Annual Report 2023

Huhtamaki

Contents

The Huhtamaki Annual Report 2023 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 2023 in accordance with ESEF regulations are available at www.huhtamaki.com/investors.




Overview

President and CEO's foreword

Strong cash flow and margin improvement

"Innovation continues to be high on our agenda, as we seek to both improve our sustainability performance and deliver new solutions to our customers."

Charles Héaulmé
President and Chief Executive Officer

Reflecting on 2023, we are pleased with the many achievements during the year and energized by our plans going forward. In line with the previous years, we have proven our ability to deliver results in a volatile market environment, thanks to our diverse portfolio and the agility of our organization.

We launched our updated 2030 growth strategy in 2023, which translated in higher financial ambitions. We focus on scaling up our profitable core businesses, developing and deploying proprietary innovative sustainable packaging solutions, and driving world-class competitiveness. Sustainability remains at the core of our strategy, and we made good progress towards our sustainability goals in 2023.

Our performance for the full year 2023 was solid. In the full year 2023, our comparable net sales decreased by 2% and adjusted EBIT by 1%. Our EBIT margin was strong at 9.4% despite lower sales volumes, the divestment of our operations in Russia in 2022 and currency translation. Free cash flow reached EUR 321 million, representing a significant improvement compared to last year.

Several important milestones achieved in 2023

In 2023, we brought new capacity to commercial production. These include for example egg packaging in North America and South Africa as well as fiber lids in Europe. Innovation continues to be high on our agenda, as we seek to both improve our sustainability performance and deliver new solutions to our customers. We also took several steps during 2023 towards optimizing our manufacturing footprint and strongly improving productivity globally. In November, we announced a program that accelerates strategy implementation, expecting to materially support our profitability.

With the actions taken, we are well placed to capitalize on the opportunities in the transforming packaging market. With demand returning to growth in the foreseeable future, and with the support from our capacity expansions, innovation and improving operational performance, I believe we are well prepared to deliver on our financial ambitions. I want to thank our customers for their trust and partnership throughout the year. I also want to thank our entire team for their great work and 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 global food and everyday necessities 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, food on-the-shelf and everyday necessities, 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, 66.1% of all the raw materials we use in manufacturing our products are renewable, and 98.7% 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.

This is Huhtamaki

Huhtamaki in figures

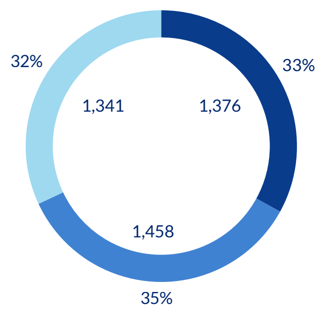
Circularity
66.1%
Share of all materials used that are renewable or recycled

Operations
79.4%
Share of non-hazardous waste recycled or composted

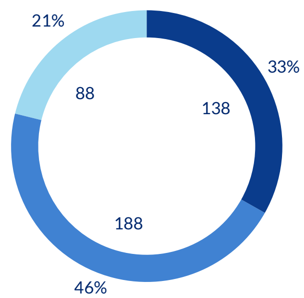
People
LTIFR 1.78
Safety, Lost Time Injury Frequency Rate

Climate
41.7%
Share of renewable electricity used in operations

Net sales
EUR 4,169 million

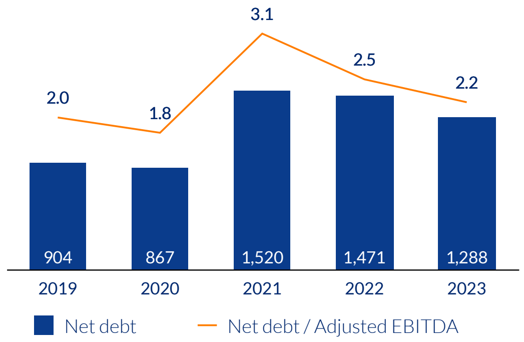


Adjusted EBIT
EUR 393 million

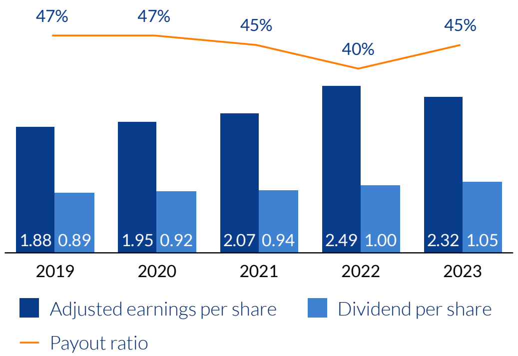


Fiber Foodservice E-A-O   North America   Flexible Packaging

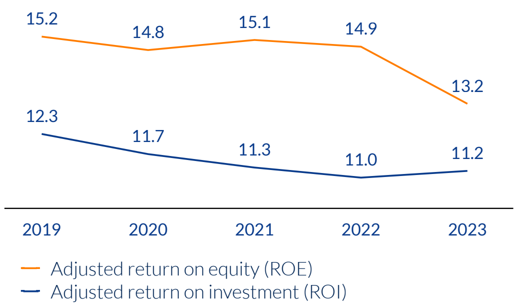
Net debt and Net debt / Adjusted EBITDA
EUR million



Adjusted earnings and dividend per share
EUR



Adjusted return on investment and equity
%



Business segments' net sales include internal sales of EUR 10 million in total. Group's Adjusted EBIT includes Other Activities EBIT of EUR -21 million. Adjusted EBIT, Adjusted earnings per share and Net debt and Net debt / Adjusted EBITDA, Adjusted ROI and Adjusted ROE are presented excluding items affecting comparability. 2023 dividend as proposed by the Board of Directors.

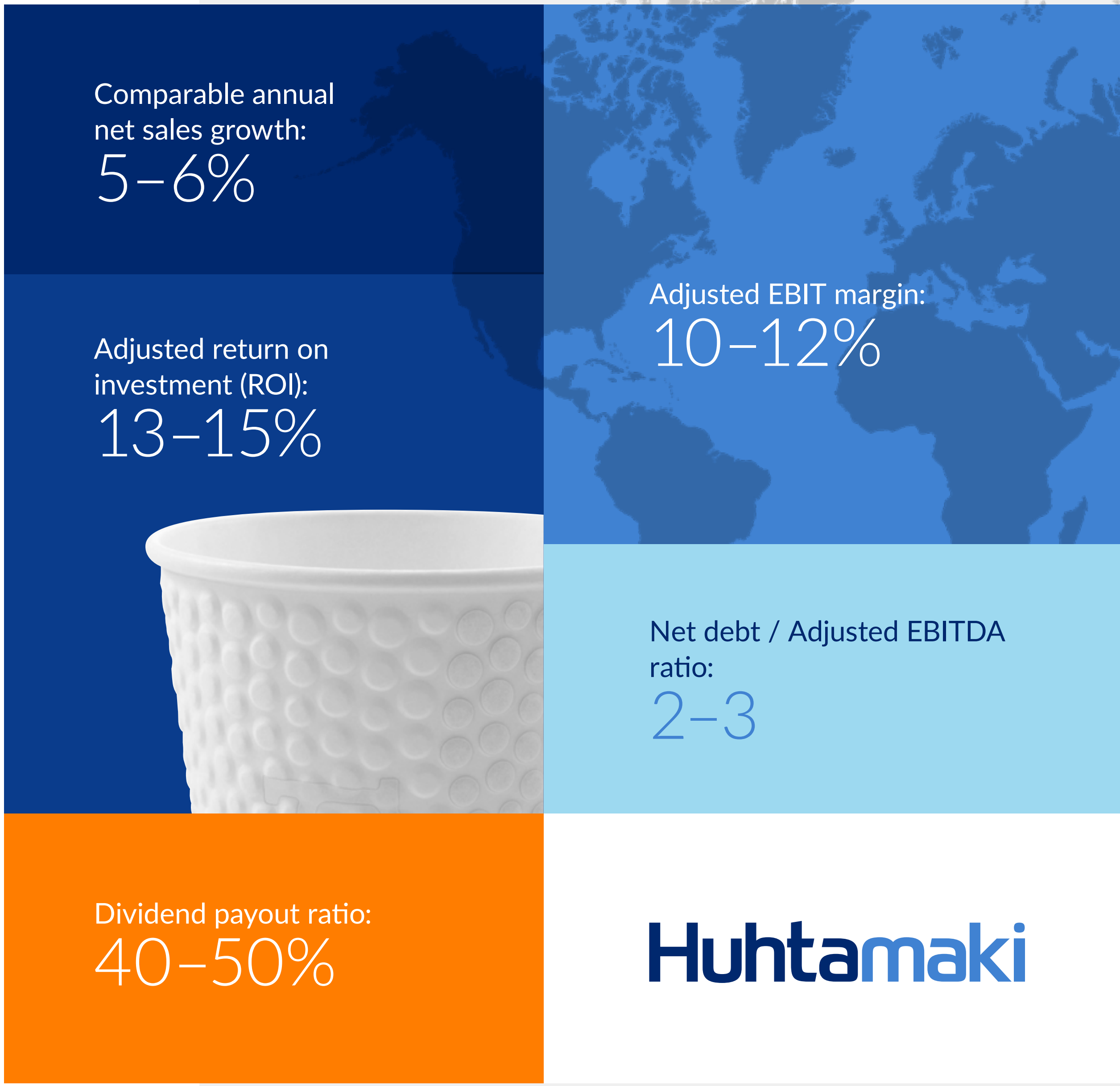
Huhtamaki as an investment

Huhtamaki is a leading global provider of sustainable packaging solutions for consumers around the world. Our innovative products protect on-the-go and on-the-shelf food and beverages, and home and personal care products, ensuring hygiene and safety, driving accessibility and affordability, and helping prevent food waste.

We create value for our stakeholders with four levers. We do this by scaling our profitable core business, by innovating into sustainable packaging solutions and by stepping up our operational performance to secure competitiveness in short and long term. Additinally, we focus on ensuring that we have the strategic enablers in place. As the industry shifts to circularity accelerates, we have invested into technology innovation to capture value-added sustainable innovation opportunities. The transformation of our portfolio for circularity is starting to yield benefits.

This strategy enables us to enhance our long-term ambitions. We plan an annual net sales growth of 5–6%, delivering in the long-term an adjusted EBIT margin of 10–12%, and an adjusted return on investment of 13–15%. This will allow growing earnings per share and increasing dividends. Our historically stable and predictable profit growth has enabled us to increase our dividend annually for 15 consecutive years, with a compound annual growth rate of 8%*.

*Including the 2023 dividend proposal by the Board of Directors.



Business segments

Fiber Foodservice E-A-O

Net sales
M€ 1,380

North America

Net sales
M€ 1,458

Flexible Packaging

Net sales
M€ 1,341

We support our customers, wherever they are.

Huhtamaki global figures

Operating countries
37

Operating locations
107

Number of employees
17,910

Net sales
M€ 4,169

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

All figures as of December 31, 2023.

Business segments

Fiber Foodservice E-A-O

The Fiber Foodservice E-A-O business offers high-quality paperboard and molded fiber packaging for fresh food and drinks to foodservice operators, fast food restaurants, coffee shops and FMCG companies. We have 31 manufacturing locations in Europe, South Africa, Middle East, Asia, Oceania and South America.

"Our focus on molded fiber products is starting to yield results, as we have increased the capacity in for example fiber lids."

Fredrik Davidsson
President, Fiber Foodservice E-A-O

Despite the challenging market conditions in 2023, we continued to make progress in our strategic initiatives. We experienced softer demand compared to the previous year, but pricing remained supportive during the year. Comparable net sales for Foodservice E-A-O increased by 2% and by 7% for Fiber Packaging. The lower volumes, divestment of operations in Russia in 2022, and foreign exchange impacts had a negative impact on net sales. Our adjusted EBIT decreased by 7% for Foodservice E-A-O and by 1% for Fiber Packaging due to lower sales volumes as well as the divestment of the business in Russia.

During the year, we continued to deliver the strategy. We saw strong traction in the deployment of fiber lids, the sales of which increased significantly. This is a proof of our commitment to developing sustainable and innovative packaging solutions for our customers. We increased the capacity of molded fiber products in South Africa, ramped up production of fiber lids in Germany, and increased the capacity of paperboard packaging in Nules, Spain.

We also continued to focus on world-class operations to improve efficiency, reduce costs, and enhance our overall performance. The actions include optimizing our operating model, labor productivity and rolling out shopfloor digitalization.

With the growth and efficiency initiatives, we are well positioned strengthen our position in the market and drive growth. We remain committed to delivering sustainable and innovative packaging solutions while improving our financial performance.

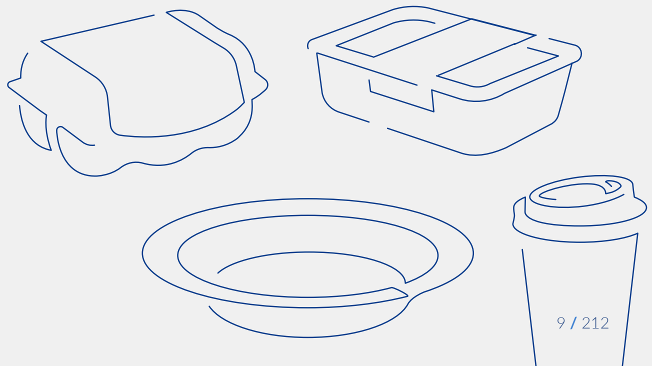
Key figures

Net sales
M€ 1,380

Adjusted EBIT
M€ 137.6

Adjusted EBIT margin
10.0%

Capex
M€ 93.3



Business segments

North America

The North America business serves local markets with retail disposable tableware branded (Chinet®) and private label products, foodservice packaging products, as well as consumer goods packaging products (such as ice-cream containers). We have 19 production units in the United States and Mexico.

“We expanded our offering to egg packaging and are investing into our profitable core business.”

Ann O’Hara
President, North America

In 2023, we achieved revenue growth due to the support from pricing. The impact was offset by slightly softer demand compared to the previous year, with significant variations across categories. Demand in Foodservice was solid, whereas it was softer in Consumer Goods and Retail. Comparable net sales increased by 2% from the previous year's level driven by pricing, whereas there was softness in volumes. Our adjusted EBIT increased, supported by increased operational efficiency and lower costs, compensating for lower sales volumes.

We are delivering the strategy through investing in the profitable core business. We started production in our egg packaging plant investment, expanding our offering to a new product group in the market. This investment has supported the market’s increased demand as foam packaging is being banned in a large number of U.S. states. We are also in the process of increasing the production capacity of our retail products and have announced an investment to increase foodservice capacity. On the innovation side, we are developing more sustainable solutions in the Retail space, in collaboration with our customers and consumers. This demonstrates our commitment to producing sustainable packaging solutions that fulfill the changing requirements of our customers.

With a strong focus on growing the profitable core and incremental improvements to our operating efficiency, we are well positioned to grow profitably in the future as well.

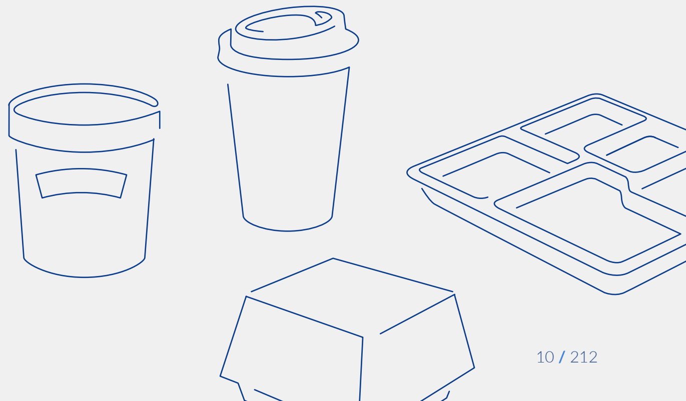
Key figures

Net sales
M€ 1,458

Adjusted EBIT
M€ 187.9

Adjusted EBIT margin
12.9%

Capex
M€ 121.4



Business segments

Flexible Packaging

The Flexible Packaging business offers 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. The business serves global markets from 22 manufacturing locations in Europe, Middle East and Africa, Asia and South America.

"We are taking a significant leap in our sustainability journey, as we expand our offering of recyclable flexible packaging."

Marco Hilty
President, Flexible packaging

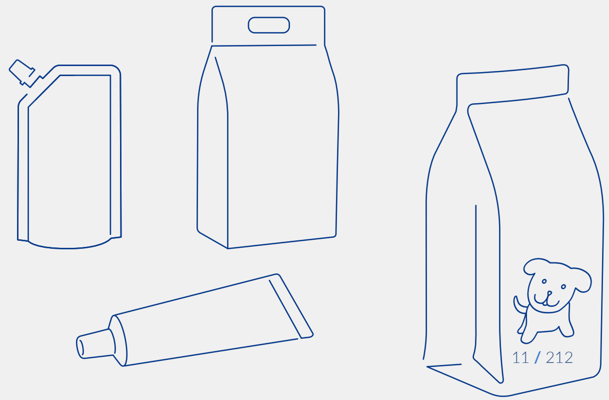
The market situation was challenging in 2023, primarily due to inflationary pressure on consumption and destocking in the value chain. The impact of inflation was particularly noticeable in emerging markets. As a result, comparable net sales decreased by 9% due to lower volumes, pricing and fluctuations in foreign exchange rates. Net sales decreased particularly in India and Europe but increased in South-East Asia and Oceania. Our adjusted EBIT decreased by 10% due to lower sales volumes and a negative sales mix.

We have taken decisive actions to improve the financial performance, including optimizing the operating model, labor productivity and consolidating the manufacturing footprint. We have closed one large and several smaller sites in India and the site in Prague, and have consolidated production volumes to larger sites. These efforts aim to streamline operations and improve efficiency.

In 2023, we took a significant step in our sustainability journey as we launched our latest innovation. In April, a new line of blueloop™ recyclable sustainable monomaterial products was launched. These products offer recyclability without compromising on product protection or affordability. This aligns with the company's focus on sustainability and commitment to reducing its environmental impact, and we believe it will help us strengthen our market position going forward.

Key figures

Net sales	Adjusted EBIT
M€ 1,341	M€ 88.0
Adjusted EBIT margin	**Capex**
6.6%	M€ 103.7



Our 2030 Strategy

The packaging industry is undergoing significant shifts. The imperative to ensure adequate standards of living for a growing global population while, at the same time, building a sustainable future for our planet are two megatrends shaping the industry today. These developments drive an increasing demand for innovative, circular packaging solutions that are fit for the competitive market.

The core purpose of packaging for food and everyday necessities remains as important as ever: ensuring safe and affordable access to foodand hygiene products for everyone, everywhere. By protecting and extending the shelf life of food through often global supply chains, fit-for-purpose packaging solutions play a critical role in reducing food waste, which contributes to approximately ten percent of global carbon emissions.

The growing market presents new opportunities for game-changing, circular packaging solutions on a global scale. Our 2030 strategy is aligned to this transformation. We continue to scale up our profitable core businesses, develop our blueloop™ sustainable innovative solutions in partnership with our customers, and drive world-class competitiveness across our global footprint. Our goal is to become the first choice in sustainable packaging solutions, driven by innovation and operational performance.

Our global transformation journey is powered by systematic development of selected strategic capabilities. We are committed to systematically improving safety to reach our target of zero accidents. We are driving customer excellence, delivering operational excellence, accelerating digital transformation, developing next-generation innovation and embedding sustainability in everything we do, generating value to our customers, shareholders, employees and the planet.

