompasses the mechanisms that are in place to minimize the potential impacts from chemicals in our value chain, both in our operations and in the products we deliver.

Protecting food safety through our global Food Contact Packaging Safety Policy

Our foundations for quality and food safety are defined globally and implemented locally, with local legal requirements also being taken into account. The Huhtamaki Global Food Contact Packaging Safety Policy outlines the food safety-related requirements that are included in local quality management systems. This way, the policy brings consistency throughout our value chain and food safety-related measures. We have dedicated product safety teams in place, globally, to provide guidance, training and support to all our sites.

We use a safety by design approach. Raw materials pass controls to qualify for the application and intended use prior to their adoption. In food contact applications, we ensure they are safe for direct food contact. The finished articles are assessed and tested in accordance with legal requirements. Our internal procedures are based on hazard analysis, critical control point (HACCP) assessments and good manufacturing practice (GMP) requirements. On a day-to-day basis, we manufacture and deliver products that meet regulatory requirements and the highest quality and food safety standards globally. The quality standards include ISO 9001, while food safety standards include ISO 22000 and GFSI recognized schemes such as BRCGS. In addition to our internal procedures and controls, we are regularly audited by our customers and their auditing partners on matters related to quality and food contact safety.

During 2022, there were no incidents of food contact non-compliance related to chemical safety or hygiene. No food contact safety or hygiene related fines were paid.

Chemical safety and proactive chemicals management

As per our Group Environmental Policy, we are committed to protecting food, people and the planet. This includes how we manage the use of chemicals. We are committed to protecting the environment and public health, including the restriction and the substitution of potentially hazardous high-impact chemicals globally. We aim to minimize the consumption of chemicals and to reduce the environmental impact of our business, across all our operations and take a precautionary approach in our decision-making. An example of how this policy is put into practice is our Design Principles, which include considerations of chemical risks.

Huhtamaki adopts and implements all relevant regional, national and global chemicals-related laws and regulations including, for example, EU REACH regulation on chemical substances in Europe and GHS classification and labelling of chemicals from the United Nations globally. We also extend these commitments to our supply chain through the Code of Conduct for Huhtamaki Suppliers.

Safe chemicals management is an essential component of our product stewardship approach, and we minimize exposure to any potentially harmful substances. We have well-defined, strict practices in place to control the quality of our end products, and our operations meet the stringent requirements applicable to manufacturing food contact materials. These contribute to chemical safety and proactive chemicals management regarding both the composition of our products and the use of chemicals within our operations. Safe chemicals management is the direct expression of our core value – "care" – as we ensure we do no harm to people within our operations nor via our products. This entails excellence in health and safety, including managing chemical risks throughout our operations.

Although Huhtamaki does not produce chemicals, we address our potential exposure to chemical risks by aligning with proactive safe chemicals management frameworks developed for the chemical industry such as Responsible Care® and Safe and Sustainable by Design by the European Chemical Industry Council. In 2022, we used the Responsible Care® self-assessment tool developed by the European Chemical Industry Council (Cefic) to review our chemical-related management practices. This review helped us to build on our strengths and support our continuous improvement by identifying areas of potential further development.

Our process of identifying emerging materials and chemicals includes the monitoring of potential regulatory developments and engaging with stakeholders in dedicated chemistry-related forums, such as working groups brought together by trade organizations. We follow the developments of the EU Chemical Strategy for Sustainability with an aim to align our processes and products with the requirements of this strategy, with a focus on the zero-pollution ambition.

Huhtamaki applies stringent material selection criteria that complies or goes beyond compliance with customer and application-specific legal requirements. For instance, all the ink systems we use for food applications in Huhtamaki Flexibles packaging in Europe comply with EuPIA Exclusion Policy for Printing Inks and Related Products and the related Swiss Ordinance.

Another example is our Huhtamaki NA business segment, where the Product Stewardship programme is well established. In this segment, we employ green chemistry principles and invest in teams, studies and programs that ensure the highest levels of standards in safety determinations regarding chemistry and compositions, going above and beyond compliance to a standard of responsibility. We have monitoring in place to ensure the output conforms with applicable food contact requirements.

Manufacturing units with certified quality, hygiene and safety management systems in 2022, % of manufacturing units

	ISO 9001	BRCGS or other GFSI recognized mgmt system, AIB or ISO 22000
Group	78%	90%
Foodservice E-A-O	92%	96%
North America	22%	100%
Flexible Packaging	89%	100%
Fiber Packaging	100%	64%

Climate action throughout the value chain

Theme	KPIs	Performance in 2022
Climate	Science-based targets: • 27.5% reduction in absolute Scope 1 and 2 emissions by 2030 from a 2019 base year • 13.5% reduction in absolute Scope 3 emissions from end-of life treatment of sold products within the same timeframe • 70% of our suppliers, by spend, sign up to setting their own science-based targets by 2026	• We achieved a 10.7% reduction in absolute Scope 1 and 2 emissions compared to the base year 2019 • Our absolute Scope 3 emissions from end-of life treatment of sold products increased 0.2% from the base year in 2022 • We are on the trajectory towards our 70% target for 2026 and have made a number of improvements during 2022
	100% renewable electricity	24.9% of total electricity consumed was from renewable sources
	Carbon neutral production	Combined Scope 1 and Scope 2 GHG emissions were 682,000 tCO_2e in 2022

Greenhouse gas (GHG) emissions and combating climate change have been material topics for Huhtamaki for several years, and our updated materiality analysis continues to uphold them as key topics. Huhtamaki's impact on GHG emissions extends throughout the value chain: upstream, our own operations and downstream. Thus, the impacts can be traced to our own operations, as well as to the activities of our business partners. Today, Huhtamaki's own operations account for approximately 20% of our total GHG emissions, while 80% arise from other parts of the value chain. This chapter describes Huhtamaki's commitments, processes, actions and results on managing this impact.

In 2022, we continued to align our reporting about climate-related impacts on our business with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. Our TCFD index is presented in the Non-Financial Review in the Director's report (page 28).

Our climate commitments

Huhtamaki is dedicated to its climate commitments that were first launched in 2020. These are:

- Science-based targets
- 100% renewable electricity
- Carbon neutral production

Huhtamaki's GHG emissions reduction targets were validated and approved by the Science Based Targets initiative (SBTi) in 2021. Having SBTi-approved emissions reduction targets means that they are both comprehensive and aligned with the latest climate science, which highlights the urgency of limiting global warming to well below 2°C. The targets cover our full value chain, meaning emissions resulting from our own operations and the emissions arising from across the value chain. These targets ensure we tackle the main sources of emissions systematically.

We promote the following UN Sustainable Development Goals:

13 CLIMATE ACTION

Information disclosed in this section

GRI standards:
302 Energy
305 Emissions

SASB standards:
GHG emissions (RT-CP-110a.1, RT-CP-110a.2)
Air quality (RT-CP-120a.1)
Energy management (RT-CP-130a.1)

Huhtamaki is also committed to using 100% renewable electricity by 2030 and to reaching carbon neutral production by the same year. These goals focus on our own operations, covering both Scope 1 and Scope 2 emissions.

All three climate goals are aimed at reducing our GHG emissions through different approaches. Working towards reaching all three enables us to have a more comprehensive impact.

Huhtamaki's approach to delivering on climate commitments

To drive ambitious emissions reductions in our own operations, we have devised a group-level energy strategy and set up a dedicated steering committee whose members include the EVP Sustainability and Communications, CFO, EVP Corporate Affairs and Legal, and business segment representatives. The steering committee is the key decision-making forum on large, cross-functional projects such as our virtual power purchase agreements.

Our energy strategy outlines the main levers we work on. The strategy addresses each of the three GHG emissions scopes and is presented on the following page.

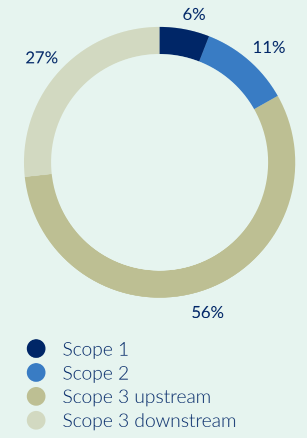
Huhtamaki's GHG Inventory today

Scope 1 – Direct emissions occurring in our own operations as a result of the use of fossil fuels. 90% of our Scope 1 emissions result from the use of natural gas for heating and drying in our manufacturing units.

Scope 2 – Indirect emissions associated with fossil-fuel generated electricity that we purchase for powering our manufacturing processes. Scope 2 emissions are approximately twice as large as our Scope 1 emissions.

Scope 3 – Other indirect emissions – associated with activities upstream and downstream in our value chain – account for 83% of our total GHG inventory. The largest categories and their shares relative to our Scope 3 inventory are: purchased raw materials (57%) and the waste-treatment methods for our products at their end-of-life (30%). The remaining 13% consists of other, various upstream and downstream activities (transportation of goods, employee commute, business travel, etc.)

Huhtamaki's greenhouse gas inventory



Huhtamaki's strategy to deliver on its climate ambitions

Huhtamaki commits to reduce absolute Scope 1 and 2 GHG emissions by 27.5% by 2030 from a 2019 base year. Huhtamaki also commits to reduce absolute Scope 3 GHG emissions from end-of-life treatment of sold products by 13.5% within the same timeframe. Finally, Huhtamaki commits that 70% of its suppliers by spend covering purchased goods and services will have science-based targets by 2026. Huhtamaki has identified the following main levers to reduce its emissions:

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Scope 1

1 Improve energy efficiency

Huhtamaki has high growth ambitions (5% p.a., as outlined in its 2030 strategy), which will make delivering an absolute emissions reduction challenging. Improving energy efficiency thus becomes a critical component of our emissions reduction strategy.

To drive efficiency, Huhtamaki employs a variety of levers, including for example, a consistent focus across all levels of the organization, from management to machine operators, energy treasure hunts, best practice sharing across sites, and targeted investments.

2 Switch to alternative fuels, including biogas

Huhtamaki sees switching to alternative fuels, such as biogas, as one of the key means to decarbonize its manufacturing process.

3 Electrification of systems

Huhtamaki sees the electrification of systems as a good means for decarbonization, providing there is access to renewable electricity.

4 Technology development

A critical component in reducing our Scope 1 emissions is to constantly develop more efficient production methods. The Huhtamaki technology development department is working diligently to dramatically lower the resource consumption of our manufacturing machinery.

Scope 2

1 Improve energy efficiency

Similar to Scope 1 emissions reduction, Huhtamaki aims to improve energy efficiency through a company-wide focus on the topic, as well as energy treasure hunts, best practice sharing, and targeted investments.

2 Switch to renewable electricity

Huhtamaki aims to increase the share of renewable electricity through:

- **Power Purchase Agreements:** Corporate Power Purchase Agreements offer companies an effective way to make progress on renewable electricity commitments, as they provide scale and additionality.* With the VPPA signed in North America and our existing European VPPA, over 80% of our energy usage in Europe and now 30% of our energy usage in North America will be using renewable energy.
- **On-site solar installations:** Huhtamaki sees on-site generation as an important step towards increasing the share of renewable electricity. In 2022, we continued solar installations at our sites.
- **Other means, e.g., creative local solutions:** Where possible, Huhtamaki seeks to incentivize collaboration and participate in local schemes to drive the local development of renewable electricity. For example, since 2022 Huhtamaki participates in a local government program in Maine, USA, where the local utility provider acts as a broker between corporate investors and local producers of renewables. With corporate-backed funding, small-scale producers can obtain the necessary bank loans to build new capacity.
- **Purchase of green electricity from the grid:** Huhtamaki sees the purchase of green electricity from the grid as a complementary measure to achieve our target of 100% renewable electricity consumption.

*Additionality: Whenever possible, Huhtamaki strives to ensure its renewable strategy is linked to additionality – i.e., there being more renewable electricity in the world as a result of the direct involvement of Huhtamaki.

Scope 3

1 Supplier engagement

The majority (60%) of our Scope 3 emissions originate from the goods and services that we purchase from our global suppliers, comprising mainly of pulp and paper companies or polymer film and resin suppliers. To lower these emissions, we are committed to encouraging our suppliers to set science-based targets for their operations.

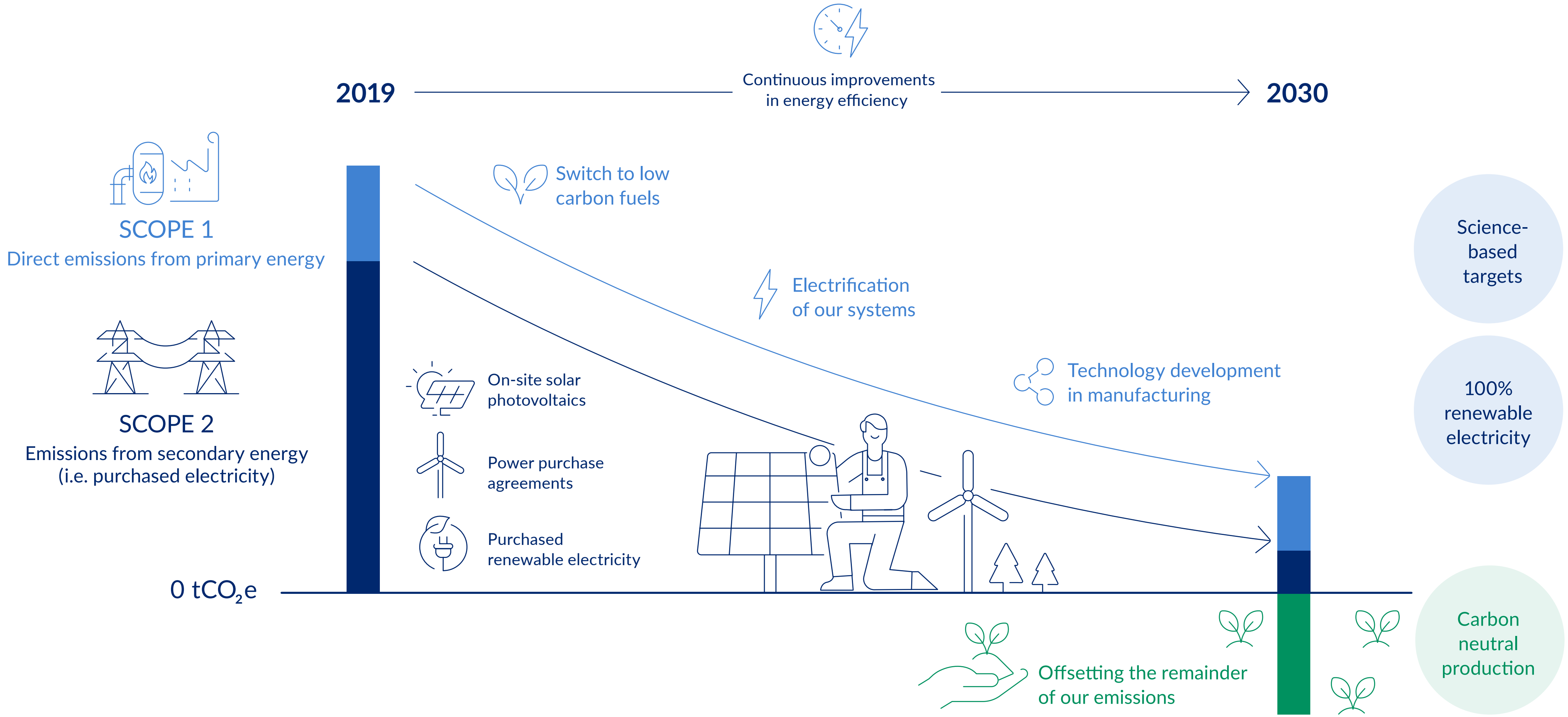
While some of our suppliers are already well-advanced in their climate efforts, many are only now starting. Our role, especially in the beginning, is to educate our suppliers about the importance of climate action. As knowledge levels among our suppliers increase, we can demand more and start considering climate efforts as a key input in our purchasing decisions. Today, our supplier-base is fragmented and widely spread across geographies, so much of this work will be tailored to specific markets and will be implemented locally.

2 Driving systemic change and building efficient recycling systems

Addressing the second largest (30%) component of our Scope 3 emissions, product end-of-life, requires the entire industry, as well as policymakers, to come together. Collectively, we need to identify gaps in the current infrastructure related to circularity – such as waste labelling and collection and end-of-life management – and then introduce policies and mechanisms to bridge these gaps.

We need to encourage and incentivize transformative innovation and incentivize consumers to reuse, repair and recycle all products. Huhtamaki is advocating pro-actively on this policy shift by actively engaging with relevant stakeholders. Read more about our recently launched recycling initiatives on pages 154–155.

Our journey towards carbon neutral production by 2030



Climate strategy in action

In 2022, we took important steps towards putting our climate strategy into action:

Renewable electricity – Huhtamaki's second Virtual Power Purchase Agreement

Huhtamaki signed a 12-year Virtual Power Purchase Agreement (VPPA) with a subsidiary of NextEra Energy Resources, LLC, the world's largest generator of renewable energy from wind and solar. The 42-megawatt agreement for renewable energy covers approximately 30% of the current electricity demands of Huhtamaki's operations in the United States and Mexico. The power plant will start generating renewable electricity in January 2023.

Supplier engagement – climate action throughout the value chain

In 2022, we started implementing our supplier engagement strategy. As a first step, we assessed our global supplier base to identify where our suppliers fall in the following categories:

- **Frontrunner** – suppliers who have ambitious, public climate targets and a track record of transparent reporting on GHG emissions dating back at least 2 years
- **Middle** – Suppliers who have recently started to mention climate efforts publicly, but for whom gaps still remain in their strategy and reporting efforts
- **Laggards** – Suppliers who have limited or no climate targets and communication.

Going forward, our supplier engagement will focus on middle and laggard suppliers. Our objective is to communicate the importance of climate targets to all our suppliers and educate them as they embark on their journey. We are currently in the process of updating our supplier onboarding questionnaire – one of the components used to assess suppliers – to include climate-related information collection.

Product end-of-life: driving industrial scale recycling through The Cup Collective

Huhtamaki and Stora Enso launched The Cup Collective, an open-to-all initiative aimed at driving the collection and recycling of used paper cups.

ⓘ | *Read more about The Cup Collective on page 154.*

Emissions performance

Greenhouse gas (GHG) emissions are one of the main environmental impacts of our manufacturing operations and we aim to reduce them, in line with our science-based targets. Our manufacturing units are governed by applicable environmental permits, which set limits on emissions to air. Our most significant emissions to air are carbon dioxide (CO_2) and to a lesser extent, volatile organic compound (VOC) emissions.

In 2022, the absolute GHG emissions from our own operations (Scope 1 and 2) decreased by 2.4% (16,800 tCO_2e), even though our production volume increased slightly compared to 2021. Hence, our GHG intensity per sellable ton produced decreased by 2% compared to 2021. As a result, we achieved a reduction of 17,000 metric tons CO_2e in our GHG emissions when adjusted for the change in production volume in 2022. This development is in line with our GHG emissions reduction targets and was achieved thanks to the increased share of renewable electricity in our operations, resulting in a 81,800 tCO_2e (11%) overall reduction from the 2019 base year level. The calculation of emissions intensity and reduction covers Scope 1 and 2 emissions.