Our Purpose:

Protecting food, people and the planet

Our business priorities:

Our strategic enablers:

Safety

Innovation

Digitalization

Customer excellence

Sustainability

Operational excellence

Empower our Talent to succeed

The packaging market is seeing significant shifts

The transformation of the packaging industry is accelerating, driven by demand for sustainable innovations that are fit for a competitive market. With our strong track record in innovating and launching sustainable solutions, coupled with an expected long-term trend of growing demand, Huhtamaki is strongly placed to capture these profitable growth opportunities. Our ability to provide sustainable technology innovation at scale differentiates us, globally.

Consumers

People all over the globe strive to make a positive impact on our planet's future. In addition to price and quality, consumers increasingly consider the environmental and social impact of products and their packaging. The growing awareness among consumers accelerates the agenda for sustainable, affordable, adaptable and functional packaging.

Packaging value chain

The packaging value chain is cross-fertilizing across material suppliers, development of complex technologies and digital innovation to deliver new solutions on a global scale. Collaborating across the ecosystem to achieve systemic change is key for solving global challenges related to food waste and recycling.

Customers

A changing consumer sentiment and shifts in regulation are driving the demand for circular solutions. Customers, such as brand-owners, turn to partners who can help them reach their commitments to reduce their carbon footprint by innovating and providing added value with solutions that can be scaled across their global operations.

Sustainability

The increasing urgency to address sustainability issues has started a green transition across industries, accelerated by regulation striving for a circular economy. This development creates new opportunities for innovative solutions in the packaging industry.

The food and everyday necessities packaging market is expected to grow around 30% by 2030. With only 30% of the packaging in the market currently meeting key standards for sustainability*, this opens innovation opportunities for sustainable solutions in the packaging market.

Note: Market projections include both Huhtamaki addressable categories and broader space in Huhtamaki technologies with innovation opportunities.

Source: Mordor Intelligence, Grand View Research, Smithers, Wood Mackenzie, Huhtamaki estimates.

*We define sustainable as recyclable, compostable or reusable and made from responsibly sourced materials.

Huhtamaki's business priorities

Huhtamaki's ambition is to be the first choice in sustainable packaging solutions, globally. To reach this position, we are continuing to scale up our profitable sustainable core businesses, investing in blueloop™ transformative innovation to develop game-changing innovation, and accelerating our competitiveness by improving our efficiency and productivity, ultimately lowering costs.

Scaling up our profitable core businesses

At Huhtamaki, we are committed to delivering profitable growth by scaling up our core businesses through our three distinctive leading technologies: fiber, flexible and paperboard. We are also leveraging our existing global footprint and products.

Developing blueloop™ sustainable innovation in partnership with our customers

Our commitment to sustainability drives our efforts to develop innovative packaging solutions that meet the changing needs of consumers and customers. To achieve this, we continue to invest in transformative blueloop™ innovations – our product range is designed for circularity, comprising recyclable and compostable products made from responsibly sourced materials.

Driving world-class competitiveness

Improving our competitiveness and profitability is essential for us to deliver on our updated 2030 growth strategy. To accelerate world-class competitiveness across our global footprint, we focus on operational excellence, productivity, process performance and digitalization.

Business priority

Scaling up our profitable core businesses

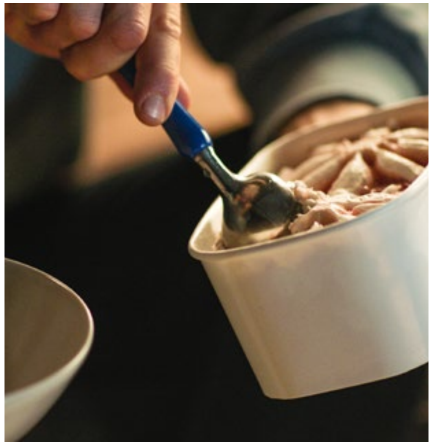
In 2023, we continued to further grow our core business by bringing new capacity to commercial production, including single-use tableware in North America and rough molded fiber egg packaging in both North America and South Africa. We announced a significant investment in the expansion of our North America Foodservice capacity in Paris, Texas, to capture the growing demand for folding carton packaging. The Paris facility is uniquely positioned to meet the increased demand in the United States for more innovative and sustainable folding cartons which provide convenient, safe and hygienic food for busy consumers. These projects illustrate our strategy to scale up our profitable core business, and we will continue to further grow through both organic investments and acquisitions.

Catering to the needs of our customers around the globe and digitally on-the-go

With our global network of manufacturing and sales units, we are well placed to support customers' growth wherever they operate. By keeping customer excellence at the heart of all our operations, we make sure that our customers' expectations are exceeded and wishes reflected in the products and solutions we develop. Our deep customer understanding and over 100 years of expertise combined with the three core technologies, fiber, flexible and paperboard, enable us to offer a diversified product portfolio, which provides resilience and caters to the unique needs of our customers.

As we become digitally integrated and transform the way we work from factory floor to customer interface, we are working on our digital collaboration capabilities to deliver the best customer experience in the industry. Accelerating our digital transformation will enhance our business models, drive commercial and operational excellence, and enable business growth.

Highlights



Expanding paper-based packaging capacity in Nules, Spain

In early 2023, we started production at the extension to our manufacturing site in Nules, Spain. This investment reflects the growing demand for renewable and recyclable paper-based packaging to substitute rigid plastics. The Nules factory is a Huhtamaki Global Center of Excellence, developing innovative, sustainable packaging solutions for its customers across Europe.

Read more at huhtamaki.com

Piloting an online product catalogue for Franeker

An important milestone in enhancing our customer experience digitally was the launch of the Huhtamaki Franeker Online Product Catalogue with self-service capabilities. The catalogue showcasing the product range of Huhtamaki Franeker plant was released to pilot customers in Q4 2023. It provides an efficient and user-friendly interface, offering users access to detailed information, resources, and tools to support their requirements.

Shop-floor digitalization improves safety, quality and productivity

The Shop Floor Digitalization Initiative connect our factory teams to comprehensive data tools that will improve safety, quality, productivity, sustainability, and employee engagement by empowering employees with the information they need when they need it. Already 4 Huhtamaki sites are using the system with success, and there are more to come.

Business priority

Developing blueloop™ sustainable innovation in partnership with our customers

In April 2023, we launched three breakthrough mono-material flexible packaging solutions designed for recycling and using fewer materials than conventional complex and multi-layered material structures. Huhtamaki has invested in blown film production and advanced coating technologies across its production footprint, building a global supply capacity for the new innovations.

We also increased production capacity for other sustainable products, such as fiber lids for cups in Alf, Germany. We will continue to further build our portfolio of circular and innovative blueloop™ sustainable packaging solutions across our technologies.

Embedding sustainability in everything we do

Sustainability lies at the center of the Huhtamaki strategy. We are considering our impact – both positive and negative – throughout the entire value chain, in terms of the environment, social responsibility as well as corporate governance.

Starting with responsible sourcing and circular design, we aim to design all our products to be fully recyclable, compostable or reusable, with 80% of our materials being recycled or renewable by 2030. We are committed to using resources such as water and energy carefully, with a goal of 100% renewable energy by 2030. We are actively engaging with all stakeholders on our product recycling and operating in a socially sustainable way throughout our value chain. We are making consistent progress on delivering on our sustainability commitments, particularly on operational health and safety, renewable energy and absolute greenhouse gas emissions.

In 2023, we focused on sustainability in our supplier base by launching a supplier engagement campaign on commitment to Science Based Targets. We increased the share of recycled materials, supported by higher purchases of renewable materials and increased on-site recycling. Additionally, the share of renewable electricity increased and we achieved improvements in waste management.

Our commitment to sustainability drives our efforts to innovate next-generation solutions. We develop our circular products by partnering directly with our customers.

Launching breakthrough mono-material solutions

In April 2023, Huhtamaki launched three breakthrough solutions in mono-material flexible packaging, setting new standards in the industry. They are designed for recycling and use fewer materials than the conventional complex and multi-layered materials they are designed to replace. At the same time, no compromises are made on the protection of package contents. By increasing the share of mono-material in each of our solutions, both the technical and economic viability of recycling of the material is improved.

ⓘ | *Read more at huhtamaki.com*

No cups are left behind in Dublin

In October 2023, The Cup Collective expanded to Dublin. The unique European partnership program focuses on industrial-scale paper cup recycling, with the goal to make paper cup recycling the norm for everyone. Launched in Brussels in 2022 in collaboration with Stora Enso, The Cup Collective is now active in Ireland, Belgium, Germany, the Netherlands and Italy, with plans to expand further into other countries.

ⓘ | *Read more at huhtamaki.com*

Reducing waste at a sports stadium

Huhtamaki and Sporting Kansas City, a US Major League Soccer club, announced a new partnership in March 2023, naming Huhtamaki as the club's official sustainable packaging provider at the Children's Mercy Park stadium. Together the companies are committed to reducing the stadium's environmental footprint with the goal of zero waste by 2027. This will be achieved by integrating Huhtamaki's innovative products, moving towards compostable and recyclable products as well as educating fans to ensure that foodservice products are disposed of in the proper waste streams. In addition, Sporting Kansas City will aim to introduce composting depositories at other facilities operated by the club, while also establishing strategic messaging campaigns to increase awareness of compostable practices.

ⓘ | *Read more at huhtamaki.com*

Business priority

Driving world-class competitiveness

Improving our competitiveness and profitability is essential for us to deliver on our updated 2030 growth strategy. To drive world-class competitiveness across our global footprint, we focus on operational excellence, productivity, process performance and digitalization.

We seek common solutions and unified ways of working. This is the foundation to digitize our operations as well as IT systems and infrastructure to make our operations more efficient and improve our strategic insights. By daring to grow and innovate, caring for our customers, our people and the planet, and delivering on our promises, we achieve excellence in quality, productivity, and safety, which is our license to operate. We enable our talented employees to continuously develop their expertise and create suitable career paths for them.

Throughout the year 2023, we took actions to address productivity and improve financial performance. This was reflected in an improved profitability level in all our business segments towards the end of the year compared to the first half. The actions included optimizing our operating model, labor productivity initiatives and consolidating our manufacturing footprint in our segments. Across the Group, we have continued to actively address productivity, with a focus on machine utilization, material waste reduction and labor efficiency. In December 2023, Huhtamaki announced it is starting a program to accelerate its strategy implementation which is expected to materially support the profitability of the company with efficiency improvements leading to savings of approximately EUR 100 million over the next three years.

Safety is our license to operate

At Huhtamaki, safety is our number one priority, with our ultimate goal being zero accidents. To achieve this, we are constantly seeking ways to improve safety culture and awareness.

In 2023, we took actions to systematically improve our safety performance, with a particular focus on engaging shop floor employees. We launched a shop floor continuous improvement initiative as part of our world-class operations program. It has already led to a significant engagement in safety-related activities, including an increase in the reporting of near miss incidents. In Q4, we launched the EHS (Environment, Health & Safety) Dashboard providing an overview of Huhtamaki's safety performance. The tool enables us to monitor our progress and identify areas of improvement to further enhance our safety measures.

Huhtamaki's long-term financial ambitions

Annual comparable net sales growth:
5–6%

Adjusted EBIT margin:
10–12%

Adjusted return on investment (ROI):
13–15%

Net debt / adjusted EBITDA ratio:
2–3 x

Dividend pay-out ratio:
40–50%

Transformation in India

The business in India has delivered a transformation during the last years, resulting in efficiency and profitability improvements. The business closed one large and four smaller manufacturing sites during 2023 and transferred the volumes to larger units. In addition, they sold the valuable Thane real estate. The structural improvements also include pricing actions, waste management improvements and overall cost cutting actions.

Financials

Directors' report 2023

Operating environment

In 2023, the volatile market conditions continued as inflation had a negative impact on consumption. Inflation started to affect consumption across categories and geographies already during the latter part of 2022 and continued throughout 2023. However, end market demand started to improve during the second half of the year. Destocking in the value chain had a negative impact on sales volumes during the first half of 2023, particularly in export markets in the Flexible Packaging segment.

There were significant variations in demand by product category and geography. Demand for foodservice products increased in North America and held up well in many other markets. Within foodservice, the demand for fiber lids saw a significant increase, as customers started to deploy the product in Europe. On the other hand, the market situation in China remained difficult. In North America, consumer goods continued to suffer from the impact of inflation on ice cream demand. For Flexible packaging products, demand declined both in emerging markets as well as in Europe.

For input costs, there were significant variations throughout the year. Prices for plastics and fiber were on a decreasing trend during the year, whereas paperboard prices, on average, only decreased slightly towards the end of the year. Out of the other key cost components, labor costs saw meaningful increases globally and transportation costs decreased.

Strategic development

Huhtamaki updated its 2030 Strategy in March 2023, and it builds on four priorities: scaling up its profitable core businesses, developing its blueloop™ sustainable innovation in partnership with customers, driving world-class competitiveness across its global footprint and investing in strategic capabilities to drive its transformation journey.

Huhtamaki targets sustainable profitable growth based on its strong competitive position. Scaling up profitable core business is one of the key elements in Huhtamaki's 2030 strategy, leveraging the company's knowhow in the three key technologies, the existing global footprint and existing products. Huhtamaki's capital expenditure is focused accordingly, while also investing in innovation. Huhtamaki targets long-term growth by both capturing the organic growth opportunities and via acquisitions.

Innovation plays an increasingly important role for Huhtamaki, as it is leveraging its proprietary technology. The entire packaging industry is going through a transformation, driven by increasing requirements in the fields of sustainability, functionality and convenience. The required technological solutions are increasingly complex, and the market is evolving rapidly. blueloop™ is an enterprise-wide brand, that covers Huhtamaki's range of sustainable packaging products. The blueloop brand promise is that they are designed for circularity and part of delivering on Huhtamaki's 2030 Strategy to become the first choice in sustainable packaging solutions.

Huhtamaki aims to achieve world-class operational performance across its footprint, where the key drivers are structural performance and continuous operational improvements. These actions are expected to contribute 1-2 percentage points to the overall profitability improvement, as stated in the long-term financial ambitions. To achieve structural performance improvements, Huhtamaki is optimizing its manufacturing footprint, and has taken decisions on site closures during 2023, including the Flexible Packaging site in Prague, Czech Republic and several smaller sites in India.

In 2023, Huhtamaki made good progress implementing the strategic priorities.

Key figures

EUR million	2023	2022	2021
Net sales	4,168.9	4,479.0	3,574.9
Comparable net sales growth	-2%	15%	7%
Adjusted EBITDA[1]	590.1	596.9	488.4
Margin[1]	14.2%	13.3%	13.7%
EBITDA	621.2	614.9	469.6
Adjusted EBIT[2]	392.6	395.1	315.3
Margin[2]	9.4%	8.8%	8.8%
EBIT	380.9	405.3	296.0
Adjusted EPS, EUR[3]	2.32	2.49	2.07
EPS, EUR	1.97	2.65	1.91
Adjusted ROI[2]	11.2%	11.0%	11.3%
Adjusted ROE[3]	13.2%	14.9%	15.1%
ROI	10.9%	11.4%	10.6%
ROE	11.8%	15.7%	13.9%
Capital expenditure	318.7	318.5	259.4
Free Cash Flow	321.4	11.1	-26.1

[1] Excluding IAC of EUR 31.1 million in 2023 (EUR 18.0 million in 2022 and EUR -18.7 million in 2021).
[2] Excluding IAC of EUR -11.7 million in 2023 (EUR 10.2 million in 2022 and EUR -19.3 million in 2021).
[3] Excluding IAC of EUR -35.9 million in 2023 (EUR 16.0 million in 2022 and EUR -17.1 million in 2021).

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2022. 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, implementation costs concerning large projects with SaaS cloud computing technology, fines and penalties imposed by authorities and extraordinary taxes.

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 2023

Net sales by business segment

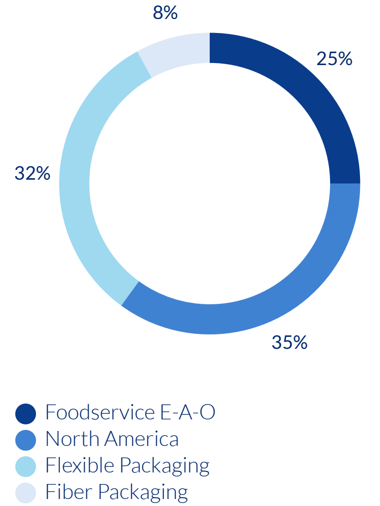
EUR million	2023	2022	Change
Foodservice Europe-Asia-Oceania	1,037.2	1,110.7	-7%
North America	1,457.9	1,468.3	-1%
Flexible Packaging	1,341.0	1,558.2	-14%
Fiber Packaging	343.1	363.0	-5%
Elimination of internal sales	-10.3	-21.1	
Group	**4,168.9**	**4,479.0**	**-7%**

Comparable net sales growth by business segment

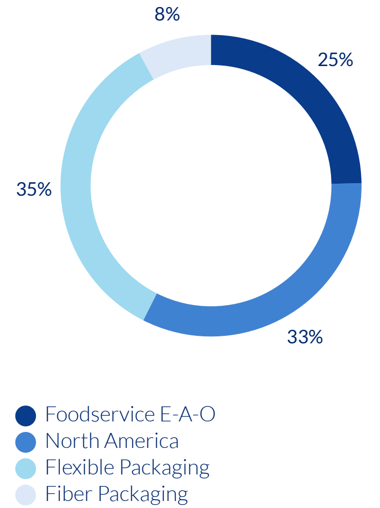
	2023	2022	2021
Foodservice Europe-Asia-Oceania	2%	18%	11%
North America	2%	14%	6%
Flexible Packaging	-9%	14%	7%
Fiber Packaging	7%	15%	2%
Group	**-2%**	**15%**	**7%**

The Group's net sales decreased 7% to EUR 4,169 million (EUR 4,479 million) during the reporting period. Comparable net sales growth was -2%. Overall, demand was muted by the impact of inflation. Net sales were weighed on by a decrease in sales volumes and changes in currencies, whereas pricing had a positive impact. The divestment of the operations in Russia in 2022 had a negative impact. Comparable sales growth in emerging markets was -4%. Foreign currency translation impact on the Group's net sales was EUR -153 million (EUR 234 million) compared to 2022 exchange rates.

Net sales by segment 2023



Net sales by segment 2022



Adjusted EBIT by business segment

				Items affecting comparability	
EUR million	2023	2022	Change	2023	2022
Foodservice Europe-Asia-Oceania	98.0	105.7	-7%	-9.9	16.0
North America	187.9	171.6	9%	-0.0	-5.6
Flexible Packaging	88.0	98.1	-10%	5.8	-15.9
Fiber Packaging	39.6	40.0	-1%	-6.2	18.1
Other activities	-20.9	-20.3		-1.4	-2.4
Group	**392.6**	**395.1**	**-1%**	**-11.7**	**10.2**

Adjusted EBIT margin by business segment

	2023	2022	2021
Foodservice Europe-Asia-Oceania	9.4%	9.5%	8.3%
North America	12.9%	11.7%	12.0%
Flexible Packaging	6.6%	6.3%	6.8%
Fiber Packaging	11.6%	11.0%	10.9%
Group Total	**9.4%**	**8.8%**	**8.8%**

The Group's adjusted EBIT decreased to EUR 393 million (EUR 395 million) and reported EBIT was EUR 381 million (EUR 405 million). Adjusted EBIT decreased only by 1% despite the lower sales volumes, divestment of operations in Russia in 2022 and the negative foreign currency impact. It was supported by lower raw material costs and the company's actions to improve profitability. The Group's adjusted EBIT margin increased and was 9.4% (8.8%). Foreign currency translation impact on the Group's earnings was EUR -15 million (EUR 22 million).

Adjusted EBIT excludes EUR -11.7 million (EUR 10.2 million) of items affecting comparability (IAC). The main changes in IACs relate to the sale of real estate in Thane, India and the planned closure of the Flexible Packaging production facility in Prague, Czech Republic.

Adjusted EBIT and IAC

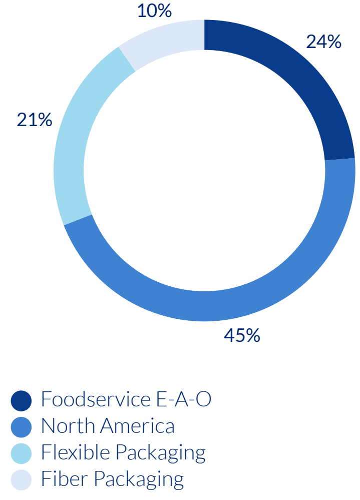
EUR million	2023	2022
Adjusted EBIT	392.6	395.1
Acquisition related costs	-0.5	-2.2
Restructuring gains and losses, including writedowns of related assets	17.3	-9.9
PPA amortization	-8.9	-8.2
Settlement and legal fees of disputes	-0.2	-4.5
Prague site closure-related costs	-18.8	-
Property damage incidents	-0.1	-1.1
Implementation costs concerning large projects with SaaS cloud computing technology	-0.6	-
Divestment of subsidiaries	-	44.5
Environmental case	-	-8.4
EBIT	**380.9**	**405.3**

Net financial expenses were EUR 69 million (EUR 53 million). The increase was due to higher interest rates and other financing costs. Tax expense was EUR 87 million (EUR 67 million). The effective tax rate was 28% (19%). The increase was due to an impact from the business in Turkey, which has the US dollar as a functional currency. As taxes are calculated in the significantly devalued Turkish lira, the current tax charge as well as deferred tax liabilities increased significantly. The functional currency remeasurements related impact to deferred tax liabilities (mainly Turkey) are a non-cash item and are treated as IAC. Additionally, the tax rate was impacted by a non-deductible goodwill impairment related to the planned closure of the Flexible Packaging site in Prague, Czech Republic. Profit for the period was EUR 225 million (EUR 285 million). Adjusted earnings per share (EPS) were EUR 2.32 (EUR 2.49) and reported EPS EUR 1.97 (EUR 2.65). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -35.9 million (EUR 16.0 million) of IAC.

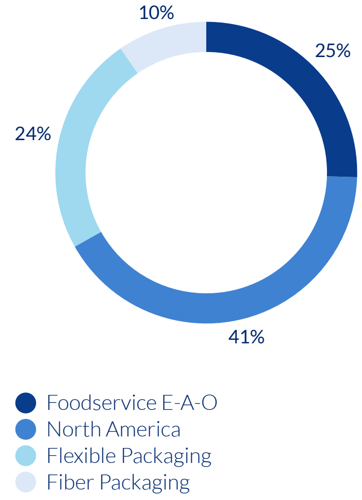
Adjusted profit and IAC

EUR million	2023	2022
Adjusted profit for the period attributable to equity holders of the parent company	242.3	260.2
IAC in EBIT	-11.7	10.2
IAC in Financial items	-0.1	0.0
Taxes relating to IAC	-15.5	5.8
IAC attributable to non-controlling interest	-8.6	-
Profit for the period attributable to equity holders of the parent company	**206.3**	**276.2**

Adjusted EBIT by segment 2023



Adjusted EBIT by segment 2022



Statement of financial position and cash flow

The Group's net debt decreased and was EUR 1,288 million (EUR 1,471 million) at the end of December. The level of net debt corresponds to a gearing ratio of 0.67 (0.77). Net debt to EBITDA ratio (excluding IAC) was 2.2 (2.5). Average maturity of external committed credit facilities and loans was 2.9 years (3.2 years).

On May 22, 2023, Huhtamäki Oyj signed a EUR 125 million bilateral term loan facility agreement with a maturity of two years. The term loan will be used for refinancing and general corporate purposes of the Group. The facility has a one-year extension option at the discretion of the Lender, and the interest margin is tied to three sustainability indicators; absolute Scope 1 and 2 greenhouse gas emissions amount, share of non-hazardous waste recycled and Ecovadis Rating. On November 16, 2023, the company issued a EUR 300 million, 5-year senior unsecured bond bearing an interest rate of 5.125 per cent per annum. The net proceeds from the issue of the bond were used for the partial repurchase of its existing notes due 2024 and for refinancing and other general corporate purposes of the Group.

Capital expenditure was EUR 319 million (EUR 318 million). The largest investments for business expansion were directed to increase capacity of fiber products in Europe and North America. The Group's free cash flow was EUR 321 million (EUR 11 million), driven by an improvement in working capital.

Cash and cash equivalents were EUR 348 million (EUR 309 million) at the end of December and the Group had EUR 355 million (EUR 353 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 4,665 million (EUR 4,821 million).

Three-year program to accelerate strategy implementation and to bring MEUR 100 cost savings

On November 30, 2023, Huhtamaki announced that the company is accelerating the strategy implementation by starting a program which is expected to materially support the profitability with efficiency improvements leading to savings of approximately EUR 100 million over the next three years. All cost levers will be addressed including potential restructuring to a more optimal manufacturing footprint, reducing input costs at an accelerated pace, and improving productivity globally.

The costs of the program are expected to be approximately EUR 80 million, which upon materialization will be treated as items affecting comparability.

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 of 2022. 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.

Acquisitions and divestments

On February 20, 2023, Huhtamaki announced that it had acquired full ownership of Huhtamaki Tailored Packaging Pty Ltd (HTP), the Australian foodservice packaging distribution and wholesale group.

HTP is one of the largest importers and distributors of foodservice packaging in Australia serving a wide network of customers including metropolitan and regional packaging wholesalers, food wholesalers, club and hospitality suppliers, and national quick service restaurant businesses.

Huhtamaki acquired a majority stake in the business in 2018 and held approximately 76% of the company prior to this transaction. The debt free purchase price for the additional shares was approximately EUR 19 million. The business has been reported as part of the Foodservice Europe-Asia-Oceania business segment since the beginning of operations in 2018.

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	2023	2022	Change
Net sales	1,037.2	1,110.7	-7%
Comparable net sales growth	2%	18%	
Adjusted EBIT[1]	98.0	105.7	-7%
Margin[1]	9.4%	9.5%	
Adjusted RONA[1]	10.4%	10.9%	
Capital expenditure	64.0	118.9	-46%
Operating cash flow[1]	130.6	28.3	>100%
Items affecting comparability (IAC)	-9.9	16.0	

[1]Excluding IAC.

The demand for foodservice packaging softened. With the exception of paperboard, most raw material prices decreased compared to 2022.

Net sales in the Foodservice Europe-Asia-Oceania segment decreased. Comparable net sales growth was 2%. Pricing and mix supported net sales, whereas lower sales volumes had a negative impact. Net sales increased in Middle East and Africa, but decreased in Europe and Asia-Oceania, including China. The business in Russia was divested in September 2022.

The impact of currency movements on the segment's reported net sales was EUR -32 million.

The segment's adjusted EBIT decreased due to lower sales volumes as well as the divestment of the business in Russia.

The impact of currency movements on the segment's reported earnings was EUR -2 million.

North America

EUR million	2023	2022	Change
Net sales	1,457.9	1,468.3	-1%
Comparable net sales growth	2%	14%	
Adjusted EBIT[1]	187.9	171.6	9%
Margin[1]	12.9%	11.7%	
Adjusted RONA[1]	18.4%	17.9%	
Capital expenditure	121.4	99.8	22%
Operating cash flow[1]	122.2	45.6	>100%
IAC in EBIT	-0.0	-5.6	

[1]Excluding IAC.

Overall, there were significant variations in demand across categories. In particular, demand in Foodservice was solid whereas it was softer in Consumer Goods and Retail. With the exception of paperboard, prices in many raw material categories decreased compared to 2022.

Net sales in the North America segment decreased slightly from the previous year's level. Comparable net sales growth was 2%, driven by pricing, whereas lower sales volumes and changes in currencies had a negative impact. Comparable net sales was driven by Foodservice, remained at the previous years' level in Retail, but decreased in Consumer Goods.

The impact of currency movements on the segment's reported net sales was EUR -37 million.

The segment's adjusted EBIT increased, supported by increased operational efficiency and lower costs, compensating for lower sales volumes.

The impact of currency movements on the segment's reported earnings was EUR -5 million.

Flexible Packaging

EUR million	2023	2022	Change
Net sales	1,341.0	1,558.2	-14%
Comparable net sales growth	-9%	14%	
Adjusted EBIT[1]	88.0	98.1	-10%
Margin[1]	6.6%	6.3%	
Adjusted RONA[1]	6.5%	6.9%	
Capital expenditure	103.7	68.2	52%
Operating cash flow[1]	103.9	51.5	>100%
IAC in EBIT	5.8	-15.9	

[1]Excluding IAC.

Overall demand for flexible packaging declined mainly due to inflationary pressure on consumption as well as destocking in the value chain during the first half of the year. Most raw material prices decreased compared to 2022.

Net sales in the Flexible Packaging segment decreased and comparable net sales growth was -9%. Net sales were impacted by a decrease in sales volumes, due to soft demand and a destocking in the value chain. Net sales decreased particularly in India and Europe but increased in South-East Asia and Oceania.

The impact of currency movements on the segment's reported net sales was EUR -73 million.

The segment's adjusted EBIT decreased, impacted by a decrease in sales volumes and a negative sales mix. The segment clearly improved its performance during the second half of the year compared to the first half, driven by actions to improve competitiveness and lower raw material prices. In the items affecting comparability, the main change relates to the sale of real estate in Thane, India and the planned closure of the production facility in Prague, Czech Republic.

The impact of currency movements on the segment's reported earnings was EUR -6 million.

Fiber Packaging

EUR million	2023	2022	Change
Net sales	343.1	363.0	-5%
Comparable net sales growth	7%	15%	
Adjusted EBIT[1]	39.6	40.0	-1%
Margin[1]	11.6%	11.0%	
Adjusted RONA[1]	13.7%	14.4%	
Capital expenditure	29.3	31.2	-6%
Operating cash flow[1]	31.8	20.9	52%
IAC in EBIT	-6.2	18.1	

[1]Excluding IAC.

Overall demand for fiber-based egg packaging and food-on-the-go products softened slightly. For egg packaging, there was a negative impact on supply of egg due to avian flu in some markets. The prices of recycled fiber were lower than during 2022.

Net sales in the Fiber Packaging segment decreased due to the divestment of the business in Russia in September 2022. Comparable net sales growth was 7%. Comparable net sales increased in most markets, driven by pricing and mix, whereas sales volumes decreased.

The impact of currency movements on the segment's reported net sales was EUR -12 million.

The segment's adjusted EBIT decreased due to lower sales volumes and the divestment of the business in Russia.

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), enabling 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. Also Huhtamaki's index for the Task Force on Climate-Related Financial Disclosures (TCFD) and EU 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 2023. Huhtamaki's business model is described on page 39 of this Huhtamaki Annual Report 2023 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 Sustainability Committee, 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 on an ongoing basis 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. 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 2023.

In 2023, Huhtamaki continued to further link remuneration to sustainability by rolling out sustainability and safety-linked objectives to all employees who participate in the global short-term incentive plan. The objectives are implemented through the Global Sustainability and Safety Index, the GSSI (previously the Global Sustainability Index, GSI). KPIs within the index are linked to the sustainability dashboard and relate, for example, to the share of renewable or recycled materials, renewable electricity, and the share of recycled non-hazardous waste. The GSSI was revised in 2023 to include updated ambitions around reducing water intensity and solvent use, as well as to underline the role of health and safety within the index.

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 last updated its materiality assessment in 2022. The assessment aimed to identify Huhtamaki's material topics, based on the Group's most significant impacts on the economy, the environment and people, including human rights. In the process, Huhtamaki's actual and potential, negative and positive impacts were mapped out throughout the value chain, and the perspectives of several different stakeholders were included. 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.

In 2023, Huhtamaki began to update its materiality assessment to be in line with the double materiality principle and the requirements of the upcoming European Sustainability Reporting Standards. The results of the double materiality assessment will be published in 2024.

Environmental matters

Policies

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

Circularity and climate are key focus areas in Huhtamaki's 2030 sustainability agenda. Like 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 purchased raw materials and the end-of-life treatment of products. In terms of the Group's own operations, greenhouse gas (GHG) emissions and production waste are the main environmental impacts. Additionally, water usage is a material topic in the Group's molded fiber manufacturing operations.

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 Group Environmental Policy. The objective of the Group Environmental Policy is to ensure a group-wide understanding of Huhtamaki's environmental commitments. It 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 2023, 49 (53) manufacturing units, representing 64% (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:

	2023	2022	Change
Share of renewable or recycled materials (%)	66.1	65.8	0.3pp
Share of non-hazardous waste recycled (%)	79.4	75.2	4.2pp
Share of total waste to landfill (%)	8.2	12.4	-4.2pp
Share of renewable electricity (%)	41.7	24.9	16.8pp
Greenhouse gas emissions, incl. Scope 1 and Scope 2* (tCO_2e)	563,000	678,000	-17.0%
Share of certified or recycled fiber (%)	98.7	98.0	0.7pp

*Scope 2 GHG emissions are calculated using the market-based calculation method. The figure has been updated from the one reported in 2022 due to updates in available emission factors.

The Group's share of renewable and recycled materials increased slightly. 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 18 million (EUR 17 million). The costs consist mainly of expenses related to waste and wastewater management as well as environmental management.

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. Huhtamaki has set science-based GHG emissions reduction targets for its Scope 1, 2 and 3 GHG emissions to support its climate change mitigation ambitions stated in its environmental policy. The targets are approved and validated by the Science Based Targets initiative based on the well-below 2°C scenario. Moreover, Huhtamaki's commitment of using 100% green electricity by 2030, enables Huhtamaki to exceed the SBTi validated Scope 1 and Scope 2 combined target by a significant margin. These targets guide Huhtamaki's low-carbon transition plan to ensure the resilience of its business model with commonly applied European and international objectives of limiting global warming to 1.5°C compared to pre-industrial levels. Year 2019 was selected as a baseline year because it was considered as a representative year of the Group's business activities (before Covid) than the most recent year 2020. Huhtamaki's climate-related KPIs and progress compared to the base year are presented in the table below.

Huhtamaki's climate targets	Performance in 2023 compared to base year
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 suppliers, by spend, sign up to setting their own science-based targets by 2026	Science-based targets • We achieved a 26.3% reduction in absolute Scope 1 and Scope 2 emissions compared to the base year 2019 • Our absolute Scope 3 emissions from end-of-life treatment of sold products decreased 9.7% from the base year • 45% of our direct raw material suppliers have committed to setting science-based targets
100% renewable electricity	41.7% of total electricity consumed was from renewable sources
Carbon neutral production	Combined Scope 1 and Scope 2 GHG emissions were 563 $ktCO_2e$ in 2023

The targets cover the main emission sources (90% of Scope 1, 2 and 3 base year emissions) of Huhtamaki´s own operations as well as upstream and downstream value chain globally. In line with the Group's 2030 strategy, a 5% yearly net sales growth has been assumed when setting the targets. Additionally, Huhtamaki is committed to using 100% renewable electricity by 2030. By 2030, Huhtamaki also aims to reach carbon neutral production by switching to low carbon fuels, through electrification of systems, improving energy efficiency and by offsetting the remaining emissions with high-quality carbon credits. These goals focus on Huhtamaki´s own operations, covering both Scope 1 and Scope 2 emissions. During 2023, Huhtamaki continued to follow the global energy strategy launched in 2021. The strategy outlines the main levers Huhtamaki works on to reduce its Scope 1 and 2 GHG emissions.

The main levers to reduce 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 2023, the Group launched a supplier engagement campaign about setting targets to reduce climate emissions. Huhtamaki targeted suppliers who had not publicly set targets, reaching 45% of raw material suppliers (by spend) and increasing the number of suppliers who have committed to science-based targets by 55%. In addition, Huhtamaki updated its supplier assessment questionnaire to include climate-related questions, which will be put into use in 2024. The questionnaire supports Huhtamaki's supplier assessment process, moving toward incorporating suppliers' environmental efforts into its purchasing decisions. Huhtamaki also continued The Cup Collective, which is an open-to-all initiative aimed at driving the collection and recycling of used paper cups launched by Huhtamaki and Stora Enso in 2021.

In 2023, the absolute GHG emissions from the Group's own operations (Scope 1 and 2) decreased by 17% (115.1 $ktCO_2e$). Hence, the GHG intensity per sellable ton produced decreased by 9% compared to 2022. As a result, the Group achieved a reduction of 58 $ktCO_2e$ metric tons CO_2e in its GHG emissions when adjusted for the change in the production volume in 2023. The decrease was made possible by increasing the share of renewable electricity in our operations, resulting in a 201.1 $ktCO_2e$ (26.3%) overall reduction from the 2019 base year level. This means that Huhtamaki is now close to reaching its science-based emission reduction target (-27.5%). The calculation of emissions intensity and reduction covers Scope 1 and Scope 2 emissions.

The Group's absolute Scope 3 GHG emissions decreased by 11%, mainly due to the 10% decrease in our material purchases when compared to 2022. The emissions related to purchased materials decreased by 12%. Emissions from fuel- and energy related activities and emissions from waste generated in our own operations decreased compared to the previous year. The amount of business travel recovered to the pre-covid levels, increasing the related air travel emission. Also, emissions from capital goods increased from the previous year's level.

The largest Scope 3 categories and their shares relative to the company's Scope 3 inventory are: purchased goods and services (57%) and the waste-treatment of our products at their end-of-life (31%). The remaining 12% consists of other, various upstream and downstream activities (capital goods, fuel- and energy-related activities, upstream and downstream transportation, waste generated in operations, business travel, employee commuting).

In 2023, 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, and aims to increase understanding of the impacts of climate change on its business environment and operations.

Huhtamaki conducted a climate scenario analysis of its operations and business environment in 2023. The analysis assessed the potential long-term effects of climate change under two distinct scenarios: the first scenario involved limiting global warming to 1.5°C, while the second scenario explored the potential impacts of global warming of up to 4°C. The scenarios are in line with TCFD recommendations. Huhtamaki benefits from its sustainability driven strategy in both scenarios. Improving energy and material efficiency as well as switching to renewable electricity enable climate change mitigation and adaptation. New product innovations, such as blueloopTM products, provide solutions for a circular economy and therefore create opportunities to respond to changing customer preferences and climate change.

In terms of risks, transition risks such as regulatory changes, market risks and changing customer preferences dominate in the 1.5°C scenario. In the 4°C scenario, physical climate change risks including floods, storms, heat, drought, and volatile forest yield dominate. For more detailed information on these risks and the measures being taken to manage them, please refer to the Risk review section in this report and the Climate Change section in the Sustainability Report, page 160. Changes in the business environment driven by regulation are among the most significant sustainability-related financial risks and opportunities for Huhtamaki. 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. 24 Sustainability Report, p. 142
	Management's role in assessing and managing climate-related risks and opportunities.	Non-financial review, p. 24 Sustainability Report, p. 142
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, pp. 161–163
	The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Non-financial review, pp. 24–26 Risk review, p. 35 Sustainability Report, p. 163
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. 25 Risk review, p. 35 Sustainability Report, pp. 160, 164–165

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 environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards. The six environmental objectives that are published as a Delegated Act address emission-intensive economic activities with an aim to guide development towards sustainable production.

An economic activity is considered Taxonomy-eligible if it is referenced by the Taxonomy and has the potential to enable achieving at least one of the six environmental objectives: 1) Climate change mitigation, 2) Climate change adaptation, 3) Sustainable use and protection of water and marine resources, 4) Transition to a circular economy, 5) Pollution prevention and control, and 6) Protection and restoration of biodiversity and ecosystems.