Our absolute Scope 1 emissions increased by 6% compared to 2021, due to an increase in our energy consumption. Scope 1 emissions cover methane (CH_4), nitrous oxide (N2O), biogenic CH_4, and biogenic N2O besides fossil CO_2. 24% of our Scope 1 emissions are covered by EU ETS. Our biogenic CO_2 emissions were 2,100 metric tons CO_2 in 2022.

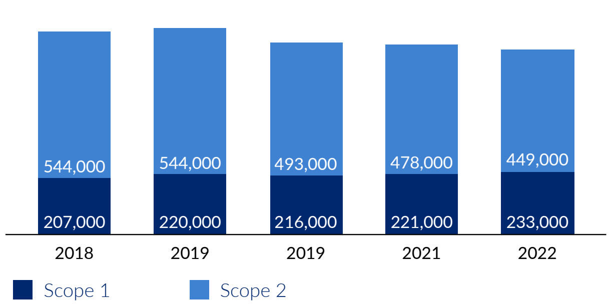
Our absolute market-based Scope 2 emissions decreased by 6% compared to 2021 because of the significant increase in the share of certified renewable electricity used in our operations. 66% of the total greenhouse gas emissions generated by our operations originate from purchased electricity. Indirect CO_2e emissions are highly dependent on the mix of energy sources available in the national energy grids of our operating countries. We calculate our Scope 2 emissions using both market-based and the location-based methods, the former in our target setting. The market-based calculation uses both supplier-specific emission factors and factors from emission factor libraries. The location-based calculation method takes into consideration the national average mix of energy sources available in the countries we operate in. When using the location-based calculation method, our Scope 2 emissions were 493,000 metric tons CO_2e and total emissions 727,000 metric tons CO_2e in 2022. In 2020 and 2021 our location-based Scope 2 emissions were 469,000 metric tons CO_2e and 476,000 metric tons CO_2e respectively.

Most of our Scope 3 emissions originate both from the extraction and processing of the materials that we purchase and from the end-of-life treatment of our sold products, meaning the waste-treatment method used after the disposal of the product. In 2022, our absolute Scope 3 GHG emissions increased by 3%, mainly due to the 6% increase in our material purchases when compared to 2021. The emissions related to purchased materials increased 5%. The amount of business travel recovered nearly to pre-covid levels, increasing the related air travel emissions notably. The rest of the increase in the Scope 3 emissions was due to the higher waste amount generated and increased energy consumption compared to 2021. Due to the indirect nature of Scope 3 emissions and the variety of the emissions sources, our calculations include both simplifications and estimations in several categories. As we proceed with our Scope 3 emissions reduction roadmap, we will continue to improve the accuracy of our calculations. We report our detailed Scope 3 emissions inventory annually in our response to the Carbon Disclosure Project's (CDP) Climate Change questionnaire.

In addition to monitoring greenhouse gas emissions, we are committed to monitoring non-GHG air emissions such as Volatile Organic Compound (VOC) emissions. In 2022, our VOC emissions totaled 4,600 tons (6,700). The primary source of VOC emissions is the use of solvent-based printing inks in our manufacturing units. We use both recovery and combustion for VOC abatement. Today, we have 3 solvent recovery units in place. As reducing our overall solvent use is a key

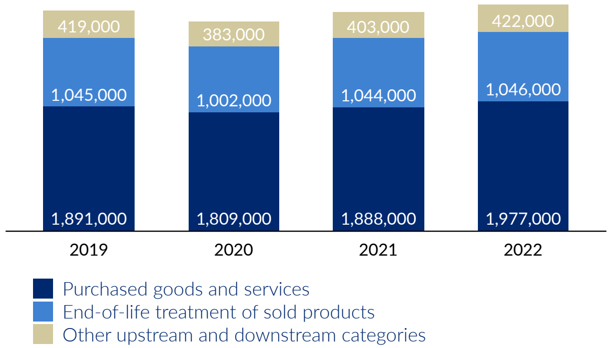
Greenhouse gas emissions, Scope 1 and Scope 2

metric tons CO_2e



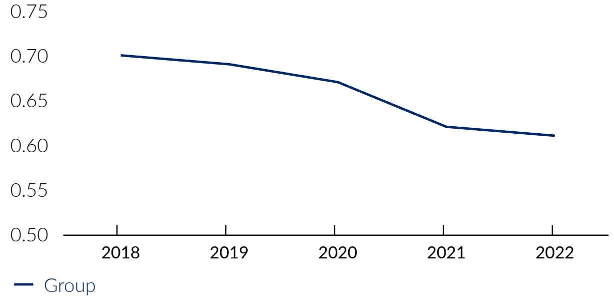
Greenhouse gas emissions, Scope 3

metric tons CO_2e



Greenhouse gas emissions intensity

metric tons CO_2e/Sellable ton produced



environmental objective for us, in 2022 we decided to add it as one of the sustainability objectives to follow. The KPI will be included into the revised Global Sustainability Index, which will be rolled out in 2023. The solvent recovery system enables recycling and the reuse of the solvents used in printing inks. We also use water- and oil-based printing inks that are solvent-free and do not result in VOC emissions, but they do, however, require more energy for evaporation. In 2022, 14% (14%) of printing inks used in Huhtamaki were water- or oil-based or UV/EB curable inks.

Energy consumption

At Huhtamaki, we use primary energy such as natural gas, mainly in the drying process of our recycled fiber-based packaging manufacturing. The main source of secondary energy is purchased electricity, which accounts for 52% of our total energy consumption.

In 2022, our total energy consumption was 2,348 GWh (2,244 GWh), increasing by 5% compared to 2021. Consumption of primary energy was 1,132 GWh (1,063 GWh) and consumption of secondary energy was 1,216 GWh (1,181 GWh). The increase in energy consumption was attributable to the increase in production volume. In 2022, nearly 70% of our primary energy consumption was used for the generation of heat, about 20% for the generation of steam, and the rest for generation of electricity or cogeneration. 0.5% of the secondary energy consumed was self-generated using solar panels, and 99.5% of the total electricity consumed was grid electricity.

In order to be resource efficient, it is essential to increase energy efficiency and reduce the energy intensity of our processes. Our Operational Excellence teams across our manufacturing units are working on this continuously for the benefit of both our business and the environment. Energy efficiency improvement is one of the levers we use to reduce the greenhouse gas emissions of our operations in accordance with our 2030 sustainability ambition. In 2022, energy consumption per sellable ton produced (STP) was 2.10 MWh/STP (2.01), which translates into a 4% increase compared to the previous year. This was partly due to recent acquisitions and the time required for implementation of energy efficiency projects. This figure includes all forms of energy used within Huhtamaki.

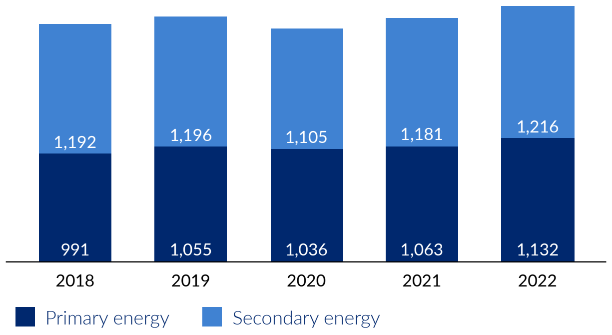
To reach carbon neutrality by 2030, we will continue to focus on increasing the share of renewable energy in our operations, alongside improving our energy efficiency. In 2022, we continued to increase the share of renewable electricity in our operations, both by installing solar panels at our manufacturing units and purchasing certified renewable electricity. In 2022, the share of certified renewable electricity increased to 20% (13%). We also started to utilize bio-briquettes at one of our manufacturing units.

Energy consumption, GWh and %

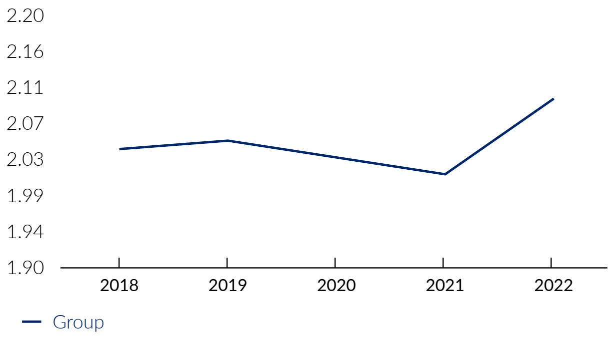
		2022		2021		2020	
Primary energy consumption	Gas	1,071	46%	993	44%	971	45%
	Oil	55	2%	69	3%	66	3%
	Renewable fuels	6	0%	0	0%	0	0%
Secondary energy consumption	Electricity	1,211	52%	1,175	52%	1,094	51%
	Share of certified renewable electricity[1]	244	20%	151	13%	42	4%
	Share of renewable electricity	301	25%	212	18%	42	4%
	Other secondary energy[2]	5	0%	6	0%	12	1%
Total energy consumption		**2,348**	**100%**	**2,244**	**100%**	**2,142**	**100%**

[1] 2021 includes purchased electricity pertaining to the Renewable Portfolio Standards (RPS) in the US
[2] Heating, cooling and steam combined due to small consumption. No energy sold. Units report energy consumption in a specific management system.

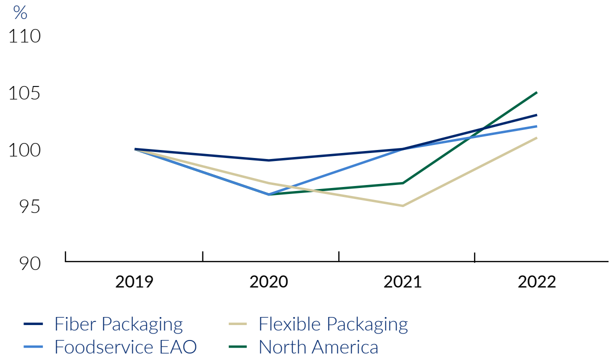
Total energy consumption
GWh



Energy intensity
MWh/Sellable ton produced



Indexed energy intensity
Percentage of 2019 level



Taking care of our environment

Theme	KPIs	Performance in 2022
Water	Water management plans in place at all our sites by the end of 2022	100% of eligible sites* now have a water management plan
		New Water Stewardship goals developed in 2022 and these include: • Goal 1 – Improve water monitoring and measurement capability • Goal 2 – Reduce water intensity in our operations • Goal 3 – Explore watershed projects for high water stressed areas Going forward, we will start reporting on our progress against these goals
Waste	More than 90% of the non-hazardous waste from our production will be either recycled or composted by 2030	75.2% of non-hazardous waste was recycled or composted
	No waste is sent to landfill by 2030	12.4% of total waste was sent to landfill

*Eligible sites excludes our site in the Ukraine (due to the Russian invasion) and two sites (South Bend in the US and Leeuwaarden in the Netherlands) where production and reporting capacity will be ramped up during 2023. Water management plans will be developed for these sites when relevant.

In addition to greenhouse gas (GHG) emissions, the main environmental impacts of our manufacturing operations arise from production waste and water usage. The respective importance of each impact differs from one technology to another. Typically, water usage is material to our molded fiber manufacturing operations, while energy consumption is relatively more important for our sites converting semi-finished material into finished packaging.

With regards to our business relationships, the main impact, in addition to GHG emissions, are ones associated with our raw materials, in particular impacts on biodiversity and ecosystems (upstream) and inappropriate disposal of used products by consumers (downstream). As a result, choices of raw materials and actions to close the loop are of utmost importance to mitigate our environmental impacts.

From a life cycle perspective, our packaging solutions also have quantifiable, positive environmental impacts. Our food packaging solutions contribute to the prevention of food waste, thereby reducing the overall impact on the environment since food production is the largest contributor to emissions (80%) in the food system. A new, peer-reviewed study undertaken by independent engineering firm Ramboll in 2022 identified significant benefits when comparing single-use paper-based cups with their reusable counterparts for most impact categories, including climate change, freshwater consumption and resource depletion.

ⓘ | *Read more about the Ramboll study on page 146.*

We promote the following UN Sustainable Development Goals:

Information disclosed in this section

GRI standards:
303 Water and effluents
304 Biodiversity
306 Waste

SASB standards:
Water management (RT-CP-140a.1, RT-CP-140a.2 and RT-CP-140a.3)
Waste management (RT-CP-150a.1)

Continuously improving our environmental performance

Driven by our ambitious targets, our manufacturing units continuously work to improve their resource efficiency. This is supported by a strong environmental and financial rationale. Huhtamaki's operating principles regarding the environment are set out in the Huhtamaki Group Environmental Policy, the Huhtamaki Code of Conduct and the Code of Conduct for Huhtamaki Suppliers. The Environmental Policy was updated in 2022 and covers the topics of climate and energy, water and effluent, sustainable forestry and biodiversity, waste, design for circularity and chemicals.

At the manufacturing unit level, efforts to achieve environmental objectives and targets are supported by Total Productive Manufacturing (TPM) practices and environmental management systems (EMS). In 2022, 53 (53) manufacturing units, representing 66% (66%) of all manufacturing units in the Group had a certified EMS in place: compliant with either the ISO 14001 standard, the European Eco-Management and Audit Scheme (EMAS), or with the internal Environmental Care Program in Huhtamaki North America.

In 2022, we took important actions to advance our environmental performance, in line with the commitments set out in our sustainability strategy and the Huhtamaki Group Environmental Policy. In addition to our progress in the mitigation of our climate impacts, we also made progress towards addressing environmental aspects that are material throughout the life cycle of our products. For example, we built comprehensive and solid foundations for better water management, diverted more waste from landfill, and have had demonstrable success in closing the loop through various recycling initiatives. We also developed our product stewardship approach, including chemicals management, and are increasingly prepared to address biodiversity.

Read more about product stewardship and circularity on pages 148–156.

Closing the loop by circulating printed scrap back to production

In 2022, we initiated a project to install our first deinking technology machine in our flexible packaging unit in Istanbul, Turkey. The machine will have the capacity to process 500 kg/h of printed post-industrial plastic waste into a new raw material with similar characteristics as raw plastic. With this deinking machine we can circulate 35–40% of the total printed plastic scrap generated in the production processes back to the process. This material is additional to the white and transparent plastic scraps that are already circulated back. We are also studying opportunities to expand the deinking technology to our other sites.

Ensuring responsible water management

As stated by the United Nations, water use has been growing globally at more than twice the rate of the population increase over the past century, and an increasing number of places are reaching the limit at which water services can be sustainably delivered, especially those in arid regions. At Huhtamaki, we care for water as a valuable natural resource, indispensable for food, people and the planet. Acknowledging the human right to water and sanitation, we strive to mitigate our impact on water resources.

Our water footprint

In most of the geographies we operate in, water resources do not face any significant stress but we do face some challenges with regards to water quantity and quality risks in certain geographies. However, we acknowledge that water scarcity is a global challenge and that, as an advanced manufacturer of sustainable packaging solutions, we need to address this.

Most of the water usage in our direct operations happens in our rough and smooth molded fiber manufacturing units, where water plays a key role in pulping recycled or virgin fiber. For other manufacturing technologies and in our fiber supply plants, water is mostly used for sanitation and hygiene purposes (e.g., canteens, toilets, showers), for rinsing production equipment and for the cooling and cleaning of the facilities. As Huhtamaki does not use seawater, we consider the water we use to be of freshwater quality (≤1,000 mg/l total dissolved solids).

In the value chain of our fiber-based packaging, pressure on water occurs mainly at pulp mills, both through water use and subsequent discharge to water. As for our flexible packaging, water is an important environmental aspect in the very early stages of the value chain, during the mining and refining of aluminum.

In 2022, our freshwater intake increased to 9.1 million m^3 (8.7 million m^3). The 5% increase was due to a 5% increase in our water withdrawal intensity, i.e. water withdrawn per sellable ton produced. Our water consumption was 1.1 million m^3 (1.1 million m^3). Our relative water consumption, meaning water consumed in relation to the production volume, decreased by 6%. The improvement was due to continuous improvement projects.

The most water-intensive business at Huhtamaki is the manufacturing of molded fiber packaging. Due to the relatively water-intensive nature of these operations, we have efficient water re-circulation systems in place at these manufacturing units. Process water is purified by our own or by municipal treatment plants before being discharged, hence the impact of our operations on the downstream water quality is negligible or very limited. Other non-process water is safely released to the sewage network where possible, otherwise the discharge is commissioned to authorized suppliers at those sites where a sewage network is not available. The total volume of water discharged was 8.1 million m^3 (7.6 million m^3) in 2022.

Two water related incidents were identified in the Group in 2022. One of the incidents was related to a substance exceeding the water quality permit on several measurements at one of the divested manufacturing locations. During 2022, the root cause of the problem was established and corrective action plans were made. The other incident was a one-time exceedance of suspended solids content in discharge water due to a temporarily lower amount of water in the waste water treatment plant (WWTP) than normal. This was solved during 2022 by connecting the area to the site's central WWTP.

13% (11%) of the Group's water withdrawal and 25% (23%) of the Group's water consumption occurred within a water stressed area. The water stress level was determined with the use of the WRI's Aqueduct Water Risk Atlas for all manufacturing units and fiber supply plants in September 2022.

Our approach to water-related risks

Huhtamaki's risk management process is based on the Enterprise Risk Management framework of COSO. Water-related risks are included in the risk review process, which is conducted in parallel to the strategic planning process. We use the widely-recognized Aqueduct Water Risk Atlas provided by the World Resource Institute (WRI) to determine some of the water-related risks of our manufacturing units and fiber supply plants. This enables us to determine whether our sites are located in areas with water stress. In addition to the physical risks related to the quantity of water, the WRI's Aqueduct Water Risk Atlas assesses the physical risks related to water quality, and the related regulatory and reputational risk level. We use these assessment results in combination with the information obtained with the water usage and discharge data to assess the water-related risks thoroughly.

We conduct water risk mapping annually. In 2022, we extended the scope to our fiber supply plants and our new manufacturing plants and ensured that our risk assessment was up to date. We concluded that, during 2022, 26 (23) of our operating locations were in areas classified as water-stressed*. In the 2022 risk assessment, three sites categorized as water stress sites in 2021 were moved to the low/medium baseline water risk category and six sites were added to the water stress sites. Sites located in areas with an "extremely high" baseline water stress have a low to moderate water usage and are located in India, Mexico, Saudi Arabia, South Africa, Turkey and the US, while sites located in a "high" baseline water stress area are located in Australia, China, Egypt, France, Thailand, the United Arab Emirates and the USA.