Building on the experience from the previous Taxonomy reporting, Huhtamaki has reassessed both eligibility and alignment on objectives 1 and 2 against the guidance published by the European Commission to support assessment. Due to the stringent conditions associated with the technical screening criteria to prove alignment, Huhtamaki has decided to report no eligibility and no alignment on objectives 1 and 2.

The Commission approved the Delegated Act for economic activities substantially contributing to the environment objectives 3–6 in June 2023. Of the new objectives, Transition to a circular economy, objective 4, was seen to be the most essential for Huhtamaki. After evaluating the technical screening criteria to prove alignment, Huhtamaki has decided not to report eligibility on objective 4 until certitude of alignment can be confirmed. Huhtamaki has set strong circularity ambitions as part of its 2030 strategy. However, Huhtamaki is not able to deliver full circularity as described in the technical screening criteria, due to current EU regulation.

Huhtamaki has thus decided to report no eligibility and no alignment on the Taxonomy for the financial year 2023. The mandatory reporting templates described in Annex II of the Article 8 Disclosure Delegated Act are presented below.

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. The EU Taxonomy is work in progress and Huhtamaki supports the expansion of the framework for further evaluation of its main business areas for Taxonomy eligibility and alignment.

Turnover KPI

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Turnover of Taxonomy-eligible activities (A.1+A.2)																			
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		4,168.9	100%																
TOTAL		**4,168.9**	**100%**																

CapEx KPI

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
CapEx of Taxonomy-eligible activities (A.1+A.2)																			
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		318.7	100%																
TOTAL		**318.7**	**100%**																

OpEx KPI

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
OpEx of Taxonomy-eligible activities (A.1+A.2)																			
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		263.0	100%																
TOTAL		**263.0**	**100%**																

Personnel and social matters

Policies

- Huhtamaki Code of Conduct
- Group Human Rights Policy
- Global Employment Guidelines
- Global Working Conditions Requirements
- Group Occupational Health and Safety Policy
- Group Recruitment Policy
- Group Diversity, Equity & Inclusion Guiding Principles

Huhtamaki continuously strives to create a safe, engaging, and inclusive high-performance culture for its employees. This is guided by the Group 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.

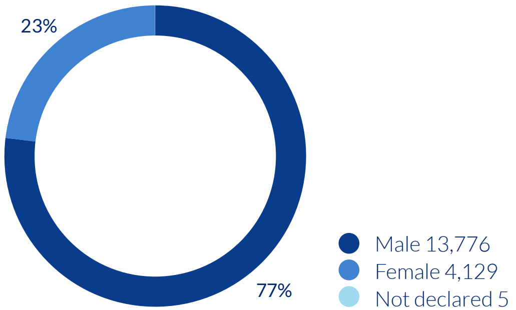
At the end of the year, Huhtamaki had a total of 17,910 (18,927) employees, of which 71% (71%) worked directly with production processes. On average in 2023, the headcount was 18,261 (19,550). Countries with the largest number of employees were US, India and Germany, which accounted for 44% (45%) of the Group's personnel.

The Group policies, procedures and guidelines ensure consistency in employment, working conditions and occupational health and safety matters. The business units adhere to the Global Working Conditions Requirements that cover topics such as anti-corruption, work ergonomics, work contracts, working hours, grievances, and supplier management. In 2023, complementing the Global Employment Guidelines, Huhtamaki introduced guiding principles on Diversity, Equity and Inclusion to safeguard the wellbeing, fair treatment and equal opportunities for its people. The Group's Global Recruitment Policy supports the deployment of consistent processes when attracting new talent. During the reporting year, also the Group Human Rights Policy was updated, outlining Huhtamaki's position towards human rights.

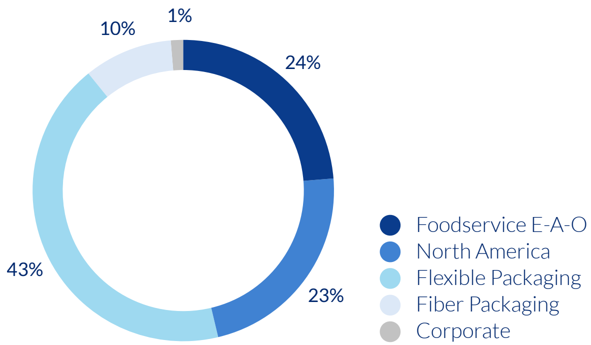
Strategic targets are set to measure progress in value-creation for Huhtamaki employees. In 2023, the key performance indicators were related to employee experience, engagement and retention, leadership, inclusive culture and safety. Going forward, Huhtamaki's employee engagement survey Connect will be conducted annually to measure the development in the KPIs. The most recent survey in September 2023 had a record response rate at 84% (79%). Huhtamaki's employee engagement index improved to 83% (77%). The leadership index had 82% favorable responses, exceeding the 2021 results (72%). The positive results of both indices exceed the results of Huhtamaki's industry peer companies. In 2023, Huhtamaki established a new inclusion index which measures how employees experience equal opportunity and inclusion in the workplace. With an initial score of 83%, the new index also exceeds the manufacturing norm.

Based on the 2023 Connect survey, career development and growth of our employees, collaboration across businesses and functions, and a deeper understanding of the Huhtamaki strategy within the organization were identified as global focus areas at Group level. In response to this, Huhtamaki continues to offer various learning opportunities and investing in the development of strategic capabilities. After the launch of the updated 2030 Strategy in March 2023, Huhtamaki leaders and employees have engaged in discussing strategy through different activities such as regional strategy workshops, a new strategy e-learning, the Leader's Imprint program for all people leaders as well as new global initiative called Strategy Dialogue. Continuous learning is supported through providing a variety of learning opportunities ranging from structured training to on-the-job learning and learning from others. Other learning offerings consist of mentoring programs, coaching, online seminars, and e-learning courses on strategically important focus areas. The annual Global Week of Learning event is another platform for Huhtamaki employees to network and learn more about strategically relevant topics such as sustainability, digitalization and world-class operations from experts. Also, Huhtamaki's strategic initiatives and projects provide excellent opportunities for career development and collaboration across the global organization.

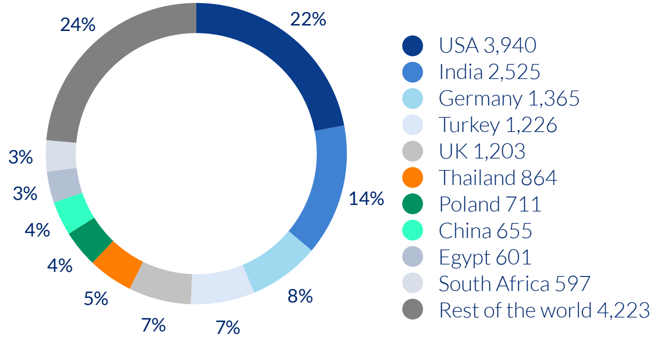
Employees by gender



Personnel by segment on December 31, 2023

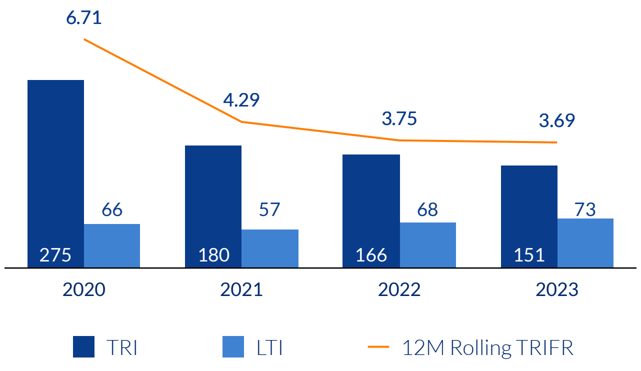


10 largest countries by number of employees



Continuous improvement of safety performance is a priority for Huhtamaki. The Group's safety roadmap focuses on leading for safety, engaging everyone in nurturing a safety culture, and improving safety standards, processes and systems. The safety management systems are supported by an overarching Global OHS policy and standards such as OHSAS 18001 and ISO 45001. Huhtamaki's ambition is to provide a workplace where nobody gets hurt and everyone goes home safe every day. As one important measure to achieve this ambition, the Safety Pillar was launched as part of the World Class Operations initiative at all global sites in 2023. The Safety Pillar focuses on continuously improving workplace safety by providing a structured approach that involves all stakeholders at all levels of the organization. Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR) are monitored at Group level. In 2023, In 2023, the TRIFR was reduced to 3.69 and the LTIFR was 1.78, with a total of 151 TRIs and 73 LTIs. When calculating the injury frequency rates, Huhtamaki considers the injuries and actual working hours of Huhtamaki employees and contractors.

Safety performance 2020–2023, Group



TRI = Total recordable injury
LTI = Lost time injuries
TRIFR = Total recordable injury frequency rate

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. 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 Group Human Rights Policy was updated in 2023 and reflects Huhtamaki's commitment to respect human rights and states the Group's support of internationally recognized principles and frameworks on human rights, such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. 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.

In 2023, Huhtamaki revisited the global human rights risk assessment that was conducted in 2021. The existing assessment was reviewed together with an external human rights expert and updated based on further sources of information, such as audit reports and reports received through the Speak Up channel and taking inherent risks for Huhtamaki's industry, value chain and geographies into account. Based on the updated risk assessment, Huhtamaki was able to confirm its salient human rights, which represent the key priority areas that the Group will focus on in its human rights due diligence work going forward. Huhtamaki's key human rights risks and impacts relate to working conditions (including topics such as working hours and wages), health and safety, forced and child labor in the supply chain as well as environmental impacts from its operations and value chain. Going forward, Huhtamaki will continue to use a combination of methods to better understand its human rights risks and impacts.

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 2023, Huhtamaki took several steps to strengthen its management of human rights. A steering group for social sustainability was created, with key members of management, to oversee the development of Huhtamaki's human rights due diligence process. The Group developed its capabilities in human rights management by participating in the UN Global Compact's Accelerator Program on Business and Human Rights and continued raising awareness among all its employees through Code of Conduct training as well as the Modern slavery e-training targeted to all managers and experts in the supply chain and human resources functions globally.

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 sanctions lists, watch lists and negative media coverage, enabling Huhtamaki to identify and address risks related to human rights in the supply chain. In addition, Huhtamaki requests additional information or assurances from suppliers based on their risk level, mainly through questionnaires, self-assessments and third-party ethical audits. Huhtamaki continued to strengthen its supply chain due diligence approach in 2023 by expanding its tiered due diligence approach to include more suppliers.

Huhtamaki maintains several different channels for voicing concerns when suspecting or observing human rights-related issues. These channels include the Huhtamaki Speak Up channel, which allows for anonymous reporting and is open to employees and external stakeholders.

Huhtamaki is committed to continuously improving its human rights due diligence work, in line with the expectations of the UNGP and will continue to strengthen key processes, to better incorporate human rights considerations.

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

Huhtamaki's Global Ethics and Compliance program focuses on Huhtamaki's commitment to integrity and legal compliance across our global organization. The program supports Huhtamaki in operating its business in compliance with applicable laws and regulations as well as fulfilling its commitment to ethical business conduct wherever the company operates, while ensuring that adequate procedures are in place to prevent Huhtamaki from participating in any possible non-compliant or unethical business activities. At Huhtamaki, all forms of corruption and bribery, including bribes, facilitation payments, kickbacks and any other forms of corrupt acts are strictly prohibited, irrespective of the location of the operations.

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, enabling the company 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.

In 2023, the company continued implementing its Anti-Corruption Program launched in 2022 by organizing targeted trainings and communication to ensure that all Huhtamaki employees understands where corruption risks may occur and how to behave in such situations. 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 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 2023, the Global Ethics and Compliance team focused on raising awareness of corruption risks and ethical business conduct to leadership teams and local management team members. Additionally, employees in central positions, such as in sales, finance or procurement, were invited to discuss and review case examples of selected compliance topics including ethical business culture, anti-corruption, trade sanctions compliance, conflict of interest situations, and gifts and hospitality in face-to-face compliance workshops in selected locations such as South Africa, the UAE, Australia, Italy, Luxembourg, and Germany. The Global Ethics and Compliance team also continued to raise awareness of topical compliance matters also in Huhtamaki's other operating geographies during 2023 by providing training and communication through various online channels. Huhtamaki's compliance risk assessments were considered when designing the training program and focus points.

Huhtamaki employees must 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 97.4% (2022: 94.5%) of Huhtamaki's employees globally in 2023.

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. All line managers are asked to confirm, as part of the year-end HR review process, that their team members have completed all mandatory Ethics and Compliance trainings. The year-end HR review process is a prerequisite for receiving a potential short-term incentive.

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.

To support the compliance with laws and regulations and ethical business conduct, the company offers multiple channels for voicing concerns and speaking up when suspecting or observing non-compliance. These channels include 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: https://report.whistleb.com/Huhtamaki. If an employee has concerns about potential misconduct or is made aware of a violation, the employee is encouraged to report the violation primarily by contacting his/her manager, legal counsels, human resources representatives, or the Global Ethics and Compliance team directly. However, in cases where the employee prefers to report anonymously, the Huhtamaki Speak Up channel can be used in all cases of reporting. 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 channels for speaking up, including the online Speak Up channel, and oversees the overall investigation process of alleged violations. All breaches and suspected violations of the Huhtamaki Code of Conduct brought to the attention of Global Ethics and Compliance are investigated and reported further according to the Group Speak Up and Investigation Policy. The Huhtamaki Ethics and Compliance Committee, the Audit Committee of the Board of Directors and members of the Global Executive Team 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).

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 2023

In 2023, 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 to reach acceptable risk levels at each stage.

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 2024.

During 2023, the key risks identified in the 2022 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 and 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 industry. Further, these regulatory changes include a level of unpredictability, especially in certain geographics. To mitigate the threats, Huhtamaki is investing in new innovative and sustainable solutions. Huhtamaki is also 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 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. 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 at Huhtamaki. 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 increase the uncertainties in global trade 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. Wars in Ukraine and Israel-Gaza region, high inflation rates and high interest rates are examples of recent events affecting the macro environment. Huhtamaki is actively monitoring the developments so that it can react to changes relevant 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.

Risks related to property damage and IT infrastructure, systems and applications are 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 further develops its disaster recovery and business continuity plans and allocates manufacturing capacity to several locations. Huhtamaki is also further 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 2023 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. In 2023, Huhtamaki conducted a climate scenario analysis on its operations and business environment. In addition, Huhtamaki conducted several other risk assessments to support the Enterprise Risk Assessment.

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, manufacturing 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 risks 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, e.g., plastic mono-materials and plastic substitution with fiber-based solutions, play an important role in transformation to circular economy. 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 2023 publication.

Climate change related risks and opportunities are included and taken into account in risk assessment of the ERM process. The ERM process is described in the Risk management section, page 33. In 2023, Huhtamaki conducted climate-change scenario analysis to assess the impacts of the physical and transition risks to the company. Huhtamaki recognizes the critical importance of threats and opportunities related to climate change and will continue developing its climate related risk assessment to further improve its governance, measurements and mitigations related to the topic. In 2023, Huhtamaki began conducting a double materiality analysis of its operations and value chain. This included an assessment of environmental, social and governance risks according to the new Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS).

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 2023 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 Sustainability supplement of this Annual Report 2023 publication.

In the 2023 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 2023 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 a strict prohibition on all forms of corruption and 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 2023 publication.

Personnel

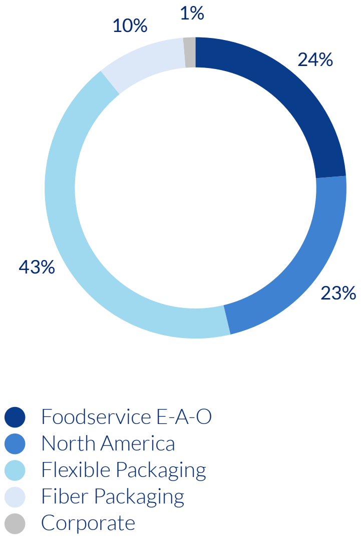
Number of personnel

	December 31, 2023	December 31, 2022	Change
Foodservice Europe-Asia-Oceania	4,248	4,465	-5%
North America	4,040	4,268	-5%
Flexible Packaging	7,681	8,316	-8%
Fiber Packaging	1,703	1,651	3%
Other activities[1]	238	227	5%
Group	**17,910**	**18,927**	**-5%**

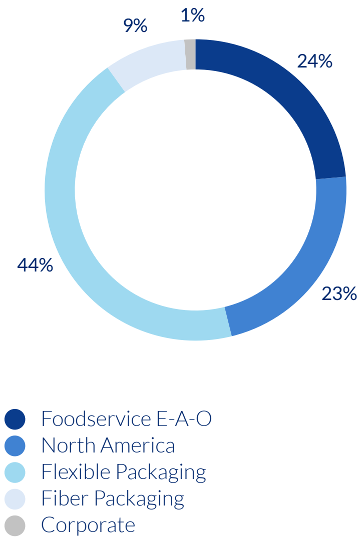
[1]Including global functions in Finland

At the end of December 2023, the Group had a total of 17,910 (18,927) employees. The number of employees was 5% lower than in the comparison period, driven by efficiency improvements to improve competitiveness.

Personnel by segment on December 31, 2023



Personnel by segment on December 31, 2022



Changes in management

On May 4, 2023, Huhtamaki announced that Eric Le Lay, President, Fiber Foodservice Europe-Asia-Oceania, and member of Huhtamaki's Global Executive Team, decided to pursue a career opportunity outside of Huhtamaki. Fredrik Davidsson, formerly EVP, Digital and Process Performance, was appointed President, Fiber Foodservice Europe-Asia-Oceania.

On July 20, 2023, Huhtamaki announced the appointment of Johan Rabe as Executive Vice President, Digital and Process Performance and a member of the Global Executive Team as of August 1, 2023. He reports to President and CEO Charles Héaulmé and is based in Espoo, Finland.

On September 27, 2023, Huhtamaki announced that Thomasine Kamerling, Executive Vice President, Sustainability and Communications, and a member of the Global Executive Team decided to leave Huhtamaki to pursue other career opportunities. At the same time, Salla Ahonen was appointed as Executive Vice President, Sustainability and Communications and a member of Global Executive Team as of January 1, 2024. She reports to President and CEO Charles Héaulmé and is based in Espoo, Finland.

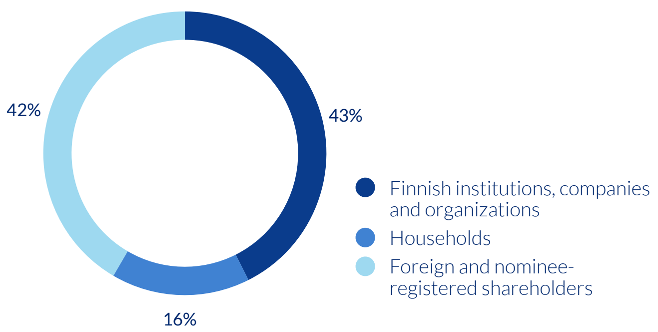
Share capital, shareholders and trading of shares

Share capital and share data

	2023	2022	2021
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]	3,222,204	3,395,709	3,395,709
% of total number of shares	3.0%	3.2%	3.2%
Number of outstanding shares[1, 2]	104,538,181	104,364,676	104,364,676
Average number of outstanding shares[2, 3]	104,497,300	104,364,676	104,360,114
Number of shares traded[4], million	43.4	61.7	51.0
Closing price on final day of trading, EUR	36.73	32.00	38.89
Volume-weighted average price, EUR	32.64	34.30	40.12
High, EUR	37.20	39.94	45.93
Low, EUR	28.45	26.41	36.57
Market capitalization[1, 2], EUR million	3,840	3,340	4,059
Earnings per share, EUR	1.97	2.65	1.91
Earnings per share, diluted, EUR	1.97	2.64	1.91
Dividend per share, EUR	1.05[5]	1.00	0.94
Dividend to earnings	53%[5]	38%	49%
Effective dividend yield	2.9[5]	3.1	2.4
Price to earnings ratio[1]	18.6	12.1	20.4
Equity per share[1], EUR	17.59	17.65	14.57

[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] 2023: Board proposal

Shareholder structure as at December 31, 2023



The number of registered shareholders at the end of December 2023 was 53,834 (50,150). Foreign ownership including nominee registered shares accounted for 42% (44%).

Trading of shares

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 2023, the Company's market capitalization was EUR 3,840 million (EUR 3,340 million). With a closing price of EUR 36.73 (EUR 32.00) at the end of the reporting period, the share price increased 15% from the beginning of the year. During the reporting period the volume weighted average price for the Company's shares was EUR 32.64 (EUR 34.30). The highest price paid was EUR 37.20 (EUR 39.94) and the lowest was EUR 28.45 (EUR 26.41).

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 1,418 million (EUR 2,117 million). The trading volume of approximately 43 million (62 million) shares equaled an average daily turnover of 173,069 (243,923) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 6,345 million (EUR 7,665 million). During the reporting period, 78% (72%) of all trading took place outside Nasdaq Helsinki Ltd. (source: Refinitiv Eikon).

Resolutions of the Annual General Meeting 2023

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on April 27, 2023. The meeting adopted the Annual Accounts including the Consolidated Annual Accounts for 2022, discharged the members of the Company's Board of Directors, the CEO and the interim Deputy 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 and the amended Remuneration Policy for the Governing Bodies presented to it.

The Annual General Meeting resolved that an aggregate dividend of EUR 1.00 per share be paid based on the balance sheet adopted for the financial period ended on December 31, 2022. The dividend will be paid in two instalments. The first dividend instalment, EUR 0.50 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 first dividend instalment May 2, 2023. The payment date for the first dividend instalment was on May 9, 2023. The second dividend instalment, EUR 0.50 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 2, 2023. The payment date for the second dividend instalment was on October 9, 2023.

The number of members of the Board of Directors was confirmed to as nine (9). Mr. Pekka Ala-Pietilä, Ms. Mercedes Alonso, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas and Mr. Ralf K. Wunderlich were re-elected and, as new members, Ms. Pauline

Lindwall and Mr. Pekka Vauramo were elected as members of the Board of Directors 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 170,000, to the Vice-Chair EUR 80,000 and to the other members EUR 65,000 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 16,000 and to the other members of the Audit Committee EUR 5,500 as well as to the Chair of the Human Resources Committee EUR 5,500 and to the other members of the Human Resources Committee EUR 2,750. 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, 2023. 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, 2024.

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, 2024.

Short-term risks and uncertainties

Decline in consumer demand, inflation in key cost items (including raw materials, labor, distribution and energy), availability of raw materials and movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. Economic and financial market conditions, as well as a potential geopolitical escalation and natural disasters can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

Outlook for 2024

The Group's trading conditions are expected to improve compared to 2023. Volatility in the operating environment is expected to continue, while Huhtamaki's diversified product portfolio provides resilience. The company's initiatives, which include the ongoing savings and efficiency program are expected to support the company's performance. The Group's good financial position enables addressing profitable growth opportunities.

Dividend proposal

On December 31, 2023, Huhtamäki Oyj's distributable funds were EUR 836 million (EUR 908 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.05 (EUR 1.00) per share be paid.

Annual General Meeting 2024

The Annual General Meeting of Shareholders (AGM) will be held on Thursday, April 25, 2024 at 11:00 (EEST) 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 2023 publication. The statements are also available on the Group's website www.huhtamaki.com.

Operating model

Inputs

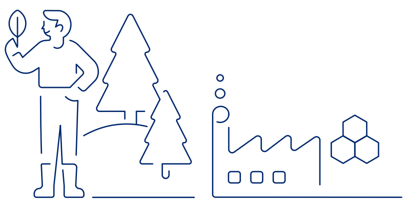
Materials
- Paperboard
- Plastic resins
- Recycled and virgin fiber
- Approximately 66% of materials that we use are renewable or recycled

Energy and water
- Energy consumption 2,185 GWh, share of renewable energy 42%
- Water withdrawal 9.0 million m³

Personnel
- Competence and know-how of 17,910 employees

Financial resources
- Equity M€ 1,925
- Net debt M€ 1,292

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



Our activities

Advanced manufacturing using multiple technologies
- 72 manufacturing units, 24 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 m³/sellable ton produced
- Digitalization to improve efficiency
- Optimizing production to reduce material loss
- Safe working conditions, LTIFR 1.8, 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€ 319

Outputs and impacts

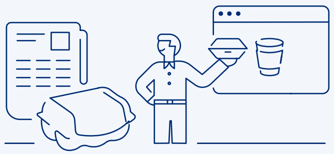
Protecting food, people and the planet
- Ensuring food hygiene and safety, driving accessibility and affordability of food
- Reducing food waste with fit-for-purpose packaging, designed for circular economy, e.g. packaging that is recyclable and recycled
- Excellent customer experience

Environmental impacts
- Greenhouse gas emissions: absolute emissions reduced 26% from 2019 base year
- Waste: recycling rate 79%
- Water: water discharge 8.0 million m³; 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 2023
- Profit M€ 225
- Wages and benefits M€ 846
- Net financial items M€ 69
- Taxes and similar M€ 87
- Dividends M€ 105

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	2023	2022
Net sales	2.1.	**4,168.9**	**4,479.0**
Cost of goods sold		-3,415.0	-3,746.6
Gross profit		**753.9**	**732.4**
Other operating income	2.4.	84.2	74.8
Sales and marketing		-101.6	-99.6
Research and development		-36.0	-30.6
Administration expenses		-295.3	-254.9
Other operating expenses	2.5.	-24.3	-16.8
Earnings before interest and taxes	2.2., 2.3.	**380.9**	**405.3**
Financial income	5.1.	13.9	11.0
Financial expenses	5.1.	-82.9	-64.2
Profit before taxes		**312.0**	**352.1**
Income tax expense	2.6.	-86.7	-66.7
Profit for the period		**225.2**	**285.4**
Attributable to:			
Equity holders of the parent company		206.3	276.2
Non-controlling interest		18.9	9.2
EUR			
EPS attributable to equity holders of the parent company	2.7.	1.97	2.65
Diluted EPS attributable to equity holders of the parent company	2.7.	1.97	2.64

Group statement of comprehensive income (IFRS)

EUR million	Note	2023	2022
Profit for the period		**225.2**	**285.4**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	2.2.	-18.2	44.1
Income taxes related to items that will not be reclassified	2.6.	5.0	-16.3
Total		**-13.1**	**27.8**
Items that may be reclassified subsequently to profit or loss			
Translation differences		-105.1	108.7
Equity hedges		4.5	-14.7
Cash flow hedges	5.5.	-5.6	17.4
Income taxes related to items that may be reclassified	2.6.	1.2	-3.4
Total		**-105.0**	**108.0**
Other comprehensive income, net of tax		**-118.1**	**135.8**
Total comprehensive income		**107.0**	**421.2**
Attributable to:			
Equity holders of the parent company		93.7	413.6
Non-controlling interest		13.3	7.5

Consolidated statement of financial position (IFRS)

Assets

EUR million	Note	2023	2022
Non-current assets			
Goodwill	3.2.	994.6	1,035.0
Other intangible assets	3.3.	104.0	117.9
Tangible assets	3.4.	1,794.9	1,735.8
Other investments	5.7.	2.3	2.4
Interest-bearing receivables	5.2., 5.7.	2.4	0.9
Deferred tax assets	2.6.	52.1	48.4
Employee benefit assets	2.2.	53.3	57.8
Other non-current assets		11.0	9.4
		3,014.3	**3,007.7**
Current assets			
Inventory	4.1.	620.9	755.4
Interest-bearing receivables	5.2.	15.2	14.9
Current tax assets		24.6	20.1
Trade and other current receivables	4.2., 5.7.	636.5	709.4
Cash and cash equivalents	5.3., 5.7.	348.2	309.4
Assets held for sale	3.1.	**5.2**	**4.3**
		1,650.5	**1,813.6**
Total assets		**4,664.9**	**4,821.3**

Equity and liabilities

EUR million	Note	2023	2022
Share capital	5.4.	366.4	366.4
Premium fund	5.4.	115.0	115.0
Treasury shares	5.4.	-29.6	-31.2
Translation differences	5.4.	-102.1	-7.1
Fair value and other reserves	5.5.	-48.1	-30.4
Retained earnings		1,536.7	1,429.4
Total equity attributable to equity holders of the parent company		**1,838.3**	**1,842.2**
Non-controlling interest		86.6	80.0
Total equity		**1,924.9**	**1,922.2**
Non-current liabilities			
Interest-bearing liabilities	5.6., 5.7.	1,403.0	1,403.9
Deferred tax liabilities	2.6.	137.0	133.3
Employee benefit liabilities	2.2.	145.9	136.7
Provisions	4.3.	13.4	13.3
Other non-current liabilities		7.9	4.3
		1,707.2	**1,691.4**
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	5.6., 5.7.	167.3	168.9
Short-term loans	5.6., 5.7.	83.7	223.2
Provisions	4.3.	10.5	9.8
Current tax liabilities		67.7	70.8
Trade and other current liabilities	4.4., 5.7.	703.5	734.9
		1,032.7	**1,207.7**
Total liabilities		**2,739.9**	**2,899.1**
Total equity and liabilities		**4,664.9**	**4,821.3**

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, 2022		**366.4**	**115.0**	**-31.2**	**-102.4**	**-72.4**	**1,245.3**	**1,520.7**	**76.5**	**1,597.2**
Dividends paid	2.7.	-	-	-	-	-	-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**
Dividends paid	2.7.	-	-	-	-	-	-104.5	-104.5	-	-104.5
Share-based payments	6.3.	-	-	1.6	-	-	7.2	8.8	-	8.8
Total comprehensive income for the year		-	-	-	-95.0	-17.7	206.3	93.7	13.3	107.0
Acquisition of non-controlling interest		-	-	-	-	-	2.2	2.2	-2.2	-
Other changes		-	-	-	-	-	-4.0	-4.0	-4.6	-8.6
Balance on Dec 31, 2023		**366.4**	**115.0**	**-29.6**	**-102.1**	**-48.1**	**1,536.7**	**1,838.3**	**86.6**	**1,924.9**

Consolidated statement of cash flows (IFRS)

EUR million	Note	2023	2022
Profit for the period		**225.2**	**285.4**
Adjustments		352.1	291.8
Depreciation, amortization and impairments	2.3.	240.3	209.7
Gain/loss from disposal of assets		-50.8	1.2
Financial expense/-income	5.1.	69.0	53.2
Income tax expense	2.6.	86.7	66.7
Other adjustments		6.9	-38.9
Change in inventory	4.1.	114.4	-98.0
Change in non-interest bearing receivables		41.0	20.6
Change in non-interest bearing payables		-11.1	-83.6
Dividends received		0.0	0.2
Interest received		7.9	20.6
Interest paid		-58.8	-36.0
Other financial expense and income		-8.8	-8.2
Taxes paid	2.6.	-83.8	-71.3
Net cash flows from operating activities		**578.2**	**321.4**
Capital expenditure	3.3., 3.4.	-318.7	-318.5
Proceeds from selling tangible assets	3.4.	61.9	8.2
Disposed subsidiaries and business operations		-	149.2
Acquired subsidiaries and assets	3.1.	-1.9	-2.2
Change in other investment		0.1	0.5
Proceeds from long-term deposits		1.4	1.3
Payment of long-term deposits		-2.9	-
Proceeds from short-term deposits		183.5	62.6
Payment of short-term deposits		-183.5	-75.7
Net cash flows from investing activities		**-260.3**	**-174.6**

EUR million	Note	2023	2022
Proceeds from long-term borrowings		443.5	917.5
Repayment of long-term borrowings		-16.6	-623.8
Change in short-term loans		-572.3	-214.9
Acquisition of non-controlling interest		-18.2	-2.3
Dividends paid		-104.5	-98.1
Net cash flows from financing activities	5.6	**-268.2**	**-21.6**
Change in cash and cash equivalents		**38.8**	**130.8**
Cash flow based		49.7	125.2
Translation difference		-11.0	5.6
Cash and cash equivalents period start		309.4	178.7
Cash and cash equivalents period end	5.3.	348.2	309.4

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 7, 2024. 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, 2023. 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 1.6. Use of significant estimates and judgements. 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. ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following amended standards have been adopted as of January 1, 2023 and they did not have material impact on the consolidated financial statements:

- Revised IAS 1 Presentation of Financial Statements and 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 IAS 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 has revised the recognition of deferred tax assets and liabilities on leases, which were previously accounted under the net approach. The change does not have impact to the statement of financial position, since most of the Group entities are offsetting the deferred tax assets and liabilities either on legal entity or tax consolidation group level in accordance with IAS 12. The change impacts the disclosure of deferred taxes assets and deferred tax liabilities related to leases (Note 2.6 Income taxes).
- Revised IAS 12 Income Taxes (International Tax Reform – Pillar Two Model Rules). The amendments give relief from accounting for deferred taxes arising from the OECD's (Organisation for Economic Co-operation and Development) international tax reform and require new disclosures to compensate for the potential loss of information resulting from the relief. The Group has adopted the amendments upon their release on 23 May 2023. For more information about the OECD Pillar Two, see Note 2.6. Income taxes.

The Group plans to adopt the following amendments in 2024 and they are not expected to have material impact on the consolidated financial statements:

- 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. 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 the implementation of IFRS 16 in 2019.
- Revised IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments (amendments not yet endorsed by the European Union): The amendments enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. Amendments require to disclose quantitative and qualitative information about supplier finance programs.

The Group plans to adopt the following amendments later than 2024 and they are not expected to have material impact on the consolidated financial statements (amendments not yet endorsed by the European Union):

- Revised IAS 21 The Effects of Changes in Foreign Exchange Rates: The amendments require to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

1.4. 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.

1.5. 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.

1.6. USE OF SIGNIFICANT ESTIMATES AND JUDGEMENTS

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 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 2.6. Income taxes and 6.6. Litigations), restructuring plans (Note 4.3 Provisions), provision for inventory obsolescence (Note 4.1. Inventories), probability of deferred tax assets being recovered against future taxable profits (Note 2.6. 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, coffee shops and FMCG companies. The segment has production in Europe, Africa, Middle East, Asia 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 2023

Segments 2023

EUR million	Note	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Fiber Packaging	Segments total
Net sales		1,033.7	1,456.4	1,337.7	341.1	4,168.9
Intersegment net sales		3.5	1.5	3.2	2.0	-10.3
EBIT		88.0	187.9	93.9	33.4	403.2
Net Assets	3.1., 3.3., 3.4., 4.	907.4	1,013.9	1,294.0	305.0	3,520.2
Capital Expenditure		64.0	121.4	103.7	29.3	318.5
Depreciation and amortization	2.3.	69.8	60.4	85.1	22.4	237.7

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

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	2023	2022
Total EBIT for reportable segments	403.2	427.9
EBIT for other activities	-22.3	-22.7
Net financial items	-69.0	-53.2
Profit before taxes	**312.0**	**352.1**

Assets

EUR million	2023	2022
Total assets for reportable segments	4,140.9	4,323.4
Assets in other activities	19.3	35.3
Unallocated assets	504.7	462.5
Group's total assets	**4,664.9**	**4,821.3**

Liabilities

EUR million	2023	2022
Total liabilities for reportable segments	657.3	683.9
Liabilities in other activities	28.6	34.2
Unallocated liabilities	2,054.1	2,181.0
Group's total liabilities	**2,739.9**	**2,899.1**

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.

2023

EUR million	External net sales	Non-current assets
United States	1454.7	641.8
Germany	439.4	176.2
The United Kingdom	325.1	48.9
India	261.3	78.9
Turkey	177.4	146.4
Australia	174.7	43.5
Thailand	158.4	-10.4
Poland	124.1	52.0
South Africa	116.9	9.5
Czech Republic	104.6	15.9
Finland	73.4	83.3
Other countries	758.9	522.5
Total	**4,168.9**	**1,808.4**

2022

EUR million	External net sales	Non-current assets
United States	1460.7	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**

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	2023	2022
Wages and Salaries		684.1	659.7
Compulsory social security contributions		67.2	67.0
Pensions			
Defined benefit plans		5.8	7.1
Defined contribution plans		21.8	19.2
Other post-employment benefits		0.7	2.2
Share-based payments	6.3.	13.9	13.8
Other personnel costs		52.8	50.8
Total		**846.3**	**819.9**

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 4.4 million (EUR 3.1 million).

Average number of personnel	2023	2022
Group	18,261	19,550
Huhtamäki Oyj	153	138

See Note 6.2. Related party transactions, 6.3. Share-based payments and Remuneration Report.

Pension plans

The Group has established a number of defined benefit plans providing pensions and other post-employment benefits for its personnel world-wide. The U.S., 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 U.S. 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.

EUR million	Defined benefit obligations 2023	Defined benefit obligations 2022	Fair value of plan assets 2023	Fair value of plan assets 2022	Effect from asset ceiling 2023	Effect from asset ceiling 2022	Net defined benefit liability 2023	Net defined benefit liability 2022
Balance at January 1	422.4	569.6	-344.7	-444.3	1.2	4.1	78.9	129.5
Included in Income statement								
Current service cost	6.5	9.3					6.5	9.3
Plan amendment and curtailment cost (+) / income (-)	0.0	0.0					0.0	0.0
Interest cost (+) / income (-)	18.2	10.1	-15.9	-9.1			2.4	1.0
	24.7	**19.5**	**-15.9**	**-9.1**			**8.9**	**10.3**
Included in Other comprehensive income								
Remeasurements								
Actuarial loss (+) / gain (-) arising from								
Demographic assumptions	-2.7	-1.5					-2.7	-1.5
Financial assumptions	15.8	-144.7					15.8	-144.7
Experience adjustment	6.8	14.5					6.8	14.5
Actual return on plan assets less interest income			-0.5	90.6			-0.5	90.6
Changes in asset ceiling less interest					-1.3	-3.0	-1.3	-3.0
	19.9	**-131.7**	**-0.5**	**90.6**	**-1.3**	**-3.0**	**18.2**	**-44.1**
Other movements								
Benefits paid	-30.2	-35.5	22.2	29.0			-7.9	-6.5
Contribution by employer			-4.6	-4.1			-4.6	-4.1
Contribution by employee			-0.2	-0.2			-0.2	-0.2
Obligations and assets assumed in business combinations	-	-	-	-			-	-
Assets extinguished on plan amendment			-	0.0			-	0.0
Effect of movements in exchange rates	-6.0	0.5	5.4	-6.7	0.0	0.1	-0.6	-6.1
Balance at December 31	**430.8**	**422.4**	**-338.1**	**-344.7**	**-**	**1.2**	**92.7**	**78.9**

Reflected to statement of financial position	2023	2022
Employee benefit assets	53.3	57.8
Employee benefit liabilities	145.9	136.7
	92.7	**78.9**

Amounts of funded and unfunded obligations	2023	2022
Present value of funded obligations	407.9	395.4
Present value of unfunded obligations	22.9	27.0
	430.8	**422.4**

Plan assets comprise:	2023	2022
European equities	4.7	8.9
North American equities	35.3	26.4
European debt instruments	5.4	2.7
North American debt instruments	113.6	125.3
Property	13.3	21.1
Insured plans	85.3	87.6
Other	80.6	72.8
	338.1	**344.7**

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

Expected contribution to defined benefit plans during 2024 is EUR 3.2 million.