Water is a key aspect addressed by our environmental policy. The policy states our commitment to align our practices with water stewardship and the principles of circular water management: reducing

Water withdrawal, discharge and consumption, million m^3 and % of total

	2022		2021		2020	
Huhtamaki Group - total water withdrawal	**9.1**	**100%**	**8.7**	**100%**	**8.7**	**100%**
Surface water withdrawal	4.0	44%	4.1[3]	41%	4.2	49%
Groundwater withdrawal	1.1	12%	1.2	14%	1.2	14%
Third-party water withdrawal	4.0	44%	3.4	39%	3.2	37%
Produced water[1] withdrawal	0.0	0%	0.0[3]	6%	0.0	0.1%
Huhtamaki Group - total water discharge	**8.1**	**100%**	**7.6**	**100%**	**7.5**	**100%**
Discharge to surface water	2.2	27%	2.3	30%	2.1	28%
Discharge to groundwater	0.4	5%	0.8	10%	0.6	8%
Discharge to third-party water	5.5	68%	4.6	60%	4.8	64%
Huhtamaki Group - total water consumption[2]	**1.1**	**100%**	**1.1**	**100%**	**1.2**	**100%**
Total water withdrawal in water stress areas	**1.2**	**100%**	**1.0**	**100%**	**0.4**	**100%**
Surface water withdrawal	0.5	45%	0.5	57%	0.0	0.2%
Groundwater withdrawal	0.2	13%	0.1	14%	0.1	20%
Third-party water withdrawal	0.5	42%	0.3	30%	0.3	80%
Produced water[1] withdrawal	0.0	0%	0.0	0.2%	0	0%
Total water discharge in water stress areas	**0.9**	**NA**	**0.7**	**NA**	**NA**	**NA**
Total water consumption[2] in water stress areas	**0.3**	**NA**	**0.3**	**NA**	**NA**	**NA**

[1] Water that enters Huhtamaki operations as a result of any raw material use.
[2] Water consumption = total water withdrawal - total water discharge.
[3] 2021 produced water and surface water restated due to miscategorized water withdrawal data at one site in 2021.

*An area is considered "water-stressed" when the ratio of total water withdrawals to available renewable surface and groundwater supplies is high or extremely high.

Water tanks for rain water collection at our site in Tultitlan, Mexico.

Taking action to reduce impacts on water

We have taken action with an immediate positive impact on water usage, such as in our Tultitlan (Mexico) facility, where rainwater is now collected during the rainy season in late spring, offsetting municipal water usage. In our Sacramento site (California, USA), important reductions in the use of freshwater (13% by volume) were achieved thanks to the installation of flow-limiting devices at points of freshwater usage that were not controlled earlier. This lowered the quantity of water discharged from the site.

water losses by boosting water efficiency, reusing water that needs minimal or no treatment, recycling water, restoring water by returning it to source at the same or better quality, and recovering resources from wastewater. Our commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace is included in our global Working Conditions Requirements.

Water management plans as the foundation for new water intensity targets

The foundation of our water stewardship lies in the comprehensive implementation of site-specific water management plans (WMPs) for all our sites. A water management plan is a site-owned management system which is documented and maintained continuously. When initiating the plan, each site conducts a water-related risk and opportunity assessment, using a method harmonised at the corporate level. Based on the results obtained, objectives and targets are set and the necessary performance indicators and control and monitoring metrics that facilitate the follow-up and identification of improvement areas are put in place.

The global sustainability function has been driving this strategic initiative, acting as a catalyst and a champion for the initiative and ensuring harmonised practices across all sites, while supporting local stakeholders. All of the WMPs were validated by the end of summer 2022.

Since then, we have begun setting corporate water goals and targets. We started off with a thorough analysis of our existing interaction with water, our water-related risks and the governance of these risks, taking into account the water usage profile of each site. Internal stakeholders actively participated in the goal-setting process, which was led by the group sustainability function. We extended this scope to our fiber supply plants and the KPI for water intensity is now included in our Global Sustainability Index.

The new water-related goals developed in 2022 include improving water monitoring and measurement capability, reducing water intensity in our operations and exploring watershed projects for high water stressed areas. The development of more detailed water targets related to these goals will continue in 2023.

Waste prevention, minimization and recycling in our operations

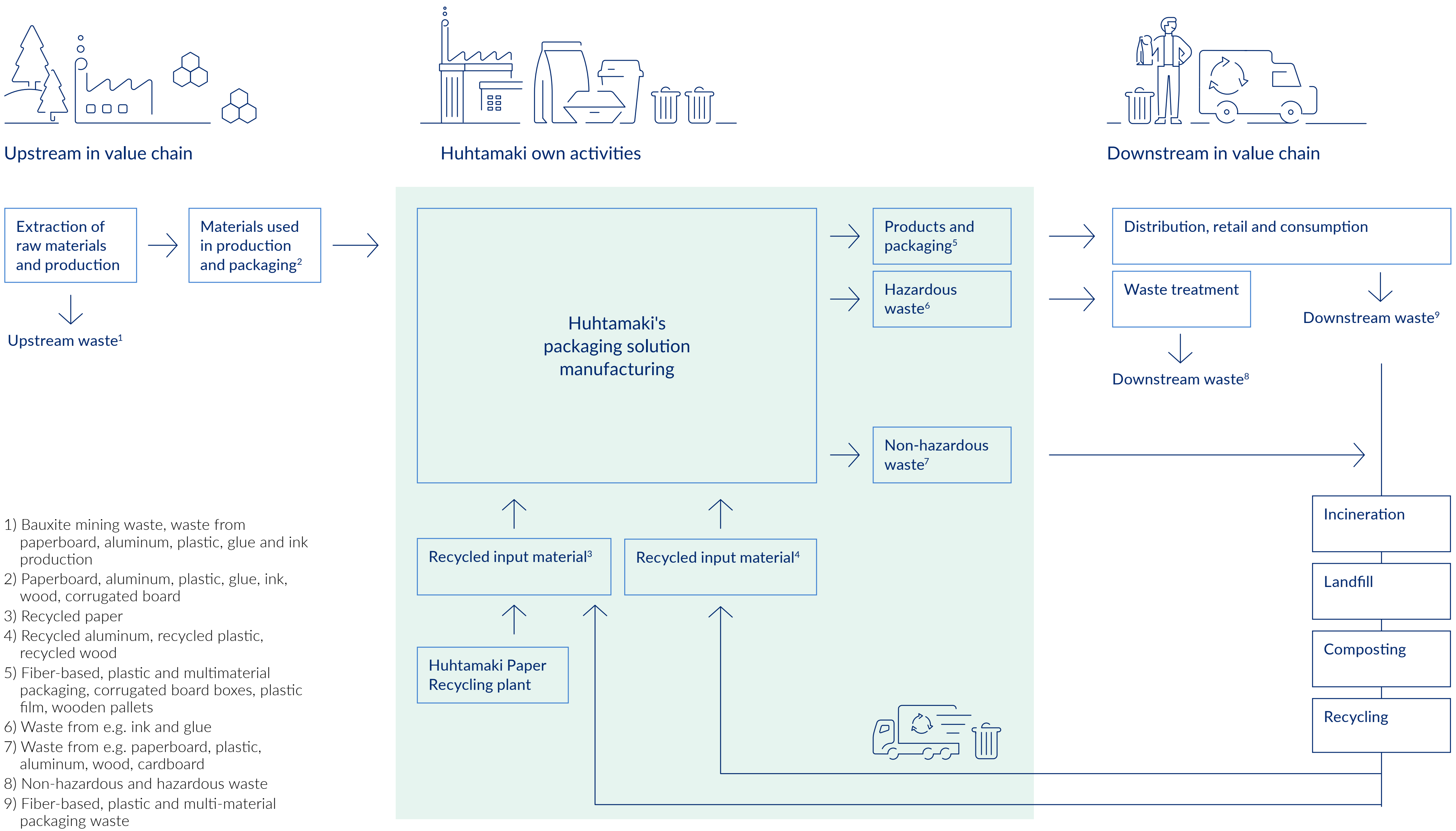
In our value chain, waste generation occurs upstream, in our direct operations, in the operations of our customers who pack their products, and at the post-consumer, end-of-life stage. The generation of waste along our value chain and the type of waste generated is described in the chart on the next page.

The most significant waste-related environmental impacts are both positive and negative. On the one hand, most of our single-use packaging solutions are designed to be compostable or recyclable; they also contribute to preventing food waste and the associated environmental impacts. We also divert waste from disposal, as our rough molded fiber packaging solutions are made from recycled materials. On the other hand, both hazardous and non-hazardous waste are generated in our manufacturing units.

The most significant waste streams in our processes are off-cuts of production lines in the paperboard packaging manufacturing process, materials rejected during the pulping process, and plastic waste. Cutting waste from our paperboard packaging manufacturing is either recycled as raw material for fiber packaging within our own operations or recycled externally. Each site selects the best available disposal method for the waste it generates, based on the available infrastructure and the type of waste.

Despite our best efforts, the total waste volume from our direct operations increased by 15% in 2022, mainly because improvement projects at our recently acquired sites are yet to be implemented. The volume of hazardous waste represented 5% (4%) of the total waste. Hazardous waste was treated locally by dedicated hazardous waste handlers, in line with local regulatory requirements. The recycling rate of total waste increased to 75% (72%) and the share of total waste disposed at landfill decreased to 12% (18%). Huhtamaki is committed to continue to identify and develop recycling solutions for non-hazardous production waste to adhere to the goals it has set itself.

Waste streams in the packaging value chain



1) Bauxite mining waste, waste from paperboard, aluminum, plastic, glue and ink production
2) Paperboard, aluminum, plastic, glue, ink, wood, corrugated board
3) Recycled paper
4) Recycled aluminum, recycled plastic, recycled wood
5) Fiber-based, plastic and multimaterial packaging, corrugated board boxes, plastic film, wooden pallets
6) Waste from e.g. ink and glue
7) Waste from e.g. paperboard, plastic, aluminum, wood, cardboard
8) Non-hazardous and hazardous waste
9) Fiber-based, plastic and multi-material packaging waste

Waste by type and disposal method, metric tons

		2022	2021	2020	2019	2018
Non-hazardous waste	Recycling (external)	119,900	109,300	96,600	103,900	136,900
	Recycling (internal: within another Huhtamaki site)	46,700	31,900	31,100	36,500	19,800
	Reuse	1,300	500	1,200	100	200
	Energy recovery	26,300	18,700	17,800	13,100	12,500
	Incineration without energy recovery	200	600	600	100	400
	Landfill	28,900	35,200	36,100	36,800	20,300
Hazardous waste	Recycling (external)	6,100	4,700	4,700	5,100	4,400
	Recycling (internal: within another Huhtamaki site)	2,400	500	0	0	0
	Reuse	100	300	0	0	100
	Energy recovery	1,300	1,000	1,000	1,200	1,100
	Incineration without energy recovery	1,500	1,100	1,400	800	500
	Landfill	300	1,600	1,200	1,000	1,200
Total		**235,200**	**205,300**	**191,700**	**198,600**	**197,400**
Total waste diverted from disposal		176,500	147,100	133,800	145,500	161,400
Total waste directed to disposal		58,700	58,200	58,000	53,000	36,000
Hazardous waste (% of total)		5%	4%	4%	4%	4%
Recycling rate (%)		75	72	70	73	82
Recycling rate of non-hazardous waste (%)		75	72	70	74	83
Recycling rate of hazardous waste (%)		73	59	57	62	63

Our life cycle approach to minimizing waste impacts

To address the impact of waste, we design our products for circularity, prevent and mitigate waste in our direct operations, reduce the use of natural resources across the value chain and take concrete actions to divert waste from disposal, both within our operations and concerning post-consumer waste. Waste prevention is an area where we are partnering with stakeholders across our value chain.

Read more about Huhtamaki Principles for Circular Product Design and examples of innovative packaging solutions on pages 150–151.

In our direct operations, the generation of waste is one of the key environmental aspects covered by the environmental management systems (EMSs) in place. The site-level EMSs ensure continuous improvement is achieved systematically.

Even though the total waste volume increased in 2022, several of our sites made significant improvements in waste management, contributing to a higher share of waste being recycled and lower amount of waste that was sent to landfill. These are some of the key highlights:

- At our Marion facility in the USA, we achieved the ambitious target of zero waste to landfill, thanks to a dedicated, locally led project
- At our Okrisky site in the Czech Republic, we achieved excellent results in terms of waste management in 2022 through awareness raising, education, and the implementation of systematic waste sorting
- Our Gosport site in the UK vastly improved their waste management, with general waste tonnage reduced by 40%, through better sorting and separation
- Our CupPrint site in Ennis in Ireland conducted a six-month waste reduction project, managing to reduce waste generated by 21%. Additionally, through better sorting and segregation they were able to improve waste quality, allowing for more material to be recycled
- The Fiber Foodservice segment has committed to a multi-year project to process its own waste streams onsite (prior to onward recycling). This not only saves costs, but significantly reduces the carbon footprint, as less transport is required. With direct control over waste, the focus on waste creation is enhanced. Several sites have already installed waste processing equipment with plans for other sites to do so over the coming years.

Gosport site succeeds to reach zero waste to landfill

In 2022, our Gosport site in the UK improved waste management vastly: the general waste tonnage was reduced by 40% through better sorting and separation and the improvements saved more than EUR 100,000 on waste costs compared with 2021. The site achieved a 10% increase in recovery of manufacture scrap, introduced new separation for office and canteen wastes and reduced the share of non-hazardous waste sent to landfill from 28% in January 2022 to 0% in November 2022.

The project involved training all employees across the different shifts, making it simple and easy for all to start using the new waste management system. Some of the highlights of the journey are the culture shift in people's attitudes towards waste management, the new ways of working and best practices, and even the greater awareness among the employees of the wider stories linked to sustainability.

In addition to preventing waste generation within our own operations, we are committed to taking actions to increase the recycling of post-consumer waste. In late 2020, we launched the Global Recycling Working Group, which is our internal expert pool to systematically screen our operating environment, including our own activities as well as the upstream and downstream value chain, to better identify and implement the most impactful actions to accelerate our product recovery rates. The members of the Global Recycling Working Group represent all our business segments and key functions, fostering information sharing and cross-collaboration across segments to make sure we make impact where it matters. We are committed to be a part of the solution when it comes to packaging recycling and believe that value chain collaboration is key to success. In 2022, we launched recycling initiatives both in Europe and Asia, focusing on improving fiber circularity. Read more about these initiatives on pages 154–155.

Whilst incorrect disposal of waste is the phase furthest from our direct control, we are fully committed to addressing the related environmental impacts. In 2022, we took action to collect post-consumer waste in e.g. India and the Philippines. In May, the Huhtamaki Foundation – a charitable trust set up by Huhtamaki – set up its first recycling plant in Khopoli, India. It contributes to physically diverting waste from disposal in the area with a capacity of 100 kilogrammes of post-consumer flexible packaging waste per hour. We also took action to combat marine pollution. For instance, Huhtamaki Philippines participated in a coastal clean-up in cooperation with the community of Sitio Aroma Butong, Taal, Batangas in May 2022.

"In addition to preventing waste generation within our own operations, we are committed to taking actions to increase the recycling of post-consumer waste."

Protecting biodiversity and ecosystems

We are committed to protecting the world's biodiversity and have started to assess our nature-related dependencies and impacts. Not only do we rely on natural resources entering our value chain, but we also benefit from the services provided by the ecosystems and are exposed to nature-related risks. As part of the value chain, we can play a role in helping to maintain healthy ecosystems which generate oxygen, supply food and resources, provide wildlife habitats and ensure pollination. We agree that the loss of nature is a long-term threat to economic sustainability. Biodiversity is essential to the resilience of nature. It is part of the natural capital, and it is affected by human activities, such as exploitation of forest, land use changes, agriculture and manufacturing and will work with others to play our part in addressing this going forward.

According to the World Economic Forum Global Risks Perception Survey 2021–2022, biodiversity loss is identified to be among the three most severe global risks over the next decade. The other two most severe risks identified are climate action failure and extreme weather. Global key concerns related to the state of nature are interlinked: climate change is one of the main drivers of biodiversity loss. Pollution, land use change and the direct exploitation of organisms also contribute to nature loss. Therefore, our commitments and actions taken to mitigate climate change, pollution and our impacts on water contribute to addressing biodiversity loss too.

Main potential impacts on biodiversity

When converting raw materials into packaging solutions, Huhtamaki is directly accountable for a relatively small share of the overall impact on biodiversity in the value chain. Based on information available from publicly recognized databases, we can describe qualitatively the potential main impacts of each phase of the life cycle of our products: Huhtamaki's manufacturing operations may have impacts on freshwater through the use of water, particularly for the rough molded fiber production sites, and – to a smaller extent – in sites converting paperboard, manufacturing flexible packaging or labels. Potential impacts on terrestrial ecosystems occur mainly in the exceptional cases where we build a new production site on land that was not already used for equivalent purposes, as this would require a change of land use. There are no major potential impacts on marine ecosystems from our direct operations under normal conditions. See also the Waste section of this report on pages 167–170 for additional information on the waste generated by our direct operations.

Our most material potential impacts on biodiversity take place in our supply chain. These impacts arise in the paper and forest industry, as well as the plastic and metal manufacturing industries. Additionally, there are potential impacts on biodiversity due to the global warming potential associated with the production of the energy that we use and transportation throughout our products' life cycle. The natural resources used in our packaging solutions originate mostly from forests but also, in smaller quantities, from crude oil and metallic ores, with one key raw material being aluminum.

Forests provide the materials used in our fiber-based packaging solutions. The main impacts typically identified by the forest and paper industry are habitat degradation, the conversion of terrestrial ecosystems, hydrologic impact, and the impact on water quality for freshwater ecosystems.

Determining the dependencies on ecosystem services and impact drivers of materials

We use the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool developed by the Natural Capital Financial Alliance, in partnership with UNEP-WCMC, to determine the potential dependencies on ecosystem services and the potential contribution to the impact drivers of paper packaging production and the primary raw materials that we use. Paper packaging production potentially contributes to three impact drivers: water use, soil and water pollutants. The materiality rating for water use is "very high" and for soil and water pollutants it is "high". In addition, non-GHG air pollutants are listed as an impact driver with a medium materiality rating, as pulp mills contribute to air, water and land pollution.

Respectively, if we go up the value chain and apply the same tool to forest products, the following impact drivers with a high materiality rating are listed: terrestrial ecosystem use, GHG emissions and water and soil pollutants.

For aluminum, the following impact drivers are listed in the ENCORE tool: water use ("very high" materiality rating for alumina refining and mining), terrestrial ecosystem use ("very high" materiality rating for mining). The following impact drivers potentially have a "high" materiality rating for either mining, alumina refining or both: freshwater ecosystem use, GHG emissions, non-GHG air pollutants, water pollutants, soil pollutants, solid waste and disturbances.

Downstream, our food packaging solutions bring about benefits through their contribution to avoiding food waste and the corresponding avoided impacts on biodiversity from food production. At the post-consumer stage, end-of-life treatment has an impact on biodiversity through various climate impacts. Potential negative impacts on marine ecosystems may occur if products are not disposed of properly.

Addressing biodiversity

Huhtamaki is committed to no deforestation and to the protection of biodiversity throughout its value chain. Our commitments regarding the protection of biodiversity are stated in our Group Environmental Policy and reflected in the Code of Conduct for Suppliers. As described earlier, we also protect biodiversity through our efforts to mitigate climate change and responsible water management.

We aim to have 100% of our fiber from recycled or certified sources by 2030. We promote sustainable forestry by sourcing virgin fiber from certified forests (FSC®, PEFC or SFI®).

ⓘ | *Read more about our certified fiber sourcing practices on page 154.*

By requiring suppliers to respect our Code of Conduct for Suppliers we avoid direct and indirect contribution to deforestation of high conservation value areas and interference with the habitats of endangered species. The Code also requires suppliers to comply with applicable laws – including those relevant to biodiversity – and to make every effort to reduce their environmental impact and safeguard natural resources. We require our suppliers to comply with all applicable environmental laws and regulations, including compliance with applicable rules on the trade in species covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Our continued commitment to the TNFD

In 2021, we joined the Taskforce on Nature-related Financial Disclosures (TNFD), which aims to provide organizations with a framework for evaluating, mitigating, and disclosing their nature-related risks and opportunities. The TNFD is a joint initiative by Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI) and the World Wildlife Fund (WWF). Joining TNFD helps us to deepen our understanding on how our activities impact nature, and to explore potential ways to measure and address our nature-related risks and opportunities.

Deepening our understanding of our impact on biodiversity

To better understand the impacts on biodiversity throughout our supply chain, we updated our materiality assessment to cover biodiversity impacts in October 2022. This confirmed that biodiversity is material in our supply chain. Therefore, we collected information on the impacts on biodiversity that rise from the supply of our main raw materials: forest-based products, plastic and aluminum.

Mapping our biodiversity impacts

We conducted two biodiversity studies in 2022. The first study consisted of mapping our manufacturing sites and fiber supply plants to determine whether they were in close proximity to a critical biodiversity area. The results are presented in the appendices of this report.

Our second study consisted of a trial to assess the biodiversity impacts of our products throughout their value chain. At the same time, we learnt about the biodiversity assessment tools and the associated challenges.

To learn more about biodiversity assessment and our products' impacts, we used the Biodiversity Measurement Navigation Wheel, made available by the EU Business @ Biodiversity Platform. We reviewed various assessment tools and selected the biodiversity footprint calculator to conduct our first product biodiversity assessment of one of our fiber-based products. With the support of the manufacturing plants and their suppliers and using our in-house expertise on conducting Life Cycle Assessments (LCA), we compiled the biodiversity footprint calculations in terms of both land use and greenhouse gas emissions. The results allow us to compare baseline situations with alternative scenarios and determine in what phase of the supply chain the biggest impact occurs, in terms of carbon footprint. However, during the assessment, we found out that the tool could not conclusively address biodiversity related to land use.

High biodiversity value areas and protected areas

Even though impacts on biodiversity and ecosystems are not material to our direct operations, we mapped all our 76 manufacturing sites and fiber supply plants to determine whether they were in the close proximity of an area of high biodiversity value or a protected area. We mapped our locations using the World Database of Key Biodiversity AreasTM (KBAs), and the list of sites that are protected (Ramsar sites, UNESCO World Heritage Convention and UNESCO MAB Programme). KBAs are habitats for IUCN Red List species.

Of the locations where we have operations, eight are within and fifteen are adjacent to certain protected areas and areas of high biodiversity value outside protected areas. See details in the appendix on page 201.

Social accountability

Our social responsibility focus is on securing good working conditions across all our operations globally, safeguarding human rights across the entire value chain and ensuring fair employment practices for everyone, everywhere. We invest in developing our talent and are building diversity and inclusion into the ways we work. We are committed to being good corporate citizens with a positive impact on the communities we operate in.

Engaged and motivated employees

Theme	KPIs	Performance in 2022
Employee engagement	Employee Engagement Index >70%	Employee engagement is measured through our biennial global employee engagement survey. The engagement index was at 73% in the last survey in 2021. The next survey will be conducted in 2023.
		In 2022, our people priorities were focused on maintaining high levels of employee engagement and retention in turbulent times. Key initiatives implemented during the year include: • Thorough follow through on global and local initiatives focused on engagement and retention • Investing in our people leaders by strengthening succession planning, introducing new leadership development programs, and fostering an inclusive culture • Enabling hybrid work and providing change management support to people leaders • Introducing a more robust employee development process as part of performance management, providing new learning resources, and launching a global learning management system.

Our people are the heart of our company. We acknowledge, that as a large global employer, we impact our employees and the communities in which we operate in various ways, through health and safety, competence development, and diversity and inclusion. At Huhtamaki, we focus on creating a safe, engaging and inclusive high-performance culture by encouraging our employees to act according to our values – Care Dare Deliver.

The Huhtamaki of today is the result of over 100 years of rich history, rooted in Finland and shaped by a diverse workforce of more than 19,000 talented professionals around the globe. We operate in 37 countries and employ people of more than 80 different nationalities. We embrace diversity and provide an inclusive workplace where every individual can bring their whole self to work.

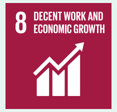
At the end of 2022, Huhtamaki had 18,927 (19,564) employees in total, with an average headcount of 19,550 (18,385). The main reason for the decrease in headcount is the divestment of Huhtamaki's operations in Russia that occurred in Q3 2022. Prior to this divestment, we had four manufacturing units in Russia employing 724 people.

In addition, we had 1,665 (1,578) contingent workers at the end of 2022. The majority of our employees work full-time, with 1.56% working part-time. 71% (70%) of the employees work at our manufacturing sites while 29% (30%) are engaged in non-production duties. 22.4% (22.0%) of our employees are female.

We monitor the employee turnover rate to evaluate the effectiveness of our employee retention measures. The voluntary turnover of employees in 2022 was 11.9% (13.9%). The number of new hires was 4,215 (4,006*) for the full year.

*The figure for 2021 has been updated to include the acquisition of Elif.

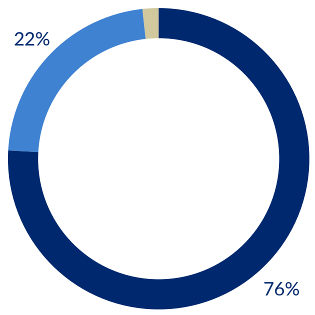
We promote the following UN Sustainable Development Goals:



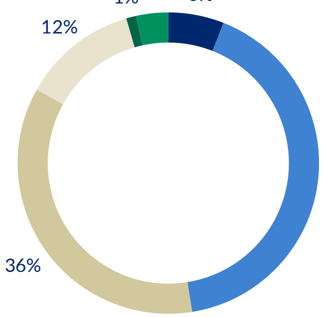
Information disclosed in this section

GRI standards:
401 Employment
404 Training and education
405 Diversity of governance bodies and employees

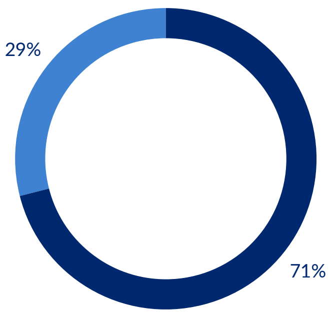
Employees by gender



Employees by age groups



Employees by employee category



Guided by our values and our Global Code of Conduct

A key element of our people strategy is to ensure a safe workplace where every employee feels motivated and engaged. Our people strategy is designed to help us achieve our strategic ambitions by nurturing a high-performance culture and by supporting the development of our people. As part of this, we focus on attracting the right talent and continuously develop the competencies of our leaders and employees to build strategic capabilities for the future – in areas such as innovation, digitalization, productivity and sustainability.

Our values – Care Dare Deliver – and our Code of Conduct guide us in everything we do. The way we work is also guided by our global policies and procedures, to ensure a consistent employee experience across the organization. Our global Employment Guidelines, Group Occupational Health and Safety policy, our global Working Conditions Requirements on ethics and an increasing number of globally leveraged people processes and practices provide consistency and transparency across our entire organization, across business segments and regions. To meet the challenges of attracting and acquiring talent in increasingly competitive markets, we introduced a new global Recruitment Policy and Guidelines in 2022.

Safety is the number one priority, and it needs to be in the DNA of all Huhtamaki employees. Read more about our approach to health and safety on pages 180–182.

Creating a positive employee experience

Developing our diverse talent is core to our 2030 Growth Strategy. The key to our future success is our ability to build the competencies and capabilities of our employees and People Leaders so that they can thrive in their roles today and in the future. By investing in the continuous development of our people, we nurture a high-performance culture and aim to provide for a unique employee experience. We believe that recruiting and onboarding set the foundation for engagement with our talent. In order to provide for a positive employee experience early on, we have introduced a new global induction path for new hires.

Investing in the development of our leaders

Our People Leaders play an important role in Huhtamaki's success, particularly in communicating our strategy, purpose and values to our teams across the organization. Our unique leadership model, our Leadership Imprint, describes the expectations we have of all leaders and provides the foundation for our leadership development efforts. Our Leadership Imprint combines our values Care Dare Deliver and the three dimensions of leadership: lead yourself, lead others and lead business. The model is used to guide our leaders in their daily work and to shape the impact they make as leaders – their personal leadership handprint.

In 2022, we piloted and launched a new leadership development program called Leader's Imprint. The purpose of the program is to establish a common language when talking about leadership at Huhtamaki, to ensure all people leaders are aligned on what is expected of them and to provide tools to support our leaders in successfully leading their teams. The program is mandatory for every people leader at Huhtamaki. During 2022, 25% of our people leaders participated in the Leader's Imprint program, with plans to have all people leaders experience this development opportunity by 2023.

Also in 2022, we successfully introduced our new bespoke Strategic Leadership Program, developed jointly with INSEAD and targeted at our senior leaders. The purpose of the program is to enable the execution of our 2030 Strategy through transformational leadership and the development of strategic capabilities. Going forward, the program will play a vital role in empowering our leaders to contribute effectively to the 2030 Strategy.

In order to develop a strong internal pipeline of leadership talent, in 2022 we further strengthened our succession planning processes and talent reviews at all levels of the organization.

Focusing on performance and development

Feedback is one of the most valuable tools that enables us to develop and grow. Continuous feedback helps people to perform to their full potential, contributes to a positive employee experience, and helps us to build a high-performance culture.

We believe that leaders need to lead by example and not only actively provide feedback throughout the year, but also ask for feedback themselves. Performance management discussions are one important way to give feedback. It is part of every people leader's role and a key element of treating our people not just fairly, but in accordance with our values and Code of Conduct.

Huhtamaki has an annual global performance review process in place to ensure delivery of our 2030 Growth Strategy. The objectives in the performance review always relate to our strategy, whether those objectives are business-related or personal objectives. In 2022, sustainability was included to all non-production employees either as a business objective (Global Sustainability Index, GSI) in our global short-term incentive plan, or as one of the personal objectives. For 2023, the GSI was enhanced to become the Global Sustainability & Safety Index (GSSI), elevating our focus on health and safety across the company by adding two new metrics. The GSSI will be implemented as a joint business objective for all participants of the global short-term incentive plan.

ⓘ | *Read more about the GSI on page 142*.

People leaders are expected to hold formal performance review discussions with their direct reports at least twice a year. However, we strongly encourage continuous dialogue and feedback throughout the year. 95% (96%) of non-production employees received a performance review in 2022.

For production employees, we have local performance review processes in place at the majority of our sites. The processes are currently not reported in detail on the global level as they are managed locally, but the objectives are mainly focused on safety, productivity and related performance criteria, and often incentivized through local targets and schemes.

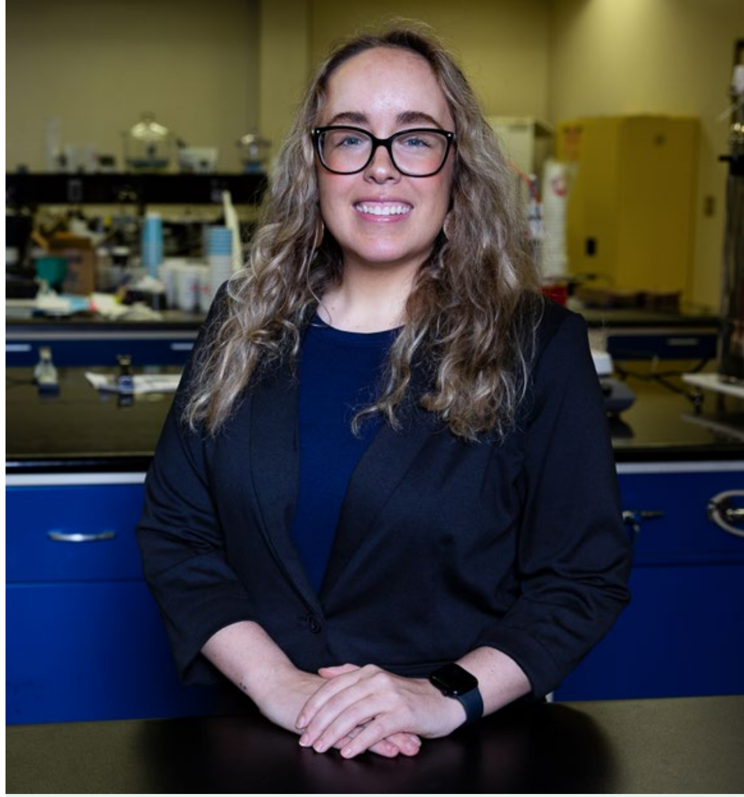
Career development is important for our employees and was highlighted as a focus area in the latest employee engagement survey, conducted in 2021. We have renewed our process for how we conduct career development discussions in the organization based on our survey findings and action plans. In 2022, we renewed our Mid-Year Review process and conversations between people leaders and employees. The process now mainly focuses on employees' career aspirations, strengths, and development areas and results in a concrete individual development plan. As a result of the renewed process, 83.1% of non-production employees have a personal development plan in place.

Connecting with our employees

As an organization we recognize the importance of regular two-way communication with our employees. Our global communication channels, such as virtual townhall meetings, intranet and newsletters to name a few, provide the opportunity for us to effectively share information with our employees. We also listen to feedback from our employees in many ways. Connect, our biennial global employee engagement survey that covers all our employees, is an important tool for us to listen to our employees. The survey was last conducted in September 2021 with a response rate of 79% (88%) The employee engagement index was at 73% (75%), employee enablement at 76% (76%) and the leadership index at 77% (76%). We identified performance management, diversity, resources, and career opportunities as the global focus areas that have influenced our people strategy in 2022 and beyond. The next survey will be conducted in 2023.

We also connect with employees through collaboration with employee representatives. In Europe, our European Works Council (EWC) unites Huhtamaki's senior management and elected EWC representatives from all our manufacturing units once a year. We also meet with the EWC Steering Committee at least once a quarter to discuss topical issues. The discussion topics are jointly decided between the EWC Steering Committee and the Executive Vice President, HR and Safety. In 2022, the European Works Council's annual meeting was held in-person in Milan, Italy on May 31–June 1. The meeting topics included business reviews as well as key updates on strategy, sustainability and occupational health and safety.

Other ways for us to engage with our employees at the production plants include information sharing sessions and townhall meetings, which are organized locally. We also meet regularly with unions and employee representatives and conduct statutory negotiations in a timely manner. The Huhtamaki Speak Up channel is one way for employees to raise concerns about misconduct.



Share of indirect employees with development plans in place

83%

"By investing in the continuous development of our people, we nurture a high-performance culture and aim to provide for a unique employee experience."

Huhtamaki recognizes employees' rights to join or not to join organizations of their own choice, according to local laws. 42% (39%) of our employees were covered by collective bargaining agreements in 2022. In countries where there are no applicable collective agreements, employment contracts are based on local legislation and Huhtamaki's applicable policies. Remuneration is monitored annually to ensure alignment with local market practices.

Investing in employee competence development and growth

At Huhtamaki, we nurture a culture of learning that enables our talent to grow. We support our employees to trace their own path for growth by providing learning opportunities in the form of structured learning, on-the-job training and learning from others.

We have seen an increase in demand for learning opportunities among our people. In June 2022, we introduced a new global learning management system to support the learning and development of our employees in all parts of the company. The system offers a convenient platform for hosting learning content as well as managing and reporting on all training-related data. It now serves as a one-stop-shop for all personal development.

The educational offering was complemented by our global mentoring program with 41 mentor-mentee pairs, coaching, a new toolbox and e-learning course for change management, and the opportunity for employees to use LinkedIn Learning for their personal development. People Leaders were offered different online seminars and workshops on relevant topics – such as recruitment – to further their growth.

To celebrate lifelong learning and to raise awareness of our strategic capabilities, we organized a first-ever Global Week of Learning, targeted to all employees in June 2022. The five-day global hybrid event provided different opportunities to learn new skills and update current ones around our strategic capabilities: sustainability, digitalization, productivity, and innovation.

Building our strategic capabilities for the future

With digitalization, sustainability, productivity, and innovation identified as our growth levers, we have expanded our learning offerings in 2022 to drive strategic capabilities in these areas. For example, we launched a new e-learning course on sustainability, which covers our 2030 sustainability ambitions and how we embed sustainability in everything we do. In addition, we began using a new application to provide micro-learning opportunities around cybersecurity and have used targeted phishing campaigns to raise awareness and educate our employees on phishing threats that they may encounter in their daily work. We continue to provide new learning solutions around these key areas in the future.

Cultivating an environment of inclusion and belonging

As outlined by our Code of Conduct and our values, treating employees equally and with respect is key to successful leadership and ultimately to a successful business and a thriving society. The successful implementation of our 2030 Strategy requires a working culture that is conducive to innovation and creativity. That, in turn, is possible only through the active promotion of inclusion and diversity. Our leadership model, our values and the work we carry out to develop our strategic capabilities all support this goal.

At Huhtamaki, we are dedicated to providing a safe, engaging and high-performance culture which represents the diversity of the markets we serve and operate in. We believe diverse teams fuel innovation. We invest in fostering an environment where everyone enjoys psychological safety, and where diversity and inclusion are promoted through day-to-day behaviors and embedded into all our policies and practices. Ensuring transparency and standard ways of working is also important in driving equitable treatment.

We aim to attract and develop a workforce that reflects the places where we do business, and to nurture an inclusive workplace where everyone's perspectives and ideas are respected and valued, where people are treated equitably and where everyone feels a sense of belonging.

Our talented workforce is comprised of people from over 80 nationalities. The representation of different generations in the workforce is well balanced from early career professionals to those nearing retirement. The representation of women leadership roles exceeds that of the general workforce, in an industry that is not traditionally perceived of as female oriented.

In 2022, we continued working on plans aimed at further increasing the diversity of our workforce and advancing our inclusive environment. We renewed our talent acquisition guidelines to ensure our recruitment

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processes and practices are fair and equitable, which includes posting all job openings both internally and externally. Our recruitment efforts brought proportionally more women into the workforce than left us during the same timeframe. Going forward, we will continue this development work. In 2023 we continue to plan how we could measure the inclusion in the organization.

Representation of females

Highlights of our work on diversity, equity and inclusion in 2022

Recruiting women to the shopfloor at Huhtamaki Flexible Packaging, Turkey

Previously, our site in Istanbul, Turkey, did not have female employees working on the shopfloor and having only male workers was considered business as usual. The local team decided to challenge this perception and introduced a roadmap for diversity, equity and inclusion. In 2022, the site created an initiative to increase the number of female employees in production roles from 0 to 100 with the goal to create a gender-balanced workforce and promote awareness of diversity and inclusion practices. By the end of the year 42 female workers had been recruited. The feedback from current workers has been positive, as strengthening the value of diversity and inclusion supports the commitment and cooperation of all employees.

Women's empowerment network in India

I-WIN (Women Inclusive Network) is a program established by Huhtamaki India in 2022 to promote an inclusive work environment and to support women employees on their career development journey. The program includes awareness raising about diversity and inclusion, training sessions on topics such as unconscious bias, as well as professional development courses that support female employees in strengthening leadership and management competencies. The program also includes creating local policies and processes that ingrain diversity and inclusion in the day-to-day activities of the company.