The weighted average duration of defined benefit obligation was 11 years (12 years).

Significant actuarial assumptions	2023	2022
Discount rate %		
Europe	3.2–4.5	1.9–4.8
Americas	4.9–9.9	5.2–9.7
Asia, Oceania, Africa	6.0–10.9	5.2–10.9
Annual increase in healthcare costs %		
Americas	7.9	6.7
Asia, Oceania, Africa	6.9	6.9

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

EUR million	2023	2022
1% p. increase in discount rate	-32.6	-40.3
1% p. decrease in discount rate	37.6	43.9
1% p. increase of estimated healthcare cost	0.8	0.6
1% p. decrease of estimated healthcare cost	-0.7	-0.6

2.3. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

EUR million	2023	2022
Depreciation, amortization and impairments by function:		
Cost of Goods Sold	189.4	180.8
Sales and marketing	8.5	10.1
Research and development	7.2	4.4
Administration	19.6	14.3
Other	15.7	-
Total	**240.3**	**209.7**

EUR million	2023	2022
Depreciation, amortization and impairments by asset type:		
Land	0.8	0.7
Buildings	39.7	39.4
Machinery and equipment	153.7	142.3
Other tangible assets	9.1	8.0
Intangible assets	37.0	19.3
Total	**240.3**	**209.7**

EUR million	2023	2022
Impairments by asset type:		
Buildings	-	-
Machinery and equipment	5.2	-
Goodwill	15.7	-
Other Intangible assets	0.7	-
Total	**21.7**	**-**

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. OTHER OPERATING INCOME

EUR million	2023	2022
Grants	1.7	1.2
Gain on disposal of tangible assets	61.6[1]	5.6
Insurance reimbursements for property damage incidents	0.3	2.0
Sale of subsidiaries	-	44.5
Royalty income	0.1	0.1
Rental income	1.0	1.3
Other	19.6	20.0
Total	**84.2**	**74.8**

[1]Includes gain of EUR 51.6 million from assets held for sale

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.

2.5. OTHER OPERATING EXPENSES

EUR million	2023	2022
Goodwill impairment[1]	15.7	-
Settlement of industrial dispute	-	2.6
Environmental provision	-	7.0
Loss on disposal of tangible assets	4.4	4.0
Other	4.2	3.2
Total	**24.3**	**16.8**

[1]See Note 3.3. Intangible assets.

Auditor's Fees

EUR million	2023	2022
Audit fees	3.2	2.9
Audit-related services	0.0	0.0
Tax services	-	0.0
Other services	0.2	0.8
Total	**3.4**	**3.7**

KPMG is acting as the principal auditor for Huhtamaki Group. KPMG network has also provided other consultancy not related to auditing worth of EUR 0.2 million (EUR 0.8 million) of which KPMG Oy Ab accounted for EUR 0.2 million (EUR 0.7 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.

2.6. INCOME TAXES

EUR million	2023	2022
Current period taxes	83.0	90.1
Previous period taxes	-6.1	-0.5
Deferred tax expense	9.8	-23.0
Total tax expense	**86.7**	**66.7**
Profit before taxes	312.0	352.1
Tax calculated at domestic rate (20%)	62.4	70.4
Effect of different tax rates in foreign subsidiaries	-0.2	4.9
Non-deductible expenses and tax-exempt income	4.1	-7.2
Tax effect of unrecognized tax losses	7.6	-5.3
Previous period taxes	-6.1	-0.5
Adjustments to prior year's deferred taxes	4.6	0.2
Deferred tax liability on undistributed earnings	-1.7	-0.4
Other items[1]	16.0	4.4
Total tax expense	**86.7**	**66.7**

[1]Other items include functional currency remeasurements (2023: EUR 17 million) and changes in local tax rates.

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.

Tax effects relating to components of other comprehensive income

	2023			2022		
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	-5.6	1.2	-4.4	17.4	-3.4	14.0
Remeasurements on defined benefit plans	-18.2	5.0	-13.1	44.1	-16.3	27.8

In 2023, income tax liabilities and assets include a net liability of EUR 39 million (EUR 41 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 2023 Huhtamaki had ongoing tax investigations in various jurisdictions, including China, Finland, France, Germany, Ghana, Hong Kong, India, Italy, Kenya, the Netherlands, Poland, the United States and Vietnam.

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.

The Group is within the scope of the OECD Pillar Two model rules. The Group operates in certain jurisdictions, where Pillar Two legislation has been enacted and will come into effect from 1 January 2024. There is no current tax impact for the financial year 2023. The Group has performed an assessment of the potential exposure to Pillar Two income taxes. The assessment is based on the most recent information available regarding the financial performance of its operations (mainly subsidiaries), including most recent tax filings, country-by-country reporting and financial statements. Based on the assessment, the Group has identified that the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are well above 15%. The Group does not expect a material exposure to Pillar Two income taxes.

Deferred taxes

EUR million	2023	2022
Deferred tax assets		
Tangible assets[1]	37.8	45.9
Employee benefit	32.0	25.9
Provisions	6.5	10.2
Unused tax losses	27.9	20.7
Other temporary differences	36.0	31.3
Total	**140.1**	**134.0**
Deferred tax liabilities		
Tangible assets[1]	143.5	130.3
Intangible assets	27.7	29.8
Employee benefit	17.7	19.2
Undistributed earnings	23.9	25.9
Other temporary differences	12.3	13.6
Total	**225.0**	**218.9**
Net deferred tax liabilities	84.9	84.9
Reflected in statement of financial position as follows:		
Deferred tax assets	52.1	48.4
Deferred tax liabilities	137.0	133.3
Total	**84.9**	**84.9**

[1] Deferred tax assets and liabilities on tangible assets for 2022 have been revised in accordance with IAS 12 amendment.

December 31, 2023 the Group had EUR 79 million (EUR 91 million) worth of deductible temporary differences, for which no deferred tax asset was recognized. EUR 23 million of these temporary differences have unlimited expiry, EUR 11 million expire over five years and EUR 45 million in five years.

Movements in the net deferred tax balance during the year

EUR million	2023	2022
Net deferred tax balance at January 1	-84.9	-76.8
Recognized in income statement	-9.8	23.0
Recognized in other comprehensive income	6.2	-19.7
Recognized in equity	-0.2	-
Acquisitions and disposals	-	-5.9
Translation differences	3.8	-5.4
Net deferred tax balance at December 31	**-84.9**	**-84.9**

2.7. EARNINGS AND DIVIDEND PER SHARE

Earnings per share

EUR million	2023	2022
Net income attributable to equity holders of the parent company (basic/diluted), EUR million	206.3	276.2
Weighted average number of shares outstanding, in thousands	104,497	104,365
Effect of share-based payments, in thousands	417	308
Diluted weighted average number of shares outstanding, in thousands	**104,914**	**104,673**
Earnings per share from the profit for the period attributable to equity holders of the parent company		
Basic earnings per share, EUR	1.97	2.65
Diluted earnings per share, EUR	1.97	2.64

Dividend per share

The dividends paid in 2023 were EUR 1 per share, totaling EUR 104.5 million (EUR 0.94 per share, totaling EUR 98.1 million). A dividend of EUR 1.05 per share will be proposed at the Annual General Meeting on April 25, 2024. This corresponds total dividends of EUR 109.8 million for 2023, calculated based on outstanding shares at December 31, 2023. 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

Contingent considerations

In the beginning of the reporting period, Huhtamaki had EUR 20.6 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 2023, Huhtamaki settled EUR 20.2 million of the liabilities. The net fair valuations through the profit or loss were EUR -0.8 million. The impact from the change in exchange rates was EUR 0.3 million. In the end of the period, there was no financial liabilities for contingent considerations.

Non-current assets held for sale

As announced on June 8, 2023, Huhtamaki has made the decision to consolidate the production footprint of its Flexible Packaging segment in Europe and will be closing its Flexible Packaging production facility in Prague, Czech Republic. As a result, Group has reclassified certain assets consisting of machinery from property, plant and equipment to Assets held for sale. Assets held for sale at December 31, 2023, included EUR 5.2 million and 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 is allocated represents 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:

	2023		2022	
EUR million	Goodwill	Discount interest rates used (pre-tax), %	Goodwill	Discount interest rates used (pre-tax), %
Flexible Packaging	522.6	13.6	555.6	12.9
North America	226.7	11.4	231.9	10.8
Foodservice Europe-Asia-Oceania	181.6	10.1	183.7	10.2
Fiber Packaging	63.7	11.4	63.7	10.8
Total goodwill	**994.6**		**1,035.0**	

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 0.8 (1.0) percent growth rate in developed countries, 1.3 (1.3) percent growth rate in developing countries and 2.3 (2.4) percent growth rate 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 1.5 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 2023
Acquisition cost on January 1, 2023	1,151.4	119.0	98.5	79.3	1,448.3
Additions	-	-	0.8	1.0	1.8
Disposals	-	-	-7.1	-1.5	-8.6
Intra-balance sheet transfer	-	-	8.0	8.1	16.1
Business combinations	-	-	-	-	-
Reclassification to assets held for sale	-	-	-	-	-
Changes in exchange rates	-26.9	-3.9	-1.0	-1.7	-33.5
Acquisition cost on December 31, 2023	1,124.5	115.1	99.2	85.2	1,424.0
Accumulated amortization and impairment on January 1, 2023	-116.4	-49.6	-86.8	-42.7	-295.4
Accumulated amortization on disposals and transfers	-	-	1.8	0.1	1.9
Amortization during the financial year	-	-7.3	-4.8	-8.5	-20.6
Impairments during the financial year	-15.7[1]	-	-0.7	-	-16.5
Reclassification to assets held for sale	-	-	-	-	-
Changes in exchange rates	2.2	1.4	0.8	0.6	5.0
Accumulated amortization and impairment on December 31, 2023	-129.9	-55.5	-89.6	-50.5	-325.5
Book value on December 31, 2023	**994.6**	**59.6**	**9.6**	**34.8**	**1,098.5**

[1]Group announced on June 8, 2023, that it has made the decision to consolidate the production footprint of its Flexible Packaging segment in Europe and will close its Flexible Packaging production facility in Prague, Czech Republic. All production and supporting activities at the facility are scaled down during the second half of the year, with the closure of the operations completed by March 31, 2024. As result of this announcement Group has impaired the goodwill related to the Prague operations.

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, technologies, 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	7–15

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.

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
Impairments during the financial year	-	-	-	-	-
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**

3.4. TANGIBLE ASSETS

EUR million	2023	2022
Owned property, plant and equipment	1,645.8	1,588.4
Right-of-use assets	149.1	147.4
Total tangible assets	**1,794.9**	**1,735.8**

	Owned assets					
EUR million	Land and land improvements	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2023
Acquisition cost on January 1, 2023	39.6	495.2	2,165.5	366.1	111.2	3,177.7
Additions	-	3.0	17.6	291.7	4.6	316.9
Disposals	-0.8	-9.2	-26.2	-8.2	-5.2	-49.6
Intra-balance sheet transfer	11.0	65.1	206.6	-298.3	5.4	-10.3
Business combinations	-	-	-	-	-	-
Reclassification to assets held for sale	-	-	-21.3	-	-	-21.3
Changes in exchange rates	-1.9	-18.3	-65.9	-8.6	-3.0	-97.7
Acquisition cost on December 31, 2023	47.9	535.8	2,276.3	342.7	112.9	3,315.6
Accumulated depreciation and impairment on January 1, 2023	-1.7	-217.0	-1,294.0	-	-76.4	-1,589.2
Accumulated depreciation on disposals and transfers	-	4.6	22.6	-	4.8	32.0
Depreciation during the financial year	-0.3	-20.6	-140.1	-	-8.6	-169.7
Impairments during the financial year	-	-	-5.2	-	-	-5.2
Impairments reversed during the financial year	-	-	-	-	-	-
Reclassification to assets held for sale	-	-	16.0	-	-	16.0
Changes in exchange rates	0.1	6.5	37.8	-	2.0	46.4
Accumulated depreciation and impairment on December 31, 2023	-1.9	-226.6	-1,363.1	-	-78.2	-1,669.8
Book value on December 31, 2023	**46.0**	**309.2**	**913.2**	**342.7**	**34.7**	**1,645.8**

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 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**

	Right-of-use assets				
EUR million	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total 2023
Acquisition cost on January 1, 2023	13.5	197.7	38.0	1.6	250.8
Additions	1.4	21.9	12.8	0.7	36.9
Disposals	-0.0	-12.8	-9.7	-0.2	-22.7
Intra-balance sheet transfer	-	-	-	-	-
Business combinations	-	-	-	-	-
Changes in exchange rates	-0.4	-2.0	-0.5	-0.0	-2.9
Acquisition cost on December 31, 2023	14.5	204.8	40.6	2.1	262.1
Accumulated depreciation and impairment on January 1, 2023	-5.8	-77.5	-19.4	-0.6	-103.4
Accumulated depreciation on disposals and transfers	0.0	10.0	8.1	0.1	18.2
Depreciation during the financial year	-0.6	-19.0	-8.3	-0.4	-28.3
Changes in exchange rates	0.2	0.1	0.2	0.0	0.6
Accumulated depreciation and impairment on December 31, 2023	-6.1	-86.5	-19.4	-1.0	-113.0
Book value on December 31, 2023	**8.4**	**118.4**	**21.2**	**1.1**	**149.1**

	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**

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	2023	2022
Raw and packaging material	246.5	320.9
Work-In-Process	79.6	104.6
Finished goods	272.8	307.6
Goods in transit	21.9	22.3
Total	**620.9**	**755.4**

The value at cost for finished goods amounts to EUR 316.6 million (EUR 343.3 million). An allowance of EUR 43.7 million (EUR 35.7 million) has been established for obsolete items. Total inventories include EUR 0.9 million resulting from reversals of previously written down values (EUR 2.5 million). Reversals relate to items used in production and 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	2023	2022
Trade receivables	511.0	563.2
Other receivables	75.9	77.0
Accrued interest and other financial items	10.3	28.0
Other accrued income and prepaid expenses	39.4	41.1
Total	**636.5**	**709.4**

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 2023	Impairment 2023	Net 2023	Gross 2022	Impairment 2022	Net 2022
Not past due	466.3	0.7	465.7	495.7	0.7	495.0
Past due 0–30 days	33.6	0.2	33.4	47.9	-0.2	48.1
Past due 31–120 days	10.1	0.5	9.6	15.9	0.2	15.7
Past due more than 120 days	7.2	4.9	2.3	10.1	5.7	4.4
Total	**517.3**	**6.3**	**511.0**	**569.5**	**6.3**	**563.2**

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.

As announced on June 8, 2023, Huhtamaki has made the decision to consolidate the production footprint of its Flexible Packaging segment in Europe and will be closing its Flexible Packaging production facility in Prague, Czech Republic. As a result, a restructuring provision of EUR 4.4 million was made, and it relates mainly 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 2023	Total 2022
Provision on January 1, 2023	0.7	22.5	23.1	17.8
Translation difference	-0.1	-0.5	-0.6	0.3
Provisions made during the year	4.9	5.6	10.5	17.6
Provisions used during the year	-0.2	-8.7	-8.9	-8.2
Unused provisions reversed during the year	-0.1	-0.1	-0.2	-4.2
Unwind of discount	-	-	-	-0.1
Provision on December 31, 2023	**5.1**	**18.8**	**23.9**	**23.1**
Current	5.1	5.5	10.5	9.8
Non-current	0.0	13.4	13.4	13.3

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	2023	2022
Trade payables	414.9	491.0
Other payables	94.0	82.0
Accrued interest expense and other financial items	26.5	27.0
Personnel and social security accruals	86.9	79.0
Other accrued expenses	81.1	55.8
Total	**703.5**	**734.9**

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	2023	2022
Interest income		
Financial assets at amortized cost		
Interest-bearing receivables and other receivables	10.8	7.2
Financial assets at fair value through profit or loss		
Derivatives	0.2	1.8
Defined benefit plans	2.8	1.9
Dividend income		
Other investments	0.0	0.2
Other financial income		
FX revaluation gains		
Interest-bearing assets and liabilities	-	0.0
Derivatives	-	0.1
Financial income	**13.9**	**11.1**
Interest expense		
Financial liabilities measured at amortized cost		
Interest-bearing liabilities (excl. lease liabilities)	-69.6	-32.2
Lease liabilities	-5.5	-5.7
Financial liabilities at fair value through profit or loss		
Derivatives	6.2	-11.2
Defined benefit plans	-5.2	-2.8
Other financial expense		
FX revaluation losses		
Interest-bearing assets and liabilities	-4.7	-4.4
Derivatives	-6.5	0.0
Change in fair value of contingent consideration	-	-4.8
Fees related to committed credit facilities	2.3	-2.5
Other fees	0.1	-0.7
Financial expense	**-82.9**	**-64.3**
Net financial items	**-69.0**	**-53.2**

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

	2023		2022	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Current				
Loan receivables	14.0	14.0	13.4	13.4
Finance lease receivables	1.2	1.2	1.6	1.6
Current interest-bearing receivables	**15.2**	**15.2**	**14.9**	**14.9**
Non-current				
Loan receivables	0.1	0.1	0.0	0.0
Finance lease receivables	2.2	2.2	0.9	0.9
Non-current interest-bearing receivables	**2.4**	**2.4**	**0.9**	**0.9**

Finance lease receivables

EUR million	2023	2022
Finance lease receivable is payable as follows:		
In less than one year	1.2	1.6
Between one and five years	2.2	0.9
Total minimum lease payments	**3.4**	**2.5**
Present value of minimum lease payments		
In less than one year	1.0	1.1
Between one and five years	2.1	1.3
Total present value of minimum lease payments	**3.1**	**2.5**
Unearned future financial income	**0.4**	**-**

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	2023	2022
Cash and bank	255.0	305.0
Liquid marketable securities	93.2	4.4
Total	**348.2**	**309.4**

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and short-term highly liquid deposits and 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, 2022	**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**
Own shares conveyance through performance share incentive plan	-	-	-	1,594,440.60	1,594,440.60
December 31, 2023	**107,760,385**	**366,385,309.00**	**115,023,103.38**	**-29,610,748.28**	**451,797,664.10**

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, 2023 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, 2024. The authorization by Annual General Meeting on April 27, 2022 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, 2023.

The Annual General Meeting of Shareholders on April 27, 2023 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, 2024. This authorization cancelled the authorization given by the Annual General Meeting on April 27, 2022 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. During 2023 173,505 shares were transferred (during 2022 no own shares were transferred based on the authorization in force at that time).

On December 31, 2023 the Company owned a total of 3,222,204 own shares (3,395,709 own shares).

Members of the Board of Directors and the CEO of the Company owned on December 31, 2023 a total of 101,929 shares (69,850 shares). These shares represented 0.09% (0.06%) of the total number of shares and voting rights in the Company on December 31, 2023.

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, 2023 Huhtamäki Oyj's non-restricted equity was EUR 836,481,022.88 of which the result for the financial period was EUR 39,425,010.98. The Board of Directors proposes that dividend will be distributed at EUR 1.05 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 109,765,090.05.

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 2023 173,505 shares were transferred (during 2022 no own shares were transferred). There are no additions in treasury shares in 2023.

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, 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**
Cash flow hedges recognized in other comprehensive income	-2.4
Cash flow hedges transferred to profit or loss	-0.5
Cash flow hedges transferred to statement of financial position	-2.7
Deferred taxes	1.2
Change of remeasurements on defined benefit plans	-18.2
Deferred taxes	5.0
Change of non-controlling interest in other comprehensive income	-0.1
December 31, 2023	**-48.1**

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

	2023		2022	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Current				
Loans from financial institutions				
fixed rate	19.9	19.6	277.6	277.5
floating rate	106.5	108.0	63.5	63.5
Bonds				
fixed rate	99.7	96.1	-	-
Other current loans				
floating rate	0.2	0.2	5.1	5.1
Contingent considerations	-	-	20.6	20.6
Lease liabilities	24.8	24.8	25.3	25.3
Total	**251.0**	**248.7**	**392.2**	**392.0**
Non-current				
Loans from financial institutions				
fixed rate	33.6	32.0	79.3	74.3
floating rate	259.6	288.4	371.0	371.0
Bonds				
fixed rate	971.2	962.7	815.8	777.6
Other non-current loans				
floating rate	2.1	2.1	4.6	4.6
Contingent considerations	-	-	-	-
Lease liabilities	136.5	136.5	133.2	133.2
Total	**1,403.0**	**1,421.7**	**1,403.9**	**1,360.7**

Repayment	Loans from financial institutions	Bonds	Other loans	Contingent considerations	Lease liabilities	Total
2024	126.4	99.7	0.2	-	24.8	251.0
2025	215.1	-	-	-	35.0	250.1
2026	47.5	174.7	2.1	-	14.2	238.5
2027	30.6	498.1	-	-	11.7	540.4
2028	-	298.4	-	-	10.2	308.6
2029–	0.0	-	-	-	65.4	65.4

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 3.81%–6.80%. 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

	2023							2022
			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	1,266.6	426.9	-	-	-2.8	-435.0	6.8	1,270.6
Short-term loans	229.7	-541.2	-	-20.0	-5.2	435.0	14.8	346.2
Long-term lease liabilities	136.5	-	-	-	-2.5	-20.9	26.7	133.2
Short-term lease liabilities	24.8	-28.8	-	-	-0.5	20.9	7.8	25.3
Total liabilities from financing activities	**1,657.5**	**-143.1**	**-**	**-20.0**	**-10.9**	**0.0**	**56.2**	**1,775.4**

	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**

5.7. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million	2023	2022
Financial assets at fair value through profit or loss		
Derivatives	5.9	10.9
Derivatives designated for hedge accounting	7.9	20.0
Financial assets at amortized cost		
Non-current interest-bearing receivables	2.4	0.9
Other non-current assets	17.0	28.7
Current interest-bearing receivables	15.2	14.9
Trade and other current receivables	569.9	611.8
Cash and cash equivalents	348.2	309.4
Other investments	2.3	2.4
Financial assets total	**968.6**	**999.0**
Financial liabilities at fair value through profit or loss		
Derivatives	9.3	14.7
Contingent considerations	0.0	20.6
Derivatives designated for hedge accounting	0.2	2.3
Financial liabilities at amortized cost		
Non-current interest-bearing liabilities	1,403.0	1,403.9
Other non-current liabilities	12.8	10.5
Current portion of long-term loans	167.3	168.9
Short term loans	83.7	202.6
Trade and other current liabilities	485.5	541.4
Financial liabilities total	**2,161.8**	**2,364.9**

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 2023
Assets				
Derivatives				
Currency derivatives	-	8.9	-	8.9
Interest rate derivatives	-	4.9	-	4.9
Other investments	-	-	2.3	2.3
Total	**-**	**13.8**	**2.3**	**16.0**
Liabilities				
Derivatives				
Currency derivatives	-	9.2	-	9.2
Interest rate derivatives	-	0.3	-	0.3
Contingent considerations		-	-	0.0
Total	**-**	**9.5**	**-**	**9.5**

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**

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 2023 and 2022 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 50 million in the form of currency loans and USD 173 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 21.3 million (EUR 14.4 million) and the Group consolidated equity by EUR 126.1 million (EUR 117.3 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Trade receivables	8.4	2.1	0.1	0.1	1.2	1.9	0.0	0.1	19.2	14.5
Trade payables	-19.4	-23.2	-3.9	-6.7	-9.6	-7.3	-4.3	-7.3	-6.3	-6.4
Net balance sheet exposure	-11.0	-21.1	-3.8	-6.6	-8.5	-5.5	-4.3	-7.2	12.9	8.1
Forecasted sales (12 months)	19.4	16.5	0.1	1.0	6.6	5.3	0.0	1.2	65.4	66.7
Forecasted purchases (12 months)	-90.5	-113.9	-17.0	-23.6	-49.6	-47.8	-10.1	-33.0	-38.9	-45.4
Net forecasted exposure	-71.1	-97.4	-16.8	-22.7	-43.0	-42.6	-10.1	-31.8	26.6	21.3
Hedges										
Currency forwards (12 months)	39.3	48.6	7.4	9.8	21.0	17.3	7.7	19.8	-16.6	-17.9
Currency options (12 months)	-	-	-	-	-	-	-	-	-	-
Total net exposure	**-42.7**	**-69.9**	**-13.2**	**-19.5**	**-30.4**	**-30.7**	**-6.7**	**-19.2**	**22.9**	**11.4**

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 4.2% (3.4%) and average duration 2.4 years (2.2 years). A one percentage point rise in market interest rates would increase Group net interest expense by EUR 2.7 million (EUR 5.1 million) over the following 12 months. A similar rise in interest rates would increase Group equity with EUR 1.7 million (EUR 1.9 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)

	2023						2022
		Debt repricing in period, incl. derivatives					
Currency	Amount EUR million	2024	2025	2026	2027	2028	Amount EUR million
EUR	1,029.7	190.6	33.6	125.0	530.5	150.0	990.8
HKD	81.2	81.2					84.8
GBP	64.7	64.7					92.5
AUD	25.4	25.4					16.4
CZK	13.3	13.3					-3.2
Other	-87.1	-154.6	18.0	13.5	13.5	22.5	130.9
Total	**1,127.0**	**220.5**	**51.6**	**138.5**	**544.0**	**172.5**	**1,312.2**

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 400 million) of which EUR 355 million (EUR 353 million) remained undrawn. Undrawn committed long-term debt facilities are sufficient to ensure adequate financing resources in all foreseeable circumstances.

In May 22, 2023, Huhtamäki Oyj signed a EUR 125 million bilateral term loan facility agreement with a maturity of two years. The term loan is used for refinancing and general corporate purposes of the Group.

In November 16, 2023, Huhtamäki Oyj issued a EUR 300 million senior unsecured bond. The 5-year bond matures on November 24, 2028. The net proceeds from the issue of the bond are used for the partial repurchase of existing notes issued by Huhtamäki Oyj due in 2024 and for refinancing and other general corporate purposes of the Group.

Huhtamäki Oyj has a long-term issuer credit rating of BB+ with a stable outlook from S&P Global Ratings Europe Limited.

Debt structure

EUR million including interests				2023					
				Maturity of facility/loan					
Debt type	Amount drawn	Amount available of committed	Total	2024	2025	2026	2027	2028	Later
Committed revolving facilities	45.0	355.0	400.0			400.0			
Bonds	1,070.9		1,070.9	99.7		174.7	498.1	298.4	
Commercial paper program	50.5		50.5	50.5					
Other loans from financial institutions	326.4		326.4	76.1	215.1	4.6	30.6		
Estimated contractual interest payments			184.2	49.3	42.8	39.5	37.3	15.4	
Contingent liabilities									
Lease liabilities	161.3		161.3	24.8	35.0	14.2	11.7	10.2	65.4
Trade and other current liabilities	518.1		518.1	518.1					
Total	**2,172,2**	**355.0**	**2,711.5**	**818.5**	**293.0**	**633.0**	**577.7**	**324.0**	**65.4**

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	821.0		821.0		150.0		173.4	497.6	
Commercial paper program	111.5		111.5	111.5					
Other loans from financial institutions	637.4		637.4	234.7	286.0	86.0		30.8	
Estimated contractual interest payments			132.4	35.0	26.3	25.3	23.9	21.9	
Contingent liabilities	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	**2,379.8**	**353.0**	**2,865.3**	**1,010.9**	**500.9**	**125.2**	**608.6**	**559.6**	**59.9**

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	2023	2022
Interest-bearing liabilities	1,654.0	1,796.0
Interest-bearing receivables, cash and cash equivalents	365.7	325.3
Net debt	1,288.3	1,470.8
Total equity	1,924.9	1,922.2
Net debt to equity (Gearing ratio)	**0.67**	**0.77**
Net debt to EBITDA (excluding items affecting comparability)	**2.18**	**2.46**

Nominal values of derivative financial instruments

EUR million	2023							2022
	Nominal Value	Maturity Structure						Nominal Value
Instrument		2024	2025	2026	2027	2028	Later	
Currency forwards								
for transaction risk								
Outflow	-196.1	-194.6	-1.5					-210.4
Inflow	195.0	193.5	1.5					210.8
for translation risk								
Outflow	-178.6	-178.6						-185.0
Inflow	180.7	180.7						194.0
for financing purposes								
Outflow	-646.0	-646.0						-589.1
Inflow	643.3	643.3						590.0
Interest rate swaps								
EUR	-200.0			-50.0		-150.0		-50.0
USD	76.5	4.5	9.0	13.5	18.0	31.5		93.9

Fair values of derivative financial instruments

EUR million	2023			2022		
Instrument	Positive Fair values	Negative Fair values	Net Fair values	Positive Fair values	Negative Fair values	Net Fair values
Currency forwards						
for transaction risk	1.4	-2.9	-1.5	2.7	-2.4	0.3
of which cash flow hedges[1]	0.8	-1.2	-0.4	1.7	-1.2	0.5
for translation risk	2.8	0.0	2.8	11.3	-1.1	10.3
of which hedges of net investment[2]	2.8	0.0	2.8	11.3	-1.1	10.3
for financing purposes	4.6	-6.3	-1.7	9.9	-7.3	2.6
Interest rate swaps[3]						
EUR	4.3	-4.0	0.3	0.0	-6.1	-6.1
of which fair value hedges[4]	4.3	-4.0	0.3	0.0	-6.1	-6.1
USD	4.7	0.0	4.7	7.0	-0.1	6.9
of which cash flow hedges[5]	4.7	0.0	4.7	7.0	-0.1	6.9
Commodities	0.3	0.0	0.3	-	-	-

[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.

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:
  - In 2021, 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) Absolute Scope 1 and 2 greenhouse gas emissions amount, 2) Share of non-hazardous waste recycled and 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)
  - In 2022, 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 emission reductions. (Note 5.6. Interest-bearing liabilities)
  - In 2023, the Group has signed a EUR 125 million sustainability-linked bilateral term loan facility agreement. The interest margin is tied to three sustainability indicators: 1) Absolute Scope 1 and 2 greenhouse gas emissions amount, 2) Share of non-hazardous waste recycled and 3) Ecovadis Rating. (Note 5.6. Interest-bearing liabilities)
- Employee benefits: Huhtamaki Global Sustainability and Safety Index (GSSI) is one of the business objectives for employees within the global short-term incentive plan. KPIs within the index are linked to the sustainability dashboard and relate to e.g., the share of renewable or recycled materials, the share of renewable electricity, the share of non-hazardous waste recycled, and employee safety. (Note 2.2. Employee benefits)

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 297 thousand (EUR 294 thousand) per annum. Some of the other Global Executive Team members belong to a supplementary defined contribution pension plan. In 2023, the Company paid a total of EUR 355 thousand (EUR 322 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 147,026 shares (101,689 shares) shares at the end of the year 2023.

Employee benefits of CEO and members of the Global Executive Team

EUR million	2023	2022
Salaries and other short-term employee benefits	6.6	7.4
Post-employment benefits	0.4	0.3
Share based payments	5.6	5.1
CEO and members of the Global Executive Team in total	**12.6**	**12.8**

Remunerations of CEO and members of the Board of Directors

In thousand euros	2023	2022
CEO Charles Héaulmé	3,372	2,063
Board members		
Ala-Pietilä Pekka	206	198
Tuomas Kerttu	120	121
Baillie Doug	104	104
Barker William R.	100	104
Korhonen Anja	116	118
Turner Sandra	23	106
Wunderlich Ralf K.	101	104
Alonso Mercedes	104	72
Takala Heikki	22	73
Lindwall Pauline	79	-
Vauramo Pekka	78	-
CEO and Board in total	**4,425**	**3,061**

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 1.8 million (EUR 2.6 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

Performance Share Arrangement 2010

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 (excl. President and CEO) that are participants to the performance share plan shall hold at least half (50%) of the shares received until they hold shares received from the performance share plans corresponding in aggregate to the value of their annual gross base salary. President and CEO shall hold at least half (50%) of the shares received until he holds shares received from the performance share plans corresponding in aggregate to the value of 3 times his annual 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 2020–2022

The Performance Share Plan 2020–2022 commenced in 2020. The reward was based on the Group's cumulative adjusted earnings per share (EPS) for the earning period 2020–2022 and was paid in 2023 to 97 participants.

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, 245,371, shares were paid in March 2023. Applicable taxes were withheld from the

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.

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 reward is based on the Group's cumulative adjusted earnings per share (EPS) for the earning period 2021–2023. The Performance Share Plan 2021–2023 was directed to 110 persons at the end of 2023.

The achievement of performance criteria, Group's cumulative adjusted earnings per share (EPS) for the earning period 2021–2023, set forth in the Performance Share Arrangement 2010 for the earnings period 2020–2022, was 86.05% of maximum. According to the terms and conditions of the Performance Share Arrangement, 386,388 shares will be paid in March 2024. 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 Performance Share Plan 2021–2023 totaling EUR 13,859,983 was recorded for the reporting periods 2021–2023. This amount includes an expense totaling EUR 4,518,279 which was recorded in the reporting period ending 31 December 2023.

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 126 persons at the end of 2023.

Performance Share Plan 2023–2025

The Performance Share Plan 2023–2025 commenced in 2023 and the possible reward will be based on the Group's cumulative adjusted earnings per share (EPS) for the earning period 2023–2025. The reward, if any, will be paid during 2026. The Performance Share Plan 2023–2025 was directed to 136 persons at the end of 2023.

Performance Share Plan

	2020–2022	2021–2023	2022–2024	2023–2025
Amount of granted shares (gross)	601,600[1]	582,000[1]	600,000[1]	590,000[1]
Share price at grant date, EUR	33.96	39.18	35.86	30.58
Actual achievement (% of maximum)	54.88%	86.05%		
Number of achieved shares (gross) based on performance criteria	245,371	386,388[2]	-	-
Number of participants of December 31, 2023	97	110	126	136
Share delivery	2023	2024	2025	2026
Performance criteria	adjusted EPS	adjusted EPS	adjusted EPS	adjusted EPS

[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] Achieved shares under PSP 2021–2023 will be paid in March 2024.

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 (excl. President and CEO) 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. President and CEO shall hold at least half (50%) of the shares received until he holds shares received from the performance share plans corresponding in aggregate to the value of 3 times his 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 was paid in 2023 based on continuous employment. Group's adjusted EBIT margin of 8% for the result release preceding the payment was used as an underlying threshold criterion for share payment. Financial year 2022 Group adjusted EBIT margin was 8.8% and thus there was no restriction to payout.

According to the terms and conditions of the Restricted Share Arrangement, 81,400 shares (gross) were be paid in March 2023 to 61 participants. Applicable taxes were 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 EUR 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 12 persons at the end of 2023.

Financial year 2023 Group adjusted EBIT margin was 9.4% and thus there is no restriction to payout. According to the terms and conditions of the Restricted Share Arrangement, 30,700 shares will be paid in March 2024. Applicable taxes are withheld from the gross reward before paying remaining net shares to the participants. Fair value of the shares on the grant date was ranging from EUR 30.58–45.20 per share. Pursuant to the IFRS standards, an expense relating to the Restricted Share Plan 2021–2023 totaling EUR 1,027,992 was recorded for the reporting periods 2021–2023. This amount includes an expense totaling EUR 571,626 which was recorded in the reporting period ending 31 December 2023.

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 5 persons at the end of 2023.

Restricted Share Plan 2023–2025

The Restricted Share Plan 2023–2025 commenced in 2023 and the reward will be paid during 2026 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 2023–2025 was directed to 3 persons at the end of 2023.

Restricted Share Plan

	2021–2023 (2-year vesting)	2021–2023	2022–2024	2023–2025
Amount of granted shares (gross)[1]	100,800	30,700	10,000	7,000
Share price at grant date, EUR	39.18	45.20–30.58	32.86–31.29	33.58–30.56
Number of achieved shares (gross) based on performance criteria	81,400	30,700[2]	-	-
Number of participants of December 31, 2023	61	12	5	3
Share delivery	2023	2024	2025	2026
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] Shares under RSP 2021–2023 will be paid in March 2024.
[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.

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	2023	2022
Short-term leases	7.4	6.5
Low-value leases	0.7	0.5
Variable lease payments based on use/performance	2.7	2.6
Lease payments in Profit or Loss	**10.8**	**9.6**
Cash based lease payments in total	**43.8**	**42.9**

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	2023	2022
Capital expenditure	61.6	115.9
Leases	67.1	-
Total commitments	**128.8**	**115.9**

EUR million	2023	2022
Capital expenditure commitments		
Under 1 year	61.6	115.9
Total	**61.6**	**115.9**

EUR million	2023	2022
Lease commitments		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	19.5	-
Later than 5 years	47.6	-
Total	**67.1**	**0.0**

ACCOUNTING PRINCIPLES

Commitments

Capital expenditure commitments are commitments at the balance sheet date to acquire tangible and intangible assets in the future. Lease commitments are commitments at the balance sheet date to lease tangible 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	100.0
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.	100.0
	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.	100.0
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
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	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 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 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	2023	2022
Net sales	1	**201,855,155.65**	**172,573,850.08**
Other operating income	2	6,444,669.71	112,865,034.87
Materials and services	3	-97,100,321.82	-71,106,810.73
Personnel expenses	4	-29,321,903.63	-26,193,482.03
Depreciation and amortization	5	-8,642,652.17	-2,753,166.78
Other operating expenses	6	-6,547,656.64	-7,361,118.68
Earnings before interest and taxes		**66,687,291.10**	**178,024,306.73**
Net financial income/expense	7	-19,781,237.93	386,209,236.19
Profit before appropriations and taxes		**46,906,053.17**	**564,233,542.92**
Group contribution		0	992,000.00
Income tax expense	8	-7,481,042.19	-12,400,624.35
Profit for the period		**39,425,010.98**	**552,824,918.57**

Parent company balance sheet (FAS)

Assets

EUR	Note	2023	2022
Non-current assets			
Intangible assets	9		
Intangible rights		920,909.48	345,987.69
Development expenditure		13,474,354.11	7,819,820.60
Other capitalized expenditure		1,079,571.74	4,161,982.16
Construction in progress and advance payments		8,171,012.80	6,806,530.09
		23,645,848.13	**19,134,320.54**
Tangible assets	10		
Machinery and equipment		93,833.69	223,646.14
Other tangible assets		96,301.19	96,301.19
		190,134.88	**319,947.33**
Investments			
Investment in subsidiaries		2,417,271,132.51	2,418,071,132.51
Other shares and holdings		1,070,560.54	1,132,636.92
		2,418,341,693.05	**2,419,203,769.43**
Current assets			
Non-current receivables			
Loan receivables	11	169,831,365.20	555,828,762.19
Current receivables			
Loan receivables	11	415,174,454.66	0
Accrued income	12	42,014,802.36	59,649,417.09
Other receivables	11	184,122,805.51	152,760,263.19
		811,143,427.73	**768,238,442.47**
Cash and bank		98,086,795.35	19,509,964.47
Total assets		**3,351,407,899.14**	**3,226,406,444.24**

Equity and liabilities

EUR	Note	2023	2022
Shareholders' equity	13		
Share capital		366,385,309.00	366,385,309.00
Premium fund		115,023,103.38	115,023,103.38
Retained earnings		817,649,081.26	369,329,656.23
Profit for the period		39,425,010.98	552,824,918.57
		1,338,482,504.62	**1,403,562,987.18**
Liabilities			
Non-current liabilities			
Loans from financial institutions	14	1,257,207,607.66	1,270,066,457.77
Other non-current liabilities	15	437,130.31	641,231.73
		1,257,644,737.97	**1,270,707,689.50**
Current liabilities			
Loans from financial institutions	14	184,887,832.01	254,017,867.58
Other loans	14	496,606,878.77	198,444,084.30
Trade payables	16	15,746,839.04	17,971,143.64
Accrued expenses	17	48,724,839.47	66,452,535.56
Other current liabilities	16	9,314,267.26	15,250,136.48
		755,280,656.55	**552,135,767.56**
Total equity and liabilities		**3,351,407,899.14**	**3,226,406,444.24**

Parent company cash flow statement (FAS)

EUR	2023	2022
Earnings before interest and taxes	66,687,291.10	178,024,306.73
Adjustments		
Depreciation and amortization	8,642,652.17	2,753,166.78
Other adjustments	0.00	-108,749,623.87
Change in non-interest-bearing receivables	-28,585,279.64	-57,542,104.09
Change in non-interest-bearing payables	-109,442.64	-11,067,226.01
Net financial income and expense	-32,825,568.40	13,568,285.64
Taxes paid	-14,843,835.86	-9,223,679.31
Net cash flow from operating activities	**-1,034,183.27**	**7,763,125.87**
Capital expenditure	-16,275,988.55	-4,964,076.43
Disposal of tangible and intangible assets	0.00	18,526.05
Investments in subsidiaries	0.00	-10,000,000.00
Dividends and repayments of capital	13,632,434.00	1,832,916.90
Divestments of subsidiaries	0.00	156,027,000.00
Change in non-current deposits	385,997,396.99	-144,238,843.05
Change in current deposits	-415,174,454.66	73,134,252.33
Net cash flow from investing activities	**-31,820,612.22**	**71,809,775.80**
Change in non-current loans	-13,062,951.53	192,640,123.44
Change in current loans	229,032,758.90	-162,078,548.65
Dividends paid	-104,538,181.00	-97,692,891.49
Cash flow from financing activities	**111,431,626.37**	**-67,131,316.70**
Change in liquid assets	78,576,830.88	12,441,584.97
Liquid assets on January 1	19,509,964.47	7,068,379.50
Liquid assets on December 31	98,086,795.35	19,509,964.47

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.