Employment data

	Asia & Oceania				Europe				Middle East and Africa				North and South America				Huhtamaki
	Female	Male	Non-declared	Total in region	Female	Male	Non-declared	Total in region	Female	Male	Non-declared	Total in region	Female	Male	Non-declared	Total in region	Total
Total number of employees																	
	1,092	4,441	83	5,616	1,607	5,182	204	6,993	131	1,569	22	1,722	1,409	3,169	18	4,596	18,927
Employees by employment contract type																	
Permanent	794	4,072	82	4,948	1,378	4,872	182	6,432	126	1,537	22	1,685	1,401	3,162	18	4,581	17,646
Temporary	298	369	1	668	229	310	22	561	5	32	0	37	8	7		15	1,281
Employees by time type																	
Full-time	1,087	4,436	82	5,605	1,430	5,068	201	6,699	129	1,568	22	1,719	1,385	3,149	18	4,552	18,575
Part-time	5	5	1	11	177	114	3	294	2	1	0	3	24	20	0	44	352
Employees by employee category																	
Direct	504	3,032	66	3,602	763	3,994	137	4,894	44	1,143	15	1,202	1,085	2,641	18	3,744	13,442
Indirect	588	1,409	17	2,014	844	1,188	67	2,099	87	426	7	520	324	528		852	5,485
Employees by age group																	
Under 25 years	46	210	13	269	111	345	4	460	3	48	0	51	81	268	0	349	1,129
25–39 years	608	2,382	14	3,004	584	1,865	4	2,453	77	933	3	1,013	351	1,032	1	1,384	7,854
40–54 years	381	1,601	3	1,985	673	1,957	5	2,635	42	489	1	532	577	1,016	1	1,594	6,746
55–64 years	21	177	4	202	193	797	0	990	7	67	0	74	338	738	2	1,078	2,344
65 years and over	7	13	5	25	6	36	0	42		3	0	3	44	87	0	131	201
Managers with subordinates																	
Executives	0	0	0	0	2	6	0	8	0	0	0	0	1	0	0	1	9
Senior management	8	14	0	22	17	65	0	82	1	8	1	10	9	20	0	29	143
Middle management	97	282	3	382	112	299	13	424	12	105	1	118	62	176	0	238	1,162
Team leaders	16	110	1	127	12	48	0	60	2	25	0	27	9	49	0	58	272
All people managers	121	429	4	554	143	437	13	593	15	138	2	155	85	262	0	347	1,649
Total number of workers who are not employees																	
	39	42	752	833	4	12	354	370	4	0	302	306	0	0	156	156	1,665

Permanent: Employees with indefinite contract with Huhtamaki
Temporary: Employees with a fixed term contract with Huhtamaki
Direct employees: Employees in production
Indirect employees: Non-production employees
Full-time: Employees working as 100% FTE
Part-time: Employees working less than 100% FTE
Workers who are not employees: workers who are not employees and whose work is controlled by the organization

Composition of governance bodies – Age

	Board of Directors	Global Executive Team
Under 25 years	0%	0%
25–39 years	0%	0%
40–54 years	0%	80%
55–64 years	33%	20%
65 years and over	66%	0%

Composition of governance bodies – Gender

	Female	Male
Board of Directors	44%	55%
Global Executive Team	30%	70%

Safety for everyone, everywhere

Theme	KPIs	Performance in 2022
Occupational health and safety	Our ultimate goal is that nobody gets hurt. The target for Lost Time Injury Frequency Rate (LTIFR) for 2022 was 2.16.	LTIFR was 1.5
	We want everyone to go home safe. The target for Total Recordable Injury Frequency Rate (TRIFR) for 2022 was 3.86.	TRIFR was 3.7

We recognize that our business might have both positive and negative impacts on people, contingent workers, contractors and visitors throughout our supply chains, and as a result of this we are striving to ensure a safe and productive working environment where nobody gets hurt and everyone goes home safe at the end of the day to achieve our 2030 goal of Zero Harm. To achieve this, our ambition is to develop a global mindset by strengthening our leadership of safety, safety systems and employee safety culture. Health and safety is one of the core elements of our business agenda, and one of the key KPIs for our business, which is reviewed by the Global Executive Team and presented quarterly to the Board of Directors.

Leadership

Health and safety is fundamental to our success, and as an organization we will only be able to achieve our ambition with the active involvement of our leaders. "Leading for Safety" is the foundation for Huhtamaki's safety culture which starts with our leaders at all levels of the organization demonstrating that safety is a value for them. Safety leadership at Huhtamaki involves balancing core values whilst continuously improving the safety of our working environments and our employees. Our leaders are essential in creating an open and honest environment where reporting is encouraged, and every worker is engaged and committed to ensure that nobody gets hurt.

It is the ultimate duty of our leaders to ensure that our people remain safe by providing them with the platform to engage and upskill our employees, contingent works, contractors and visitors to continue building our strong resilient safety culture.

Systems

OHS Management

Effective Health and Safety management at Huhtamaki is delivered through our safety management systems. These are implemented at each operating site across our organization. The management systems are supported by an overarching Global Occupational Health and Safety (OHS) policy, which forms part of our 'Working Conditions Requirements' including ethics, employment practices and occupational health & safety. Our OHS management systems are implemented and managed by the OHS functional leaders but owned by all leaders in our business to assess and control risk, provide continuous improvement plans in each site and embed safety into everything we do, every day. Furthermore, our central OHS team provides continuous guidance to all our professionals across our operational locations and is focused on building world-class safety processes to support our business in achieving Zero Harm to all across our manufacturing facilities by 2030.

We promote the following UN Sustainable Development Goals:

8 DECENT WORK AND ECONOMIC GROWTH

Information disclosed in this section

GRI standards:
403 Occupational health and safety

Our management systems are built to ensure that all our factories meet or exceed local laws, regulations, Huhtamaki's internal requirements and customer expectations. Several of our factories are certified to OHSAS 18001 and ISO 45001, while comparable certifications at other sites follow our internal risk management and mitigation processes. Our management system covers all our activities, employees, external workforce, as well as contractors and visitors, and includes all operations within the factories.

Risk-Based Approach

Each Huhtamaki factory site maintains a risk-based approach to manage health and safety. We use the hierarchy of hazard controls as a method to reduce risk and exposure to hazards, taking appropriate actions to achieve our goal of Zero Harm.

Factories undertake regular risk reviews to identify areas for improvement. Consolidated risk reviews take place quarterly at the segment level and periodically at the global level, based on lagging and leading indicator trends. Management teams on sites and segments have oversight of risks and support the improvement plans with budget, resources and governance.

Employees are encouraged to report work-related hazards, risks and improvements promptly and directly to their managers, through local reporting systems or the global Ethics and Compliance reporting channel 'Speak Up', or 'Ethicspoint' in the USA. Employees are empowered to remove themselves from work situations that they believe could cause injury or ill health.

The investigation process for work-related incidents is formally defined and in place at all factories enabling consistent review, response, follow-up and escalation. Sites are requested to systematically share what they have learned from serious incidents, both internally in their respective segments and in the global network.

Worker Training

Organizational training is a key enabler of a safe and healthy working environment. To achieve this, we deliver site and job-specific health and safety training as part of our induction process for all new employees. In addition, training solutions with segment or technology-specific contents are available via our online training platform. We are focused on always improving safety training and making it more accessible with the use of technology. In 2022, we delivered a new OHS e-learning course addressed to our non-production employees, highlighting the importance of stopping and thinking about the impact of day-to-day decisions on safety.

Worker Health

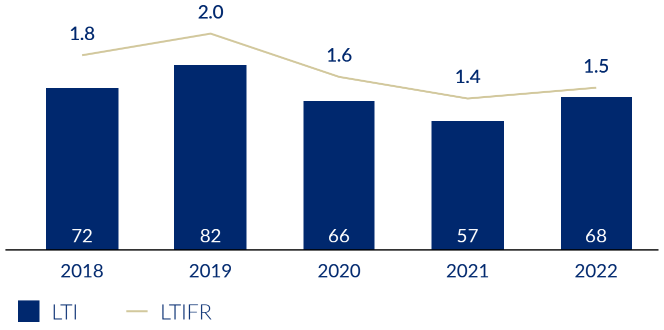
We require all our sites to conduct occupational health risk assessments covering all activities. All factories also have plans in place to monitor and control pandemic diseases, including Protocols to prevent the spread of such diseases at the site.

All our employees have access to occupational health services. Health services are locally contracted. Some sites have a permanent doctor and/or nurse on-site, while others have a contract with a nearby health service center. Additional health services and programs are provided at many sites to support employees' overall wellbeing and health. Participation in such additional programs is voluntary.

We follow the local legal requirements for the scope and frequency for medical and health checks. A regular, specific health check is required at least annually for employees who are exposed to occupational health hazards such as noise, chemical fumes, or heavy lifting. Employees receive the results of their checks in a timely manner and are encouraged to ask any questions to the medical personnel.

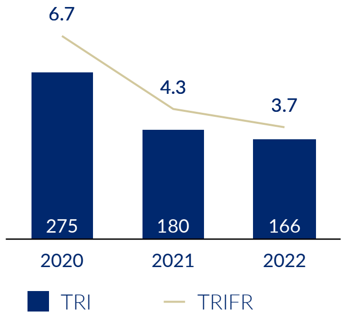
The scale and scope of non-occupational health services varies depending on the location. The services are defined locally and may include access to wider medical insurance, dental care or vision services. Our sites also tailor voluntary health promotion campaigns and programs for employees to promote non-work-related health and wellbeing activities such as pursuing a healthy diet, regular physical exercise, and access to flu shots. Results from any health and medical checks shall not be used in a discriminatory way and privacy and confidentiality are always ensured.

Number and frequency of lost time injuries 2018–2022, Group



LTI = Lost time injury
LTIFR = Lost time injury frequency rate per million hours worked

Number and frequency of total recordable injuries 2020–2022, Group



TRI = Total recordable injury
TRIFR = Total recordable injury frequency rate

Data collection for the total recordable injury frequency rate started in 2020.

Culture

Employee Consultation

Employee participation and consultation ensures the successful implementation of our OHS systems and drives engagement in safety across all our teams. We believe that a health and safety committee with representation from leadership, health and safety professionals and employees provides an excellent forum for local dialogue and a foundation for improvement. The health and safety committees at our factory sites are formed and managed as per local laws and practices. Topics for the committee's agenda typically arise from employee feedback, suggestions, occurred incidents, trends and improvement programs. Committees review injuries, near misses and any outstanding corrective actions and results from the latest safety audits. We strive to create an environment where our employees are an integral part of safety decision-making, and we always monitor their feedback to guide our programs and future focus areas.

OHS Indicators

Work-related injuries

During 2022 we started to shift our focus from Lost Time Injuries to Total Recordable Injuries, so that all serious injuries are addressed and investigated to ensure the root cause of those injuries is established to prevent reoccurrence. We continued reducing our Total Recordable Injury Rate (TRIR), the year ending up at 3.7. This trend has been constantly declining throughout the years, with less frequent injuries despite an overall increase in working hours. The global TRIR is projected to keep declining in 2023.

Despite our best efforts to ensure safety at all our sites, two contractors working in our premises in Khopoli (India) and Cairo (Egypt) lost their lives in 2022. We deeply regret these fatalities and have taken every measure to improve our processes. The incidents have been thoroughly investigated to identify their root causes, which has allowed us to take what we have learned and apply it across our entire organization and ensure these incidents do not happen again.

OHS data

	2022	2021	2020	2019	2018
Lost time injuries (LTI)	68	57	66	82	72
Huhtamaki employees	61	52	61	75	63
External labor	7	5	5	7	9
Medical treatment injuries (MTI)	96	123	209	N/A	N/A
Huhtamaki employees	77	112	182	N/A	N/A
External labor	19	11	27	N/A	N/A
High-consequence injuries	1	4	2	N/A	N/A
Fatalities	2	0	0	0	0
Lost time injury frequency rate (LTIFR)	1.5	1.4	1.6	2.0	1.8
Huhtamaki employees	1.6	1.5	1.7	2.1	1.8
External labor	1.0	0.8	0.8	1.1	2.0
Total recordable injury frequency rate (TRIFR)	3.7	4.3	6.7	N/A	N/A
Huhtamaki employees	3.7	4.6	7.0	N/A	N/A
External labor	3.8	2.4	5.0	N/A	N/A
Rate of high-consequence injuries	0.02	0.10	0.05	N/A	N/A
Rate of fatalities	0.05	0	0	0	0
Lost day rate (LDR)	403	322	454	526	358
Number of hours worked	44,320,900	41,968,500	41,320,700	41,433,300	40,052,300
Huhtamaki employees	37,423,000	35,412,600	34,861,300	35,269,200	35,536,800
External labor	6,897,900	6,555,800	6,459,400	6,164,000	4,515,500

The total number of Lost Time Injuries (LTI) in 2022 was 68. Of the total LTIs 1% were considered high-consequence injuries. Of the Total Recordable Injuries, 30% were categorized as 'cut', 16% as 'sprain/strain', 15% as 'fracture/break' and 13% as 'bruise/contusion'.

Injury rates by business segment

	Foodservice E-A-O	North America	Flexible Packaging	Fiber Packaging
LTIFR	1.1	3.2	1.0	2.0
TRIFR	3.6	6.5	2.5	5.2

Human rights

Theme	KPIs	Performance in 2022
Human rights	Our overarching goal is to ensure that human rights are respected throughout our value chain	• Formed a cross-functional working group to drive the development of our human rights due diligence process • Continued strengthening key processes to better align with the UNGP • Conducted our second human rights impact assessment at one of our sites

As a global company, we take responsibility for the impact we have on individuals and communities we operate in. This begins with recognizing that our actions can have both positive and negative impacts – either directly through our own operations, or indirectly through our value chain.

Our commitment to respect all internationally-recognized human rights sits at the highest level of the company and is central to Huhtamaki's values of Care, Dare, Deliver. Our commitment to the United Nations International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights (UNGP) is outlined in Huhtamaki's Code of Conduct and our Global Human Rights Policy. Our expectations relating to our suppliers are covered in the Code of Conduct for Huhtamaki Suppliers.

At Huhtamaki, our 2030 sustainability agenda serves as a roadmap for the direction of our entire company's operations. The continuous improvement of our approach to human rights due diligence is an integral part of our agenda.

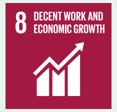
Our approach to human rights due diligence

We are committed to taking responsibility for the impact we have on individuals and communities we operate in. This means continuing to systematically incorporate human rights due diligence processes into our overall operations, guidelines and processes. This endeavor formally began in 2021 and is a long-term objective.

The management of human rights risks and impacts in our global business operations is embedded into our existing management systems and processes. Risks relating to human rights issues are identified via the global Enterprise Risk Management system, the global Ethics and Compliance program and by diligently following incidents reported through our Speak Up channel and grievance system. Regarding mergers and acquisitions, environmental and social impact assessments are a standard part of the due diligence process.

At our own sites, we have implemented Global Working Conditions Requirements which cover areas such as employment contracts, safety, work contracts, working hours, young worker protection and the prohibition of child labor, as well as supplier management. Performance in these areas is audited via the Sedex Members Ethical Trade Audit (SMETA) framework. As occupational health and safety have been

We promote the following
UN Sustainable Development Goals:



Key elements of Huhtamaki human rights due diligence

Global policies

- Global Human Rights Policy
- Code of Conduct
- Code of Conduct for Suppliers
- Global Working Conditions Requirements
- Global Employment Guidelines
- Group Occupational Health and Safety Policy

Key processes that we are developing further for identifying risks and impacts:

- Human rights are included in the risk registry of our Enterprise Risk Management process
- Environmental and social impact assessments performed as part of M&A
- Auditing of our own sites to make sure they fulfil our Global Working Conditions Requirements
- Screenings of our key suppliers as part of our supply chain due diligence process
- Sustainability audits of suppliers in high-risk areas
- Compliance program and grievance system
- Engaging with external stakeholders, such as the communities where we operate
- Human rights impact assessments at our sites

identified as key topics, all manufacturing units monitor safety metrics monthly, and performance is assessed against Group targets. Engaging with local communities gives us valuable feedback from key local stakeholders about potential impacts at the site level.

With regards to our suppliers, our supply chain due diligence process has been built to identify risks in the supply chain. Key suppliers – corresponding to approximately the top 80% in terms of procurement spend – are systematically screened in our supplier monitoring tool against sanctions lists, watch lists and negative media, among other things. This ongoing screening helps us to identify and address risks related to human rights in our supply chain.

Read more about our supply chain due diligence on pages 194–196.

Impact assessments

In addition to these ongoing processes, we performed a global human rights assessment in 2021, which gave us a high-level overview of potential risks and impacts in our own operations and across the supply chain. The assessment helped us to better understand our impact on human rights, to identify potential vulnerable groups, and to align our human rights due diligence with the recommendations of the UNGP. The analysis resulted in the development of a heat map and of a preliminary list of salient human rights issues. We have continued building on this work in 2022 by strengthening our key processes. For example, we have started to develop a risk-analysis tool to be used in sourcing decisions and in the mergers and acquisition due diligence process.

Along with this global, high-level analysis, we have conducted human rights impact assessments at two of our operating sites. The first assessment was conducted as a pilot at our Flexible Packaging site in Egypt in late 2021, followed by a second assessment at our Flexible Packaging site in Thailand in 2022. The assessments have proven to be very valuable exercises for us, as they contribute to building overall awareness of human rights and have demonstrated concretely what type of human rights impacts our activities might have.

The results from both the global assessments and the site level assessments indicate that the potential human rights impacts in our own operations relate to for example, employees' health and safety, working conditions, working hours and rest, discrimination, and the position of service providers. Through the actions of our suppliers, we can also have an indirect impact on the fundamental human rights of employees upstream in the value chain, including topics such as working hours, wages or forced labor.

The assessments have also helped us identify the vulnerable groups that we need to take into special consideration when assessing our human rights impacts. For Huhtamaki, such groups are migrant workers and their families, local communities, as well as women and children. While the vulnerable groups have been identified, we are still in the process of mapping the human rights impacts themselves. Going forward, we will continue to use a combination of methods to better understand our impacts and to further refine our list of salient human rights issues.

Mitigation and remediation

When any actual or potential human rights impacts or risks are identified, we integrate them into our continuous improvement processes and make action plans in order to address them at the appropriate level of the organization. While it is possible to handle some findings at the local level – such as designing appropriate shift patterns to balance the working hours and output or investing in safety equipment – other topics, such as investing in infrastructure to reduce thermal conditions on the shop floor, need to be brought to the corporate level and integrated into globally-aligned improvement processes.

Huhtamaki's Global Working Conditions Requirements framework covers many key human rights themes and includes requirements on mitigation procedures for certain key topics. Remediation is handled mainly at the site level through local HR and OHS teams, in accordance with the global requirements.

Huhtamaki's Global Investigations Policy governs the types of findings that must be handled at the global level as part of the Global Compliance Program, which is overseen by the Huhtamaki Global Executive Team and the Audit Committee of the Board of Directors. The policy provides a mechanism for the structured and timely investigation of all suspected breaches of the Huhtamaki Code of Conduct and any other Huhtamaki policy, as well as laws and regulations that are brought to the attention of Global Compliance. Preventive and corrective actions are taken when necessary.

Strengthening our approach

In 2022, we continued building on efforts launched in 2021 to strengthen our existing processes to better integrate human rights considerations into our processes and operating model. We established a cross-functional working group to drive initiatives and to follow up on the findings from the impact assessments. We worked together with the mergers and acquisitions team to look for ways to strengthen the due diligence process related to mergers and acquisitions from a human rights perspective. We also continued developing the framework to enhance monitoring our own sites, using an external human rights expert to identify gaps in our current auditing practices and looking for ways to incorporate human rights assessments more comprehensively. Our supply chain due diligence process was strengthened for example by increasing the number of supplier audits. In addition, a cross-functional team has worked together throughout 2022 to identify potential improvements to our current supply chain due diligence practices.

In June 2022, we increased the awareness of human rights internally by organizing a global online training session on human rights as part of our Sustainability Learning Day. We also launched two e-learning courses. The first is a global, sustainability e-learning course that is mandatory for all employees, which includes the topic of human rights. The second is a separate e-learning course on Modern Slavery and Human Trafficking, mandatory for all managers and experts in the supply chain and human resources functions globally, and also available to all other Huhtamaki employees as well.

Moving forward, Huhtamaki is dedicated to continuously improving its human rights due diligence process. We will continue training our employees and raising awareness of human rights throughout the organization. We acknowledge that we still have areas where we need to develop better governance as we grow in line with our strategy. We are committed to continuous improvement and to fully integrating human rights into our processes and continue to develop a framework for addressing human rights in a more structured way in 2023.

Community involvement

Information disclosed in this section

GRI standards:
413 Local Communities 2016

In line with our purpose of protecting food, people and the planet, we are committed to being a good corporate citizen, with a positive impact on the communities we operate in globally. Every year, we actively encourage our local operations to donate money, time and products to make a difference where it matters.

Our philanthropy strategy ensures that our corporate social responsibility (CSR) activities across the globe are aligned with our commitment to advance the UN Sustainable Development Goals, and our own 2030 Strategy. Our efforts can broadly be classified under three priority areas:

- Driving the development of a circular economy
- Having a positive impact on the local communities we operate in
- Supporting acute emergency relief efforts

Our CSR activities are governed either at a local (site-based), regional or global level based on the size of the project and/or donation. While the majority of activities are typically carried out locally, the year 2020 marked a special year, with Huhtamaki's latest series of global donations totaling EUR 3 million, on top of its usual CSR-focused activities and charitable contributions. Two of the funded projects continued also during 2022.

Driving the development of the circular economy

Addressing the environmental challenges that we face relies on our ability to foster innovation and drive systemic change. To support such innovation and progress towards circularity, two of the three projects that Huhtamaki donated to as part of its 100-year anniversary focused on improving waste management and product end-of-life treatment.

Huhtamaki and WasteAid

Huhtamaki and the international charity WasteAid started a two-year partnership project in 2020. As part of this Huhtamaki-funded project, WasteAid has delivered education and training on waste management and circular systems in South Africa, Vietnam and India. The project contained several informative sessions, both online and on location in each of the three project countries. In addition, WasteAid developed a Circular Economy Network to help accelerate knowledge sharing and innovation among stakeholders in the three countries. This was complemented by an online platform for learning, sharing best practices and support for community-based resource and waste projects worldwide.

A central part of the project was WasteAid's Zero Cities Challenge, which was initially launched in 2021 and continued in 2022. The aim of the initiative was to find six entrepreneurs with innovative ideas to increase the recovery and reuse of waste. Over a hundred entries were

collected, ranging from food waste recovery and refill solutions to apps connecting waste collectors with households. Out of all the entries, 36 entrepreneurs were selected to receive business incubator support to go through an intensive, 8-week business support program. A final pitch to industry experts was held in each region, after which six winners were chosen and each awarded EUR 10,000 for their concept.

Support for the winners to develop their business concepts further continued during 2022. In each of the project countries, Waste Aid organized an event on the circular economy and the opportunities to make it a reality. The events gave the Zero Cities Channel winners an opportunity to present their business concepts, network with brand owners and industry representatives, and talk with exhibitors working with circular economy initiatives. Additionally, WasteAid developed a Technical Toolkit that includes guidance on waste processing technology, business finance, and health and safety. The Toolkit is available for all waste entrepreneurs in the Circular Economy Network.

Thus far, the impacts from the winning concepts of the Zero Waste Cities Challenge are:

- Over 300 tonnes of plastic diverted from landfills and brought back into production per year
- Potential CO_2 emissions reductions of 1.8m metric tons, if materials are brought back into production.
- More than 87 tonnes of food waste diverted from landfills per year
- 25 new jobs and livelihoods created, with 75 workers connected to formal markets

The Mithi River project

In 2022, Huhtamaki continued the last phase of its funding of a project that aims to stop the flow of plastic from the Mithi River in Mumbai into the Indian Ocean. The initiative, which was initially kicked-off as part of the 100-year donations, was a global partnership between VTT Technical Research Centre of Finland Ltd, RiverRecycle and Earth5R. The project uses emerging technologies to collect plastic waste and has sought ways to valorize it by turning it into valuable fuels, chemicals, fertilizers and bioenergy.

In all, Huhtamaki has donated EUR 600,000 to fund the development and piloting of a river waste collector, invented by the Finnish cleantech start-up RiverRecycle. The collector is an integral part of RiverRecycle's solution to solve the issue of marine waste, one of the biggest global challenges of today. With Huhtamaki's support, a prototype waste collector was built and tested in Finland. The device was inaugurated in Mumbai in August 2021 and has continued to collect waste from the Mithi River throughout 2022. Huhtamaki's funding secured the operation of the waste collector during the initial trial period of around 12 months. The machine is still operational and will continue to clean the Mithi River in 2023.

In 2022, the daily volume of waste captured from the river varied from one hundred kilograms up to 12 tons, with the typical catch amounting to one ton per day. Around 70% of the waste lifted from the river is biowaste. During approximately the first 400 days of operation during the trial period, the total volume of non-biowaste lifted was about 417,000 kg, out of which about 44,700 kg comprised plastic waste.

In addition to bringing environmental benefits to the local community, the project has also helped employ five local citizens from the neighborhood, where the majority of the waste has been generated. These employees have received recognition from their communities for the work they are doing.

The project also provided insights to VTT, the Technical Research Centre of Finland Ltd, on floating waste and its seasonal variations, which can be used to optimize clean-up operations and recycling processes for the future. In 2022, with Huhtamaki's funding, VTT was able to conduct research into how different multi-sensor imaging options are able to detect floating plastic waste and differentiate that plastic from organic material in a river environment. They also assessed how the separated plastic could be used as a sole feedstock in pyrolysis, a process that aims to convert such waste into industry feedstock. The research results were presented at the Thermosense 2022 conference in Orlando, US, in April 2022 and subsequently published in the SPIE's (The International Society for Optics and Photonics) Conference Proceedings. The findings were also combined with other research results and presented at the 7th International Marine Debris Congress in Busan, South Korea, in September 2022.

Having a positive impact on local communities

We at Huhtamaki believe it is very important to be present and active in the local communities we operate in through, for example, product donations and volunteering activities. In addition, every year we make direct monetary contributions to a variety of different causes. In recent years, these have been primarily focused on healthcare, sanitation, education, social welfare, and sustainability. In 2022, our units donated around EUR 1.7 million to different local charitable causes globally. Additionally, approximately EUR 81,000 was given as social sponsorship to support e.g. universities, local social welfare initiatives and sport activities.

Supporting acute emergency relief efforts

Huhtamaki has always supported different acute emergency relief efforts around the globe. For example, during the COVID-19 crisis, our teams sought opportunities to assist their local communities and make a difference where it matters.

In 2022, Huhtamaki Group donated EUR 100,000 through the Finnish Red Cross Disaster Relief Fund to help those directly affected by the war in Ukraine. Donations to the Fund were used to support both people in Ukraine and displaced refugees in neighboring countries. In addition, Huhtamaki Foodservice Ukraine donated to Ronald McDonald House Charities (RMHC) Ukraine, helping to purchase food kits for 250 Ukrainian families in need.

In India, when extreme flooding in the state of Assam forced millions of families to leave their homes and take shelter in makeshift camps and roadsides, our employees volunteered to donate essentials to help those affected. The team helped put together family kits which included blankets, hygiene products, food, mosquito repellents, children's books and sleeping mats. The donation helped to rehabilitate over 75 families across the Goreswar and Tamulpur districts.

Huhtamaki Foundation

The Huhtamaki Foundation is a charitable trust set up by Huhtamaki, with a view to support the conservation of the environment in India and carry out activities addressing plastic waste. The Foundation inaugurated a recycling plant in Khopoli, India, in May 2022. The recycling plant was set up with a INR 90 million investment as part of the Huhtamaki Foundation's #CloseTheLoop initiative. The plant processes post-consumer multi-layer packaging (MLF) waste to create resin for use in refined compounds that are used for household products in India. Through this initiative, the Huhtamaki Foundation aims to promote packaging circularity in India, especially for the benefit of the communities located near the facility. Closing the loop on waste handling and circularity helps address some of the environmental and social impacts caused by improper waste handling. Learnings from this industrial scale pilot will also enable us to work with others to create other opportunities to ensure that post-consumer waste becomes a valuable secondary material.

The plant has been set up with the intention of achieving at scale industrial recycling and has the capacity to recycle approximately 100 kilograms post-consumer used flexible plastic per hour. The current output yield of the plant is 1,000 kilograms per day which is expected to increase to 1,300 kilograms per day in early 2023. In multi-layer packaging recycling, there will always be some yield loss due to the heterogenous structure of the packaging.

To develop the facility, the Huhtamaki Foundation collaborated with the local community and authorities in Maharashtra, as well as non-governmental organizations and social enterprises. The trust also worked with a number of educational institutions, including Swachh, Stri Mukti Sanghtana, CIPET and ICT.

A selection of the many initiatives that have taken place across our organization in 2022 include:

In South Africa, Huhtamaki employees organized a two-hour beach clean-up at La Mercy Beach. Following devastating flooding in the region, large volumes of plastic debris ended up on the shoreline, and our colleagues saw the need to organize an urgent clean-up. A total of 60 volunteers participated and altogether, 90 bags of waste were collected. This initiative also raised awareness around the disposal of plastic, glass and materials for recycling. Team members had the opportunity to see the impact and problems that littering causes to the environment and have committed themselves to address these issues within their communities.

In China, as part of celebrations for World Environment Day, employees organized a nature clean-up event in Guangzhou, with a total of 36 volunteers participating. In attendance was not only our employees from various functions, but also their families. With their help, dozens of bags of waste were collected and sorted. Team members also made commitments to take active measures to embed sustainability in everything they do.

In India, where Huhtamaki operates 14 sites, employees actively engage with the local communities we operate in. For example, our Bangalore team partnered with a local NGO – Need Base India – to donate essential items and groceries to vulnerable, unhoused girls. In Taloja, our site donated RO water purifiers to two rural schools in the Raigad region, to facilitate access to clean and safe drinking water for every child. Our colleagues also started a project to provide solar street lamps for a school in Khanacha Bangla, so that the students and local villagers could use the school's open field for sports and outdoor activities in the evening. In Silvassa, our employees participated in the 'Shala Praveshotsav', a celebration for students entering school for the first time. The intention of the program was to encourage learning without fear and inspire a lasting love of education.

In the US, all sites support their local communities, but one stood out. Our Fulton, New York facility develops the future workforce while recognizing the importance of community outreach by supporting several local programs focused on Advanced Manufacturing. The Oswego County Pathways in Technology Program (PTECH) prepares high school students with the skills and training required for jobs in technology and manufacturing. Fulton employees work with PTECH students throughout the 5-year long program, doing STEM projects, mentoring, job shadowing, presentations, plant tours, internships and look to offer full-time positions upon graduation. Another important local manufacturing education program is housed at Cayuga Community College, where Huhtamaki has been instrumental in helping to develop their Advanced Manufacturing Institute, which offers support for current and future workers through certifications and degree programs in the field of manufacturing.

Ethical business practices and governance

We aim to uphold the highest standards of ethics and compliance. We strive to have a positive impact by fostering a culture where everyone at Huhtamaki acts with integrity. Our business practices and governance are guided by our values: Care Dare Deliver.

Ethics and compliance

ⓘ Information disclosed in this section

GRI standards:
205 Anti-corruption
406 Non-discrimination

We stay true to our values – Care Dare Deliver – by acting with integrity. We promote a culture where our employees as well as our business partners are encouraged to do the right thing and to raise concerns when they suspect any instances of unethical behavior or non-compliance. We see our ethics and compliance focus and work as key to our efforts in countering the negative impacts of corruption and other unethical business practices on people, societies and the environment.

We operate in 37 countries and 116 operating locations around the world, including markets which are aligned with our growth strategy but may also entail exposure to compliance risks, such as corruption or other unethical business practices. We acknowledge that as a global company conducting business in countries with higher compliance risks, it is essential to maintain adequate risk management procedures to mitigate any potential or possible negative impacts of corruption or unethical business practices in our operations and across our value chain.

"In 2022, we launched the new Huhtamaki Anti-corruption program to minimize negative impacts and to mitigate risks of corruption."

Our commitment to Ethics and Compliance

Huhtamaki's Global Ethics and Compliance program focuses on Huhtamaki's commitment to integrity and compliance across our global organization. The program supports Huhtamaki in conducting its business in compliance with laws, regulations and our own ethical standards wherever we operate, while ensuring that we have adequate procedures in place to prevent Huhtamaki from participating in any possible unethical business activities. In 2022, we continued to further develop our Ethics & Compliance program and introduced new elements and ways of working.

The main purpose of our ethics and compliance work is to educate, enable, inspire and empower all our employees to make the right decisions and to foster an open and ethical company culture. At Huhtamaki, ethical decision making applies to every part of our business and we emphasize the importance of that commitment at every level, everywhere we operate. Our enhanced and structured Ethics and Compliance program also helps us to respond to the growing interests of our external stakeholders in this area, by establishing a standardized approach to handle ethics and compliance matters across our units globally. In addition, it clarifies expected behaviors and provides practical guidance to Huhtamaki employees to further integrate ethics into our everyday business and ways of working.

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Huhtamaki Ethics and Compliance Framework

Prevent → Track → React

What we do

- Assess and identify compliance **risks and impacts**
- Manage Code of Conduct, related **policies, procedures** and governance models
- Raise awareness, organize **trainings,** provide **advice**
- Monitor **effectiveness** of compliance program
- Investigate **violations,** address concerns, ensure **remediation**

Our program areas

- Anti-corruption
- Conflict of Interest
- Trade sanctions compliance
- Code of Conduct
- Third party compliance
- Data privacy
- Competition compliance
- Speak Up & Investigations

Our governance and oversight

Our Global Ethics and Compliance team, which is part of the Huhtamaki Global Legal organization, has the overall responsibility for ensuring that our Global Ethics and Compliance Program is designed, developed and implemented. The Huhtamaki Global Ethics and Compliance team has an advisory role that supports Huhtamaki in maintaining an ethical company culture and conducting its business in compliance with laws, regulations, and Huhtamaki's values and ethical standards. The team provides guidance to Huhtamaki's leadership and employees in key compliance areas such as anti-corruption, third-party compliance, trade sanctions compliance, conflict of interest situations, competition compliance and matters related to data privacy.

In addition, the Global Ethics and Compliance team helps our business to create policies and procedures to identify and mitigate compliance risks. The team also organizes communication and trainings on various ethics and compliance topics. The Global Ethics and Compliance team is also responsible for our whistleblowing system – the Huhtamaki Speak Up channel – as well as our procedure for internal investigations of non-compliance cases. The implementation of the Global Ethics and Compliance Program is reported on and followed-up on by the Huhtamaki Global Executive Team and the Audit Committee of the Board of Directors.

Our Code of Conduct sets the basic requirements

The Huhtamaki Code of Conduct is a core element of our Global Ethics and Compliance Program and is the basis for everything we do. The Code is a set of ethical guidelines that outline the expected behaviors for all our employees and define how we treat one another and all our stakeholders. It also explains how we conduct our business in an ethical and responsible manner to earn the trust of our customers and other stakeholders around the world.

The Code of Conduct for Huhtamaki Suppliers sets out the ethical business practice requirements we expect from our suppliers and other business partners. It covers commitments and expectations towards our business partners in areas such as business ethics, social responsibility, and environmental sustainability. Both the Huhtamaki Code of Conduct and our Code of Conduct for Huhtamaki Suppliers are publicly available on our company webpage.

Our enhanced Huhtamaki Anti-Corruption program helps prevent corruption

As a global corporation, we are committed to the laws and regulations of all the countries and territories in which we operate, but also to all applicable international anti-corruption laws and regulations. At Huhtamaki, all forms of corruption and bribery are strictly prohibited, irrespective of the location of our operations.

Anti-bribery and corruption provisions are an integral part of the Huhtamaki Code of Conduct and the Code of Conduct for Huhtamaki Suppliers. In 2022, Huhtamaki further developed its Anti-Corruption Program by launching the Huhtamaki Anti-Corruption Policy alongside related instructions and procedures on conflicts of interest and gifts and hospitality, which all our employees are expected to follow globally. In line with the policy, Huhtamaki does not award donations to political parties or political activities, religious organizations, authorities or local administrations. In 2022, as part of the implementation of the new Anti-Corruption Policy and related instructions, our Global Ethics and Compliance Team organized local, in-depth anti-corruption trainings to leadership and key functions at 12 units.

As part of the implementation of the Anti-Corruption program, a new Conflict of Interest self-disclosure procedure was introduced as part of Huhtamaki's global HR system to bring more transparency and to mitigate risks involved in conflict-of-interest situations.

Corruption risk is accounted for in our Enterprise Risk Management (ERM) assessment, which covers all Huhtamaki operations globally. Corruption is considered both an operational and a reputational risk. Furthermore, Huhtamaki acknowledges the negative impacts of corruption on the local communities affected by Huhtamaki's business and is committed to mitigating corruption risks also to minimize adverse impacts on the upholding of human rights in high-risk corruption countries. While the risk of corruption and bribery in general are considered to be medium-low in the 2022 ERM assessment, anti-corruption is seen as a key element of the company's Global Ethics and Compliance program.

Our Trade Sanctions Compliance program focuses on sanctions risks

Geopolitical events in 2022 have affected Huhtamaki's global business and highlighted the importance of the Huhtamaki Trade Compliance program and related procedures. Huhtamaki's Trade Compliance Policy highlights our commitment to compliance with all applicable national and international sanctions and export control regulations. The Policy sets out Huhtamaki's trade compliance principles and requires all Huhtamaki entities that engage in exports directly or indirectly with a country, identified as a high-risk country, to follow sanctions screening procedures prior to entering business transactions. In 2022, as part of the Trade Compliance Program, our Global Ethics and Compliance Team organized targeted, in-depth sanctions and trade compliance trainings at 8 key units, particularly for the sales, finance and those local functions most-affected by recent geopolitical challenges.

In 2022, Huhtamaki built a targeted risk management procedure to cover the risks involved in conducting business in Russia and Belarus following Russia's invasion of Ukraine on February 24, 2022. This included assessing trade compliance risks, conducting screenings of transactions related to Russian and Belarusian counterparties and the training of relevant functions. Huhtamaki sold its Russian business after conducting extensive due diligence to find the best possible buyer entity and exited the Russian market in September 2022.

Our investment in training and communication

At Huhtamaki, we strive to ensure that all our employees and business partners understand what we mean by ethical business conduct in practice and how they should respond to any ethical dilemmas. Regular communications and training are a crucial part of raising awareness of our Ethics and Compliance Program and the expectations on our employees and business partners. All Huhtamaki employees are required to complete an annual Huhtamaki Code of Conduct online course. The Code of Conduct e-learning course focuses on Huhtamaki's commitment to integrity and provides us with guidance and practical examples on how to act with the highest standards of legal compliance and ethical conduct across the organization. Our new employees receive the same training as part of their onboarding process, within their first month of employment.

Our Code of Conduct online training is available in 26 languages. The Code of Conduct training was completed by 94.5% (2021: 95.4%) of employees globally in 2022.

In addition to this online training, an in-depth e-learning course on anti-trust and competition compliance is mandatory for employees who are interacting with third parties such as customers or suppliers. Furthermore, e-learning on data privacy and information security is mandatory for select employees working in EU countries. These online courses are part of the annual Ethics and Compliance training program. All line managers are asked to confirm, as part of the year-end review process, that their team members have completed all mandatory Ethics and Compliance training, including the Code of Conduct e-learning course.

In 2022, based on our risk assessment, we focused on raising awareness around integrity and ethical business conduct in Europe, the Middle East and Southeast Asia regions, as well as in China and India. Local management team members and other employees in central positions - such as in sales or procurement - were invited to discuss and review case examples of selected compliance topics including ethical business culture, anti-corruption, sanctions and trade compliance, conflict of interest, and gifts and hospitality situations. Additionally, face-to-face training sessions were organized by the Global Ethics and Compliance team for our entities in Egypt, the UAE, Turkey, Germany, India, China, Malaysia, and Vietnam. The Global Ethics and Compliance Team has also been an active participant in the Elif integration process both in Turkey and Egypt, by conducting training and workshops on ethical business practices to ensure the group-wide implementation of Huhtamaki's Ethics & Compliance program.

Our aim for a culture of open discussion

In accordance with Huhtamaki's values, we promote a culture of open discussion and encourage everyone to voice their concerns, provide their feedback, ask questions, and make suggestions without fear of harm or retaliation. Huhtamaki maintains multiple channels for voicing concerns. In cases of suspected misconduct, unethical behavior or observed violations of the Huhtamaki Code of Conduct or other Huhtamaki policies, laws and regulations, employees can report to their manager, over manager, legal counsel, Human Resources representative, or the Global Ethics & Compliance Team directly.

In cases where direct reporting is not possible, employees can report any suspected violation through the Huhtamaki Speak Up channel. This is a global, online whistleblowing system operated by an external provider and managed by Huhtamaki Global Ethics and Compliance. Our Speak Up channel is available to all Huhtamaki employees, suppliers, customers and other stakeholders, and can be accessed by visiting the website: https://report.whistleb.com/Huhtamaki. Additionally, in some countries, reports can also be submitted via local reporting channels. Retaliation or any negative actions against an employee reporting a suspected violation in good faith is explicitly prohibited and may result in disciplinary action.

Our actions to address unethical business practices

During 2022, a total of 41 (2021: 46) cases of suspected misconduct were reported to the Global Ethics and Compliance team, either directly or through the Huhtamaki Speak Up channel. The majority of the investigated suspected non-compliance cases were related to possible conflict of interest situations, suspected fraud, embezzlement or corrupt practices, misbehavior, harassment or discrimination, human rights concerns, or other types of non-compliance with policies and guidelines, including the Huhtamaki Code of Conduct. Out of the 41 suspected non-compliance cases, 11 cases were categorized as serious violations. Additionally, during 2022, a total of 28 local grievance cases were reported and managed through the relevant local grievance mechanisms which aim at ensuring that in addition to suspected group level non-compliance investigations, we have effective local processes to cover concerns related to behavioral matters.

All breaches and suspected breaches of the Huhtamaki Code of Conduct or any other Huhtamaki policies, as well as laws and regulations that were brought to the attention of Global Ethics and Compliance were investigated in accordance with the Group Investigations Policy. This provides a mechanism for investigating and addressing alleged violations in a structured and timely manner, while ensuring the independence of investigations and non-retaliation against a person who reports or raises concerns in good faith. Preventive and corrective actions were taken when necessary. Based on investigations, 63% of cases closed in 2022 were found to be either substantiated or partially substantiated. Out of the 41 suspected non-compliance cases investigated during the reporting period, there were no confirmed harassment or discrimination instances, nor confirmed significant instances related to non-compliance with laws and regulations including anti-corruption laws, anti-trust laws or international sanctions and export control regulations.

As a result of these investigations, two employment contracts and five business relationships were terminated. In addition, four employees subject to investigations resigned. The Huhtamaki Ethics and Compliance Committee, the Global Executive Team and the Audit Committee of the Board of Directors followed the reported incidents and the implementation of mitigating activities regularly.

We encourage all employees at Huhtamaki to commit to fostering an atmosphere of openness, where voicing concerns and speaking-up is the norm. This enables us to mitigate or to detect potential misconduct early. We consider open discussion – also about difficult topics – a commitment to non-retaliation, and a clear process for handling the Code of Conduct investigations and possible violations are the foundations for building a culture where our employees feel comfortable in raising concerns.

Suspected compliance violations

	2022
Harassment or discrimination	4
Inappropriate behavior	5
Human rights concern	1
Environment, health and safety concern	2
Conflict of interest	6
Unethical business practices	3
Misuse or misappropriation of assets	7
Financial concern, wrong accounting practices	6
Other violations	7
Total	**41**

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Responsible sourcing

Theme	KPIs	Performance in 2022
Responsible sourcing	We are committed to ensuring our supply chain adheres to the Huhtamaki Code of Conduct for Suppliers, and that we work with responsible suppliers across all our operations.	• 97.9% of our active, approved key suppliers have either acknowledged our Code of Conduct for Suppliers or provided their own Code, which was approved after review • Of 13 sustainability audits conducted, 1 was a partial follow-up audit which verified most corrective actions were taken or in process.

Our supplier network consists of global key suppliers and a large network of local partners located close to our manufacturing units. We work with approximately 20,000 suppliers globally. The main materials we source are paperboard, recycled fiber, plastics and chemicals. Indirect sourcing and services comprise, for example, logistics services, energy and protective packaging. Purchasing is partially done centrally in each business segment and partially at the local manufacturing unit level, in accordance with the guidelines set out by the Code of Conduct for Huhtamaki Suppliers. There have not been any significant changes to our supply chain in 2022.

We recognize that our business can have both positive and negative impacts on people and the planet, including through our supply chains. There might be, for example, impacts on the human rights of workers in our supply chains, and on the rights of potential vulnerable groups among these workers. There may be environmental impacts resulting from the operations of our suppliers, or potential unethical business dealings occurring within our supply chains. We are committed to ensuring that the Huhtamaki Code of Conduct for Suppliers is adhered to and to working with responsible suppliers across all our operations. Responsible sourcing is based on close cooperation with suppliers. It also includes developing and utilizing supplier screening tools and processes, as well as aligning with third-party verifications and standards.

The following covers our general supply chain due diligence procedures that apply to all key suppliers. As fiber-based materials such as paper, cardboard and recycled fiber are the primary raw material that we purchase, we have established more specific sourcing requirements for these materials. Securing a sustainable supply chain for fiber is crucial, and a core component of our 2030 sustainability ambition and our commitment to designing for circularity. Our fiber sourcing procedures are described in more detail on page 153.

Key elements of our supply chain due diligence

Our current supply chain due diligence processes are based on the following key elements:

1. Code of Conduct for Huhtamaki Suppliers
2. Screenings and questionnaires, targeted to key suppliers through the NAVEX RiskRate tool
3. Third-party corporate responsibility audits, utilizing Sedex tools

As a global company, we work with approximately 20,000 suppliers around the world. To better manage our risks and impacts efficiently, our due diligence efforts are currently focused on our key suppliers. These are strategically important suppliers that fall into the top 80% of our procurement spend, or that act as the only suppliers of a specific

We promote the following UN Sustainable Development Goals:

Information disclosed in this section

GRI standards:
308 Supplier environmental assessment
414 Supplier social assessments

raw material or service to Huhtamaki, falling mainly into one of the following categories: Traded Goods, Distributor, Raw Material Supplier, Transportation or Warehouse, Consultant, Insurance or Benefits Supplier, Utility or Energy Supplier, or Contractor.

Our Supplier Code of Conduct sets expectations for suppliers

The Code of Conduct for Huhtamaki Suppliers is the governing basis for our supply chain due diligence and clearly lays out what we expect our suppliers to comply with. It covers topics related to social and environmental sustainability, as well as business ethics. Our goal is to continue working to ensure that all key suppliers commit to the Code of Conduct for Huhtamaki Suppliers. The number of key suppliers who have acknowledged the Code is monitored centrally through the NAVEX RiskRate tool. For other suppliers, monitoring is conducted at the unit level within our business segments. As part of our Code of Conduct for suppliers, Huhtamaki's suppliers are in turn also responsible for their own suppliers' compliance with these requirements.

We also provide suppliers with the opportunity to share their own Codes of Conduct with us. It is possible for us to accept their code of conduct as an alternative if, after assessment, Huhtamaki finds that the supplier's own Code of Conduct fulfills our requirements. Our suppliers and workers across the value chain can report any violations of the Code of Conduct for Huhtamaki Suppliers or other Huhtamaki policies via Huhtamaki's global whistleblowing system, the Huhtamaki Speak Up channel.

In 2022, 94.8% of active, approved key suppliers have accepted the Code, and 3.1% have provided their own Code of Conduct which has been approved after review. A few suppliers were exempted from the Code of Conduct acknowledgement requirement due to the nature of their business with Huhtamaki. These suppliers have only been included in the ongoing screening process mentioned below.

Screenings and questionnaires provide insight into suppliers' compliance practices

In addition to monitoring the adherence level to the Code of Conduct for Huhtamaki Suppliers in NAVEX RiskRate, we also use the tool for further due diligence steps. The extent of due diligence for each key supplier depends on their risk level within NAVEX RiskRate. Using this tool, we have determined certain attributes that define the initial profile risk level of each key supplier during the onboarding process. We use a three-level system, with suppliers being categorized as low, medium or high-risk. The attributes determining the initial profile risk level are location, category and spend amount of the supplier, and/or whether the supplier is owned by a state entity or a public official. Based on the selected attributes, the initial profile risks of our key suppliers in 2022 were: 1.6% high risk, 59.8% medium risk, 38.6% low risk.

A central part of Huhtamaki's due diligence processes are supplier screenings. All key suppliers are screened with the help of the Navex RiskRate against sanction lists, watchlists, Politically Exposed Persons lists and adverse media. The screening continues for as long as the supplier is an active key supplier for Huhtamaki. If there are any matches in the aforementioned lists, RiskRate automatically alerts us with more case details.

These screenings allow us to identify and take action on issues within our supply chain regarding environmental, social or governance topics, as the databases that our suppliers are screened against cover a wide range of topics. For example, we may be alerted if there are court cases against our suppliers for human rights or environmental violations, if a supplier is found on money laundering or other official criminal lists, or if there is risk for corruption due to connections with government.

During 2022, we received 59 alerts covering 33 active suppliers. The alerts spanned a number of topics, including trade disputes, litigation, and government enforcement actions. Our sourcing teams and experts discussed all the cases with the suppliers in question and requested further clarification. Supplier response and follow-up actions were evaluated as sufficient, and no business relationships were terminated as a result of these alerts.

Based on the suppliers' initial profile risk level, they may also be sent a questionnaire during the onboarding process. All suppliers are asked to acknowledge their compliance with the Code of Conduct for Huhtamaki Suppliers. Medium-risk and possible high-risk suppliers are also asked more in-depth questions on various compliance topics. We have defined risk scores for the questions asked, and if necessary, each questionnaire answer is checked individually to determine whether further actions or explanations are required from the supplier. Internal review and approval processes have been set up to address the results, depending on the risk level. After analyzing the answers provided to us, no suppliers were rejected in 2022.

Currently, 89.7% of our key suppliers, representing approximately 80% of main procurement spend, have completed the due diligence process in Navex RiskRate.

Supplier audits focus on suppliers with a higher risk profile

The third component of our supply chain due diligence process is supplier auditing. We audit our suppliers regularly, focusing especially on matters of quality, but we also aim to increase the number of sustainability audits conducted by independent auditors. This helps us to gain an objective view on suppliers' environmental, social and governance performance.

As we are a member of Sedex, an organization that works to improve ethical performance in global supply chains, we have chosen to request that some of our suppliers move forward with SMETA (Sedex Members' Ethical Trading Audit) 4-pillar audits. The SMETA audits assess suppliers' performance against labor standards, as well as health and safety, environmental and business ethics criteria. We also accept some other audits, such as ASI and SA8000 certifications, on a case-by-case basis. Suppliers are also asked to fill in the Sedex Self-Assessment Questionnaire, which supplements the information gathered from audits.

We use a risk-based approach to determine which suppliers and in which countries we should concentrate our auditing efforts. We utilize the World Governance Indicators of the World Bank, which aggregate six essential governance indicators (Voice and Accountability; Political Stability and Absence of Violence/Terrorism; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption) to determine so-called high-risk countries where risks of violations against people or the environment are higher. Our 2022 audits focused on key raw material and traded good suppliers in China. In addition, we assessed the audit results of some raw material suppliers located in other high-risk countries, such as South Africa. In 2022, we assessed altogether 13 supplier SMETA audit results.

Some of the main instances of non-compliances found in 2022 were inadequate health and safety measures and excessive use of overtime. In China, inconsistent payment into legally required social insurance programs also surfaced. Since then, we have been in contact with the suppliers, requesting corrective action plans to address these findings. We will continue to monitor the status of this using the reporting tools provided by Sedex and have also guided our suppliers to the relevant e-learning training available in Sedex, if necessary.

Supply chains included in human rights impact assessments

Ensuring that human rights are respected throughout our value chain is a key element of Huhtamaki's 2030 sustainability agenda. Since 2020, we have worked with a cross-functional team and external human rights experts to identify our potential human rights risks and impacts. This work has included both a global-level gap analysis, as well as two human rights impact assessments – in Egypt in 2021 and Thailand in 2022.

The impact assessments evaluate Huhtamaki's potential human rights risks and impacts within the country. We have included our suppliers and service providers in the assessment, to gain a holistic view of the situation. The findings show that there is still room for improvement, and that the dialogue we have with suppliers should include more sustainability-related topics. The outcomes have helped us to develop our supply chain due diligence processes and give an indication of which types of activities, such as supplier trainings, could be most useful in the context of each country going forward.

To learn more about our approach to human rights due diligence and related processes, please see pages 183–185.

Moving forward with our updated due diligence processes

Huhtamaki is committed to full compliance with all applicable legislation on supply chain due diligence, and we closely monitor all regulatory developments. As validated by our updated materiality assessment, we might have both positive and negative impacts on human rights and the environment throughout our supply chain. Taking this into account, our focus in 2022 has been on ensuring that our supply chain due diligence processes are up-to-date and able to effectively manage any ESG risks and impacts throughout our supply chain.

As part of this work, representatives of our Sustainability, Sourcing and Global Ethics and Compliance teams held various workshops throughout 2022 to identify potential improvements to our current due diligence practices. We have started to renew our supplier screening process with a plan to increase the number of suppliers included in the process. In 2023, we will begin updating and further developing our supply chain due diligence practices both in scope and in depth with an aim that they cover a wider range of business partners across the full ESG agenda. Updating these processes will help us build an even more robust, risk-based approach to determine which suppliers and other business partners should be engaged in further due diligence actions.

Economic responsibility

Information disclosed in this section

GRI standards:
201 Economic performance

Huhtamaki's ambition is to be the first choice in sustainable packaging solutions. With our strategy focused on four pillars we aim to deliver sustainable profitable growth. Huhtamaki has several financial long-term ambitions. We aim for 5+% comparable growth and an Adjusted EBIT margin improvement of 10+%. In addition, our ambition is to maintain a Net debt / Adjusted EBITDA ratio of 2–3 and to pay a dividend of 40–50% of our profit.

In 2022, the economic value generated by the Group was EUR 1,511 million (EUR 1,270 million) of which EUR 1,038 million (EUR 899 million) was distributed to stakeholders and EUR 473 million (EUR 371 million) retained in the Group for operational development and further growth. The Group achieved 15% organic and 5% acquisitive growth. Adjusted EBIT margin, excluding items affecting comparability (IAC) of EUR 10.2 million, was 8.8%. Dividends paid to shareholders correspond to a 45% payout ratio (of 2021 profit).

Huhtamaki as a taxpayer

Huhtamaki wants to make a positive contribution to the world and is committed to paying all taxes and complying with other related obligations according to local laws and regulations. Moreover, the Huhtamaki values, the requirements of our Code of Conduct and the Code of Conduct for Huhtamaki Suppliers transcend national boundaries and complement the framework for our business operations. Huhtamaki's Public Tax Strategy is available on our website.

One of our operating principles is to ensure the predictability and optimization of taxation. In addition to ensuring that taxes are paid correctly in all locations, we also seek to ensure that we do not pay excess taxes and that we capitalize on tax deductions enabled by local tax regulations. The Group's tax expenses in 2022 increased to 67 EUR million (EUR 60 million) and paid taxes amounted to EUR 71 million (EUR 83 million). The corresponding tax rate was 19% (23%).

In intercompany business transactions, we comply with the OECD guidelines on transfer pricing. Intersegment net sales were EUR 21 million (EUR 27 million), corresponding to 0,5% of the Group's net sales. Our business decisions are made keeping our strategy, financial ambitions, sustainability and commercial environment in mind whilst at the same time aiming to serve our customers better. While taxation is one factor to be considered, it is not a dominant factor.

Direct economic value generated and distributed

EUR million		2022	2021
Customers	Net sales	4,479	3,575
Suppliers	Purchases	2,968	2,305
	Economic value generated	1,511	1,270
Personnel	Personnel expenses	820	710
Shareholders	Dividends	98	96
Debt investors	Net financial expenses	53	33
Public sector	Taxes	67	60
	Economic value distributed	1,038	899
	Economic value retained in the Group	473	371

Appendices

Reporting principles and scope

This Sustainability Report 2022 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry.

In 2022, we updated our reporting to be in accordance with the updated GRI Standards (2021). This Sustainability Report also describes our progress in 2022 with the ten principles of the UN Global Compact in the areas of human rights, labor rights, environment and anti-corruption principles, and with the UN Sustainable Development Goals.

The table on the right lists the relevant GRI and SASB standards for each material topic.

Identified material topics and relevant GRI and SASB standards

Theme	Material topic	Relevant GRI and SASB Standards
Environment	Biodiversity and ecosystems	GRI 304: Biodiversity 2016
	Circularity	GRI 301: Materials 2016 GRI 306: Waste 2020 GRI 416: Customer Health and Safety 2016 SASB: Product lifecycle management SASB: Product safety
	Energy	GRI 302: Energy 2016 SASB: Energy management
	GHG emissions	GRI 305: Emissions 2016 SASB: GHG emissions SASB: Air quality
	Materials	GRI 301: Materials 2016
	Waste, including waste generation and recycling	GRI 306: Waste 2020 SASB: Waste management
	Water	GRI 303: Water and Effluents 2018 SASB: Water management
Social accountability	Employee development	GRI 401 Employment GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity
	Food safety, availability and affordability	Huhtamaki's own KPIs in use
	Health and safety	GRI 403: Occupational Health and Safety 2018
	Human rights	GRI General Disclosures 2-23, 2-24, 2-30 GRI 406 Non-discrimination
	Local communities	GRI 413: Local Communities
Ethics and governance	Economic prosperity	GRI 201: Economic Performance
	Unethical business, including corruption	GRI 205 Anti-corruption

The report contains information on Huhtamaki's sustainability performance in the period January 1–December 31, 2022. Some indicators also include historical data. The previous Sustainability Report 2021 (called the Sustainability Performance supplement 2021) was published in March 2022. The Sustainability Report and financial statements follow the same reporting timeline and are published annually by calendar year.

PwC, an independent third party, have provided limited assurance on selected KPIs that we report and on the status of compliance of this report with GRI Standards and the SASB Standard for the Containers and Packaging Industry. The assurance report is attached to this report on page 203.

This Sustainability Report follows the same consolidation principles as Huhtamaki Financial Statements 2022 and covers all four reporting business segments. In order to align them with Huhtamaki's financial reporting principles, the GRI disclosures have not been reported by region, but certain indicators are reported per business segment.

All our manufacturing locations (76) are included in our sustainability reporting. At the end of 2022, we manufactured Foodservice EAO segment's products in 22 locations, Fiber Packaging segment's products in 13 locations, Flexible Packaging segment's products in 26 locations and North America segment's products in 18 locations. Several technologies can be manufactured in one location. In our health and safety reporting, we also include our three fiber supply units, nine distribution centres, and two offices, in addition to the manufacturing locations.

New manufacturing units are included in our sustainability reporting from the start of their production. Manufacturing units acquired or sold during the reporting year are included in the sustainability performance data from their acquisition date onward or until their divestment date. Closed manufacturing units are included in our sustainability reporting until their closing date. In 2022, we have opened one new manufacturing unit in an existing location and sold two manufacturing locations in Russia.

Data collection and measurement

In this report, metric tons are used as the mass unit. The 2022 environmental efficiency indicators for energy, greenhouse gas (GHG) emissions and water consumption per sellable ton produced exclude printing cylinder manufacturing and label units, which are part of the Flexible Packaging segment. The number of manufacturing units with certified hygiene and safety management systems excludes the manufacturing units not producing food contact materials.

The data on our supply chain is based on key suppliers – the definition of key supplier can be found on page 194. Each key supplier may consist of several business and/or legal units in different locations. Supply chain data is monitored by a risk assessment tool built for the purpose. Social indicators have not been reported by gender where the difference between genders was not considered material. For employee data, we use the same age groups that are used in our internal reporting. Financial information originates from the financial reporting processes.

The occupational health and safety data and environmental data is collected and monitored in a specific management system, in which manufacturing units submit information regularly. The reporting frequency varies, and may be monthly, quarterly, or annual. Other employee data is gathered from the HR information system.

The greenhouse gas emission calculations are based on guidelines provided by the Greenhouse Gas Protocol of the World Resource Institute and the World Business Council for Sustainable Development. Scope 1 emissions are calculated by multiplying our primary energy consumption with the source-specific emission factors of GHG Protocol/IEA v17 (04/2022) - eGRID2020 library. In the reported Scope 2 emissions, the emissions from steam, district heating and cooling were calculated using the emission factors of GaBi v14 (12/2021) library. To calculate Scope 2 emissions from purchased electricity, two methods were used. The emission factors of GHG Protocol/IEA v17 (04/2022) - eGRID2020 were used in calculating the location-based emissions. To calculate the market-based emissions, supplier specific emission factors were used for the sites where those were available, and the emission factors of Residual Mixes 10.0 (12/2022) and GHG Protocol/IEA v17 (04/2022) - eGRID2020 libraries were used for the sites that did not have the market-based emission factor available. The emission factor libraries are updated automatically when new updates become available. Due to updates of emission factors under the impact libraries used, the GHG emissions of the previous year have changed from the ones reported in the Annual Report 2021.

Scope 3 emissions are reported as per calculated GWP(100a) values obtained with CML 2001 impact assessment method. The calculation process of our Scope 3 emissions utilizes primary data from our operations and service providers as well as secondary data from the ecoinvent database and GaBi emission factor library. Due to the indirect nature of Scope 3 emissions and the variety in the emissions sources, our Scope 3 calculation process includes both simplifications and estimations in several categories. The Scope 3 categories relevant to Huhtamaki are categories 1, 2, 3, 4, 5, 6, 7, 9 and 12. The calculation of the category 2 is very limited as it only includes workstations and displays. The collection of more accurate data and the development of the calculation process, especially for categories 2 and 12, continues in 2023.

Data collection practices have been reviewed by PwC during the assurance process.

Huhtamaki sites and biodiversity

Huhtamaki sites in areas of high biodiversity value or protected areas

Number of sites	Geographic location: Site name	Geographic location: Country	Size [m²]	Position in relation to the protected area or the high biodiversity value area	Biodiversity value: System	Biodiversity value: Listing of protected status	Biodiversity value: Name of the KBA or protected area
1	Alf	Germany	30,000	In the area	Terrestrial	Used to be classified as KBA, protected area.	Forests between Wittlich and Cochem, Germany
2	Antrim	UK (Northern Ireland)	73,815	Adjacent to*	Terrestrial, Freshwater	KBA Ramsar site	Lough Neagh and Lough Beg, United Kingdom
	Lurgan			Adjacent to			
1	Atlantis	South Africa	40,846	In the area	Terrestrial, Marine	Biosphere reserve of the UNESCO MAB Programme	Cape West Coast Biosphere Reserve, South Africa
1	Appco	Saudi Arabia	31,500	Adjacent to	Terrestrial, Marine	KBA	Tarut Bay, Saudi Arabia
1	Delta Belfast	UK (Northern Ireland)	35,410	Adjacent to	Terrestrial, Marine, Freshwater	Ramsar site. Used to be classified as KBA, protected area.	Belfast Lough, United Kingdom
1	Ennis	Ireland	7,432	Adjacent to	Terrestrial	KBA	Slieve Aughty Mountains, Ireland
				Adjacent to	Terrestrial, Marine	KBA	Shannon and Fergus Estuaries, Ireland
				Adjacent to	Terrestrial, Freshwater	Ramsar site	Ballyallia Lough
1	Goodyear	USA	352,077	Adjacent to	Terrestrial, Freshwater	Used to be classified as KBA, protected area.	Lower Salt and Gila Riparian Ecosystem, USA
1	Gosport	UK (England)	106,500	Adjacent to	Terrestrial, Marine	Used to be classified as KBA, protected area. Ramsar site	Portsmouth Harbour
				Adjacent to	Terrestrial, Marine	KBA Ramsar site	Solent and Southampton Water
2	Istanbul (Elif) / Esenyurt and Istanbul (FFS)	Turkey	122,424	Adjacent to	Terrestrial, Marine	KBA	Büyükçekmece Lake, Turkey
				Adjacent to	Terrestrial, Marine	KBA	Küçükçekmece Basin, Turkey
1	Klang	Malaysia	24,300	Adjacent to	Terrestrial, Marine	KBA	North-central Selangor coast, Malaysia

	Geographic location				Biodiversity value		
Number of sites	Site name	Country	Size [m[2]]	Position in relation to the protected area or the high biodiversity value area	System	Listing of protected status	Name of the KBA or protected area
1	La Rochelle	France	34,180	In the area	Terrestrial, Marine	KBA	Marais poitevin et baie de l'Aiguillon, France
				Adjacent to	Terrestrial, Marine	KBA	Anse du Fiers d'Ars en Ré, France
1	Laminor	Brazil	21,083	In the area	Terrestrial, Marine	Biosphere reserve of the UNESCO MAB Programme	Mata Atlântica Biosphere Reserve, Brazil
1	Leeuwarden[2]	Netherlands	9,200	Adjacent to	Terrestrial, Freshwater	KBA	Alde Feanen, Netherlands
				Adjacent to	Terrestrial, Freshwater	KBA	Groote Wielen, Netherlands
				Adjacent to	Terrestrial	KBA	Oenkerk, Giekerk e.o., Netherlands
1	Mahape	India	5,424	Adjacent to	Terrestrial, Marine	KBA	Thane Creek, India
1	New Samutsakorn	Thailand	48,421	In the area	Terrestrial, Freshwater	KBA	Lower Central Basin, Thailand
	Samutsakorn		17,648	Adjacent to	Terrestrial, Marine	KBA	Inner Gulf of Thailand, Thailand
1	Nules	Spain	63,000	Adjacent to	Terrestrial, Freshwater	KBA	Espadán mountain range, Spain
1	Otahuhu	New-Zealand	29,500	Adjacent to	Marine	KBA	North Eastern North Island (offshore), New Zealand
				Adjacent to	Marine	KBA	West Coast North Island (offshore), New Zealand
1	Palmeira	Brazil	15,000	In the area	Terrestrial, Marine	Biosphere reserve of the UNESCO MAB Programme	Mata Atlântica Biosphere Reserve, Brazil
1	Sikkim	India	1,394	Adjacent to	Terrestrial	KBA	Fambong Lho Wildlife Sanctuary – Himalayan Zoological Park – Ratey Chu Reserve Forest
1	Verulam, Durban	South Africa	23,992	In the area	Terrestrial	KBA	Umdloti, South Africa
	Verulam, Durban – Gravure			In the area			
	Verulam (KZN)[3]			In the area			
	Verulam, Durban – Prepress			Adjacent to			
1	Windsor	Australia	52,000	In the area	Terrestrial	KBA	Richmond Woodlands, Australia

Notes:
Adjacent to = within 4km
GRI disclosure 304-1 a. ii. is not disclosed as it is not relevant.
GRI disclosure 304-1 a. iv.: Type of operations. All the sites in the list are manufacturing sites.

[2]Production started at the end of 2022.
[3]Production started at the end of 2022.

Independent practitioner's limited assurance report

To the Management of Huhtamäki Oyj

We have been engaged by the Management of Huhtamäki Oyj (hereinafter also the "Company") to perform a limited assurance engagement on selected sustainability information for the reporting period 1 January 2022 to 31 December 2022, disclosed in the Huhtamaki Annual Report 2022 Sustainability section (hereinafter the Selected sustainability information).

Selected sustainability information

The selected sustainability information within the scope of assurance covers the economic, social and environmental sustainability indicators as identified in the GRI content index and SASB Containers and Packaging Sectors index, which are included in the Sustainability section in the Company's Annual Report 2022.

Management's responsibility

The Management of Huhtamäki Oyj is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in Huhtamäki Oyj reporting instructions described in the Huhtamaki Annual Report 2022 Sustainability section, Sustainability Accounting Standards Board's (SASB) Containers and Packaging Sectors Standard and the GRI Standards of the Global Reporting Initiative (collectively Reporting criteria).

The Management of Huhtamäki Oyj is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence, other ethical requirements and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers Oy applies International Standard on Quality Control (ISQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". These Standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Conducting three remote site visits with Marion site in US, Alf site in Germany and Istanbul site in Turkey.
- Interviewing employees responsible for collecting and reporting the selected information on sustainability indicators at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Huhtamäki Oyj's Selected sustainability information for the reporting period 1 January 2022 to 31 December 2022 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Huhtamäki Oyj for our work, for this report, or for the conclusions that we have reached.

Helsinki, 3 February 2023

PricewaterhouseCoopers Oy

Mikael Niskala
Partner
ESG Reporting & Assurance

Tiina Puukkoniemi
Partner, Authorised Public Accountant
ESG Reporting & Assurance

GRI content index

Statement of use		Huhtamaki Group has reported in accordance with the GRI Standards for the period 1.1.2022–31.12.2022.			
GRI 1 used		GRI 1: Foundation 2021			

GRI standard/ Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	9, 45, 91			
	2-2 Entities included in the organization's sustainability reporting	91, 200	The list of entities included in our financial reporting includes a few locations that are not reporting on their sustainability performance. These entities are sales offices or other entities, whose impact on our sustainability data is not material.		
	2-3 Reporting period, frequency and contact point	199–200, back cover	This report was published on March 1, 2023.		
	2-4 Restatements of information	200	Restatements are mainly reported as footnotes to the relevant data tables.		
	2-5 External assurance	203			
	2-6 Activities, value chain and other business relationships	5, 9–12, 39, 47, 145, 186, 194	There have been no significant changes to Huhtamaki's activities or value chain in 2022.		
	2-7 Employees	174–179, 200	Huhtamaki employs very few non-guaranteed hours employees, hence data on these is not available, as it is not gathered on the global level.		●
	2-8 Workers who are not employees	174			●
	2-9 Governance structure and composition	111, 113–119			
	2-10 Nomination and selection of the highest governance body	112			
	2-11 Chair of the highest governance body	113			
	2-12 Role of the highest governance body in overseeing the management of impacts	118–119, 143			
	2-13 Delegation of responsibility for managing impacts	119, 143			
	2-14 Role of the highest governance body in sustainability reporting	118–119, 143			
	2-15 Conflicts of interest	117			
	2-16 Communication of critical concerns	193			
	2-17 Collective knowledge of the highest governance body	118, 143			
	2-18 Evaluation of the performance of the highest governance body	118			

GRI standard/ Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
	2-19 Remuneration policies	127, 131			
	2-20 Process to determine remuneration	127–128			
	2-21 Annual total compensation ratio	128	The information (compensation paid to President and CEO and to an employee on average) needed to calculate the ratio can be found in the Remuneration Report.		
	2-22 Statement on sustainable development strategy	4			
	2-23 Policy commitments	144, 183, 191			
	2-24 Embedding policy commitments	144, 183, 191, 194–195			
	2-25 Processes to remediate negative impacts	144, 183–185, 192, 194–195			
	2-26 Mechanisms for seeking advice and raising concerns	192			
	2-27 Compliance with laws and regulations	193			
	2-28 Membership associations	146			
	2-29 Approach to stakeholder engagement	145			
	2-30 Collective bargaining agreements	177			●
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	140–141			●
	3-2 List of material topics	140–141			●
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	197			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	197		8	
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	190–193			●
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	191–192			●
	205-2 Communication and training about anti-corruption policies and procedures	191–192			●
	205-3 Confirmed incidents of corruption and actions taken	193			●
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	152–153		8, 12, 15	●
GRI 301: Materials 2016	301-1 Materials used by weight or volume	152		8, 12, 15	●
	301-2 Recycled input materials used	152		8, 12, 15	●

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SASB index

GRI standard/ Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	157–163		8, 12, 13	●
GRI 302: Energy 2016	302-1 Energy consumption within the organization	162–163		8, 12, 13	●
	302-3 Energy intensity	162–163		8, 12, 13	●
	302-4 Reduction of energy consumption	162–163		8, 12, 13	●
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	165–167		6, 12	●
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	165–167		6, 12	●
	303-2 Management of water discharge-related impacts	165–167		6, 12	●
	303-3 Water withdrawal	166		6, 12	●
	303-4 Water discharge	166		6, 12	●
	303-5 Water consumption	166		6, 12	●
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	170–172		6, 15	●
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	172, 201–202		6, 15	●
	304-2 Significant impacts of activities, products and services on biodiversity	170–172		6, 15	●
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	157–163		12, 13, 15	●
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	161–162		12, 13, 15	●
	305-2 Energy indirect (Scope 2) GHG emissions	161–162		12, 13, 15	●
	305-3 Other indirect (Scope 3) GHG emissions	161–162		12, 13, 15	●
	305-4 GHG emissions intensity	161–162		12, 13, 15	●
	305-5 Reduction of GHG emissions	161–162		12, 13, 15	●

GRI standard/ Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	167–170		12, 13, 15	●
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	167–168		12, 13, 15	●
	306-2 Management of significant waste-related impacts	169–170		12, 13, 15	●
	306-3 Waste generated	169		12, 13, 15	●
	306-4 Waste diverted from disposal	169		12, 13, 15	●
	306-5 Waste directed to disposal	169		12, 13, 15	●
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	194–196		6, 12, 13, 15	●
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	194–195	Our screening process includes all key suppliers, representing approximately 80% of our procurement spend. Those new suppliers who fall under the criteria are screened.	6, 12, 13, 15	●
Huhtamaki's own KPI	All fiber sourced from recycled or certified sustainable sources	153		6, 12, 13, 15	●
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	174–179		8	●
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	174		8	●
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	180–182		8	●
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	180–181		8	●
	403-2 Hazard identification, risk assessment, and incident investigation	181		8	●
	403-3 Occupational health services	181		8	●
	403-4 Worker participation, consultation, and communication on occupational health and safety	182		8	●
	403-5 Worker training on occupational health and safety	181		8	●
	403-6 Promotion of worker health	181		8	●
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	180–181		8	●
	403-9 Work-related injuries	182		8	●

GRI standard/ Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	175–177		8	●
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	176		8	●
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	177–178		8	●
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	178–179		8	●
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	177–178		8	●
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	193		8	●
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	186–188		8	●
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	194–196		8	●
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	194–195	Our screening process includes all key suppliers, representing approximately 80% of our procurement spend. Those new suppliers who fall under the criteria are screened.	8	●
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	155–156		12	●
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	156		12	●
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	148, 156		12	●
Huhtamaki's own KPI's	Zero food contact compliance related claims reported	148, 156		12	●
	All our products comply with Huhtamaki's Global Food Safety Policy	148, 156		12	

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Topic	Code	Accounting metric	Location and comments	External assurance
Greenhouse Gas Emissions	RT-CP-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	161–162	●
	RT-CP-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	159–161	●
Air quality	RT-CP-120a.1	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM)	VOC emissions are disclosed on page 161. Emissions of NO_x, SO_x and particulate matter are not relevant in our operations and are therefore not reported at Group level.	●
Energy management	RT-CP-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	162–163	●
Water management	RT-CP-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Page 166. For water consumption, we use GRI's definition, which is total water withdrawal – total water discharge.	●
	RT-CP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	165–167	●
	RT-CP-140a.3	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	166	●
Waste management	RT-CP-150a.1	Amount of hazardous waste generated, percentage recycled	169	●
Product safety	RT-CP-250a.1	Number of recalls issued, total units recalled	Data not available yet.	
	RT-CP-250a.2	Discussion of process to identify and manage emerging materials and chemicals of concern	155–156	●
Product lifecycle management	RT-CP-410a.1	Percentage of raw materials from: (1) recycled content, (2) renewable resources, and (3) renewable and recycled content	152	●
	RT-CP-410a.2	Revenue from products that are reusable, recyclable, and/or compostable	150	●
	RT-CP-410a.3	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	148–155	●
Supply chain management	RT-CP-430a.1	Total wood fiber procured, percentage from certified sources	152	●
	RT-CP-430a.2	Total aluminum purchased, percentage from certified sources	152	●
Activity metrics	RT-CP-000.A	Amount of production, by substrate	Page 152. Many of our products consist of several substrates and therefore the amount of production by substrate is calculated based on raw material data, which acts as a good proxy.	●
	RT-CP-000.B	Percentage of production as: (1) paper/wood, (2) glass, (3) metal, and (4) plastic	152	●
	RT-CP-000.C	Number of employees	174	●

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