The company changed the presentation of the income statement from an activity-based income statement to a cost-based income statement. The cost-based income statement better describes how the company's result is formed. The comparative information is restated.

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.

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. NET SALES

EUR million	2023	2022
Royalty income	75.0	76.8
Group cost income	107.9	90.6
Other	18.9	5.1
Total	**201.9**	**172.6**

2. OTHER OPERATING EXPENSES

EUR million	2023	2022
Divestment of subsidiary	0.0	109.5
Other	6.4	3.4
Total	**6.4**	**112.9**

3. MATERIALS AND SERVICES

EUR million	2023	2022
Purchases from group companies	59.5	42.5
Purchases from other companies	37.6	28.6
Total	**97.1**	**71.1**

4. PERSONNEL EXPENSES

EUR million	2023	2022
Wages and salaries	20.0	18.6
Pension costs	3.5	3.1
Other personnel costs	5.8	4.5
Total	**29.3**	**26.2**

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 4.4 million (EUR 3.1 million).

Average number of personnel	2023	2022
Huhtamäki Oyj	153	138

5. DEPRECIATION AND AMORTIZATION

EUR million	2023	2022
Depreciation and amortization by asset type:		
Machinery and equipment	0.1	0.2
Intangible rights	0.1	0.1
Development expenditure	2.3	1.2
Other capitalized expenditure	6.1	1.3
Total	**8.6**	**2.8**

6. AUDITOR'S FEES AND SERVICES

EUR million	2023	2022
Audit fees	0.4	0.4
Audit-related services	0.0	0.1
Tax services	0.0	0.0
Total	**0.4**	**0.5**

For auditor's other services see Note 2.5. in the consolidated financial statements.

7. FINANCIAL INCOME AND EXPENSE

EUR million	2023	2022
Dividend income	**12.8**	**401.9**
Interest and other financial income		
Intercompany interest income	40.3	20.0
Other interest income	4.4	3.2
Total interest income	**44.7**	**23.2**
Other financial income	206.6	443.7
Total interest and other financial income	**251.3**	**466.9**
Interest and other financial expense		
Intercompany interest expense	-13.5	-2.6
Other interest expense	-61.1	-29.4
Total interest expense	**-74.6**	**-32.0**
Other financial expense	-209.3	-450.6
Total interest and other financial expense	**-283.9**	**-482.6**
Net financial items	**-19.8**	**386.2**

8. TAXES

EUR million	2023	2022
Ordinary taxes	7.5	12.4
Total	**7.5**	**12.4**

Deferred taxes are not included in income statement or balance sheet. Unrecognized deferred tax liability from timing differences is EUR 2.2 million (EUR 2.0 million).

9. INTANGIBLE ASSETS

EUR million	Intangible rights	Development expenditure	Other capitalized expenditure	Construction in progress and advance payments	2023 Total	2022 Total
Acquisition cost on January 1	1.0	9.4	46.5	6.8	63.7	57.5
Additions	-	-	2.7	13.1	15.8	7.2
Disposals	-	-	-0.6	-2.7	-3.3	-0.9
Intra-balance sheet transfer	0.6	8.0	0.4	-9.1	0.0	-
Acquisition cost on December 31	1.6	17.4	49.0	8.2	76.2	63.7
					-	
Accumulated amortization on January 1	0.6	1.6	42.4		44.6	42.3
Accumulated amortization on disposals and transfers	-	-	-0.6		-0.6	-0.3
Amortization during the financial year	0.1	2.3	6.1		8.5	2.6
Accumulated amortization on December 31	0.7	3.9	47.9		52.5	44.7
Book value on December 31, 2023	**0.9**	**13.5**	**1.1**	**8.2**	**23.7**	-
Book value on December 31, 2022	0.3	7.8	4.2	6.8	-	19.1

10. TANGIBLE ASSETS

EUR million	Machinery and equipment	Other tangible assets	2023 Total	2022 Total
Acquisition cost on January 1	2.5	0.1	2.5	4.0
Additions	-	-	-	0.1
Disposals	-0.7	-	-0.7	-1.5
Acquisition cost on December 31	1.8	0.1	1.9	2.5
Accumulated depreciation on January 1	2.2	-	2.2	3.6
Accumulated depreciation on disposals and transfers	-0.7	-	-0.7	-1.5
Depreciation during the financial year	0.1	-	0.1	0.2
Accumulated depreciation on December 31	1.7	-	1.7	2.2
Book value on December 31, 2023	**0.1**	**0.1**	**0.2**	-
Book value on December 31, 2022	0.2	0.1	-	0.3

11. RECEIVABLES

EUR million	2023	2022
Current		
Loan receivables from subsidiaries	415.2	-
Accrued income	25.2	39.9
Accrued corporate income	16.8	19.8
Other receivables	0.7	5.4
Other receivables from subsidiaries	183.4	147.4
Total	**641.3**	**212.5**
Non-current		
Intercompany loan receivables	169.8	555.8
Total	**169.8**	**555.8**
Total	**811.1**	**768.3**

12. ACCRUED INCOME

EUR million	2023	2022
Accrued interest and other financial items	4.0	5.7
Currency derivative assets	8.3	23.9
Accrued corporate income and prepaid expense	16.8	19.8
Other	12.9	10.3
Total accrued income	**42.0**	**59.7**

13. CHANGES IN EQUITY

EUR million	2023	2022
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	922.2	467.4
Dividends paid	-104.5	-98.0
Obsolete dividends	0.0	0.0
Profit for the period	39.4	552.8
Retained earnings December 31	857.1	922.2
Non-restricted equity total	**857.1**	**922.2**
Development expenditure	-20.6	-14.2
Distributable equity	**836.5**	**908.0**
Total equity	**1,338.5**	**1,403.6**

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

14. LOANS

EUR million	2023	2022
Non-current		
Loans from financial institutions	1,257.2	1,270.1
Non-current loans from financial institutions total	**1,257.2**	**1,270.1**
Current		
Current portion of long-term loans from financial institutions	134.7	143.0
Loans from financial institutions and other current loans	50.2	111.0
Current loans from financial institutions total	**184.9**	**254.0**
Loans from subsidiaries	496.6	198.4
Other loans total	**496.6**	**198.4**

Changes in non-current loans		
Loans from financial institutions		
January 1	1,270.1	1,077.2
Additions	2,103.6	2,290.4
Decreases	-2,114.5	-2,127.3
FX movement	-2.0	29.8
Total	**1,257.2**	**1,270.1**

Repayments	Loans from financial institutions
2024	184.9
2025	210.5
2026	219.7
2027	528.6
2028–	298.4

15. OTHER NON-CURRENT LIABILITIES

EUR million	2023	2022
Loans from subsidiaries	0.0	0.0
Employee benefits	0.4	0.6
Total	**0.4**	**0.6**

16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

EUR million	2023	2022
Trade payables	4.3	5.7
Intercompany trade payables	11.5	12.3
Trade payables	**15.8**	**18.0**
Other current liabilities	4.4	4.3
Other current liabilities to subsidiaries	5.0	11.0
Other current liabilities	**9.3**	**15.3**

17. ACCRUED EXPENSES

EUR million	2023	2022
Accrued interest and other financial expense	16.6	15.8
Currency derivative liabilities	8.2	9.8
Accrued expense to subsidiaries	15.1	24.2
Salaries and social security	8.2	7.9
Accrued income taxes	0.0	6.0
Miscellaneous accrued expense	0.6	2.8
Total	**48.7**	**66.5**

18. DERIVATIVES

Fair values of derivatives, EUR million	2023	2022
Currency derivatives		
with external parties	0.1	14.1
with subsidiaries	-4.0	-19.9
Interest rate swaps	5.0	0.8
Total	**1.1**	**-5.0**

Nominal values of principles, EUR million	2023	2022
Currency derivatives		
with external parties	967.0	919.2
with subsidiaries	429.5	452.4
Interest rate swaps	276.5	143.9
Total	**1,673.0**	**1,515.5**

The nominal value of external currency derivatives is 967.0 MEUR and the nominal value of internal currency derivatives allocated to them is 429.5 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.

19. COMMITMENTS AND CONTINGENCIES

EUR million	2023	2022
Operating lease payments		
Under one year	1.2	1.2
Later than one year	0.4	0.2
Total	**1.6**	**1.4**
Guarantee obligations		
For subsidiaries	194.4	224.8

Signatures of the Board of Directors' Report and Financial Statements

Espoo, February 7, 2024

Pekka Ala-Pietilä	Kerttu Tuomas	Mercedes Alonso
Doug Baillie	William R. Barker	Anja Korhonen
Pauline Lindwall	Pekka Vauramo	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, 2023. 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 material accounting policy information, 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 IFRS Accounting Standards 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 2.5. 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 2023 goodwill and intangibles totaled EUR 1 099 million and represented 24 percent of the consolidated total assets. 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 assessed 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 2023 were EUR 4,169 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. We have assessed the accounting principles and practices 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 2024. • 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 621 million at year end 2023. 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. 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. • We have assessed the inventory valuation principles and the adequacy of the provisions recorded.
Income taxes (Refer to note 2.6. to the consolidated financial statements)	
Income taxes are material to the 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 IFRS Accounting Standards 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 4 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 or 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, 7 February 2024

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 =

$$\frac{\text{Profit for the period – non-controlling interest}}{\text{Average number of shares outstanding}}$$

Diluted earnings per share attributable to equity holders of the parent company (diluted EPS) =

$$\frac{\text{Diluted profit for the period – non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$$

Alternative performance measures

EBITDA = EBIT + depreciation and amortization

Dividend yield =

$$\frac{\text{100 x Dividend per share}}{\text{Share price at December 31}}$$

Shareholders' equity per share =

$$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Number of shares outstanding at December 31}}$$

P/E ratio =

$$\frac{\text{Share price at December 31}}{\text{Earnings per share}}$$

Market capitalization = Number of shares outstanding multiplied by the corresponding share price on the stock exchange at December 31

Return on investment (ROI) =

$$\frac{\text{100 x (Profit before taxes + interest expenses + net other financial expenses)}}{\text{Statement of financial position total – interest-free liabilities (average)}}$$

Return on equity (ROE) =

$$\frac{\text{100 x Profit for the period}}{\text{Total equity (average)}}$$

Net debt to equity (gearing) =

$$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$$

Solidity =

$$\frac{\text{100 x Total equity}}{\text{Statement of financial position total – advances received}}$$

Current ratio =

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Times interest earned =

$$\frac{\text{Earnings before interest and taxes + depreciation, amortization and impairment}}{\text{Net interest expenses}}$$

Return on net assets (RONA) =

$$\frac{\text{100 x Earnings before interest and taxes (12m roll.)}}{\text{Net assets (12m roll.)}}$$

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 2019–2023

EUR million	2023	2022	2021	2020	2019
Net sales	4,168.9	4,479.0	3,574.9	3,301.8	3,399.0
Increase in net sales, %	-6.9	25.3	8.3	-2.9	9.5
Net sales outside Finland	4,108.7	4,416.3	3,523.1	3,252.5	3,342.8
Earnings before interest, taxes, depreciation, amortization and impairment	621.2	614.9	469.6	464.5	448.8
Earnings before interest, taxes, depreciation, amortization and impairment/net sales, %	14.9	13.7	13.1	14.1	13.2
Earnings before interest and taxes	380.9	405.3	296.0	265.3	285.5
Earnings before interest and taxes/net sales, %	9.1	9.0	8.3	8.0	8.4
Profit before taxes	312.0	352.1	263.0	237.1	256.7
Profit before taxes/net sales, %	7.5	7.9	7.4	7.2	7.6
Profit for the period	225.2	285.4	202.7	183.7	199.0
Total equity	1,924.9	1,922.2	1,597.2	1,364.5	1,437.1
Return on investment, %	10.9	11.4	10.6	10.3	11.9
Return on shareholders' equity, %	11.8	15.7	13.9	12.9	14.8
Solidity, %	41.3	39.9	35.4	38.1	39.9
Net debt to equity	0.67	0.77	0.95	0.64	0.63
Current ratio	1.60	1.50	1.22	1.42	1.39
Times interest earned	9.01	11.56	14.25	15.44	16.23
Capital expenditure	318.7	318.5	259.4	223.5	203.9
Capital expenditure/net sales, %	7.6	7.1	7.3	6.8	6.0
Research & development	36.0	30.6	25.7	20.7	22.0
Research & development/net sales, %	0.9	0.7	0.7	0.6	0.6
Number of shareholders (December 31)	53,834	50,150	43,744	35,764	31,056
Personnel (December 31)	17,910	18,927	19,564	18,227	18,598

Key exchange rates in EUR

		2023 Income statement	2023 Statement of financial position	2022 Income statement	2022 Statement of financial position
Australian Dollar	AUD	1.6282	1.6246	1.5173	1.5859
British Pound	GBP	0.8700	0.8706	0.8525	0.8855
Indian Rupee	INR	89.3132	92.4490	82.7009	88.2295
Thai Baht	THB	37.6253	37.9990	36.8638	36.8770
US Dollar	USD	1.0815	1.1114	1.0541	1.0649
South African Rand	ZAR	19.9453	20.6003	17.2075	18.1967

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, 2023 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, 2024.

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

		2023	2022	2021	2020	2019
Earnings per share	EUR	1.97	2.65	1.91	1.69	1.82
Earnings per share (diluted)	EUR	1.97	2.64	1.91	1.69	1.82
Dividend (nominal)	EUR	1.05[1]	1.00	0.94	0.92	0.89
Dividend/earnings per share	%	53.2[1]	37.8	49.3	54.3	48.9
Dividend yield	%	2.9[1]	3.1	2.4	2.2	2.2
Shareholders' equity per share	EUR	17.59	17.65	14.57	12.31	12.92
Average number of shares adjusted for share issue		104,497,300[2]	104,364,676	104,360,114	104,349,676	104,344,950
Number of shares adjusted for share issue at year end		104,538,181[2]	104,364,676	104,364,676	104,349,676	104,349,676
P/E ratio		18.6	12.1	20.4	24.9	22.7
Market capitalization at December 31	EUR million	3,839.7[2]	3,339.7	4,058.7	4,409.8	4,318.0
Trading volume in NASDAQ OMX Helsinki Ltd	units	43,440,333[3]	61,712,620	50,514,600	59,337,954	54,959,467
Trading volume in alternative trading venues	units	152,289,963[4]	161,291,609	99,597,314	92,820,000	90,523,665
Trading volume, total	units	195,730,296	223,004,229	150,111,914	152,157,954	145,483,132
In relation to average number of shares	%	187.3[2]	213.7	143.8	145.8	139.4
Development of share price						
Lowest trading price	EUR	28.45	26.41	36.57	23.48	26.81
Highest trading price	EUR	37.20	39.94	45.93	46.62	42.20
Trading price on December 31	EUR	36.73	32.00	38.89	42.26	41.38

[1] 2023: Board's proposal
[2] Issue-adjusted and excluding treasury shares
[3] Source: Nasdaq Helsinki Ltd
[4] Source: Refinitiv Eikon

See also Note 2.7. Earnings per share.

Distribution of ownership by number of shares on December 31, 2023

Number of shares	Number shareholders	% of shareholders	Number of shares	% of shares
1–100	29,856	55.5%	1,185,008	1.1%
101–1,000	19,980	37.1%	7,007,305	6.5%
1,001–10,000	3,718	6.9%	9,407,638	8.7%
10,001–100,000	247	0.5%	6,411,977	6.0%
100,001–1,000,000	35	0.1%	12,754,972	11.8%
More than 1,000,000	10	0.0%	70,925,625	65.8%
Total	53,846		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, 2023

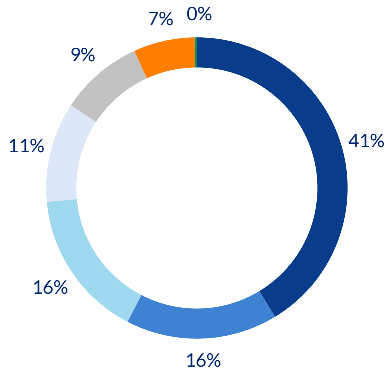
Sector	Number of shares	%
Nominee-registered shares	44,496,814	41.3%
Non-profit organizations	17,537,919	16.3%
Households	17,144,785	15.9%
Public-sector organizations	11,535,585	10.7%
Financial and insurance companies	9,635,672	8.9%
Private companies	7,081,263	6.6%
Foreigners	260,487	0.2%
In the joint book-entry account	67,860	0.1%
Number of shares issued	**107,760,385**	**100.0%**

Largest registered shareholders on December 31, 2023*

Name	Number of shares and votes	%
Finnish Cultural Foundation	11,319,080	10.5%
Varma Mutual Pension Insurance Company	4,101,051	3.8%
Ilmarinen Mutual Pension Insurance Company	3,767,618	3.5%
Elo Mutual Pension Insurance Company	1,655,000	1.5%
Holding Manutas Oy	1,500,000	1.4%
Security Trading Oy	1,150,000	1.1%
The State Pension Fund	1,100,000	1.0%
OP-Finland	968,642	0.9%
Society of Swedish Literature in Finland	963,500	0.9%
Total	**26,524,891**	**24.6%**

*Excluding own shares acquired by Huhtamäki Oyj totaling 3,222,204 and representing 3.0% of the total number of shares.

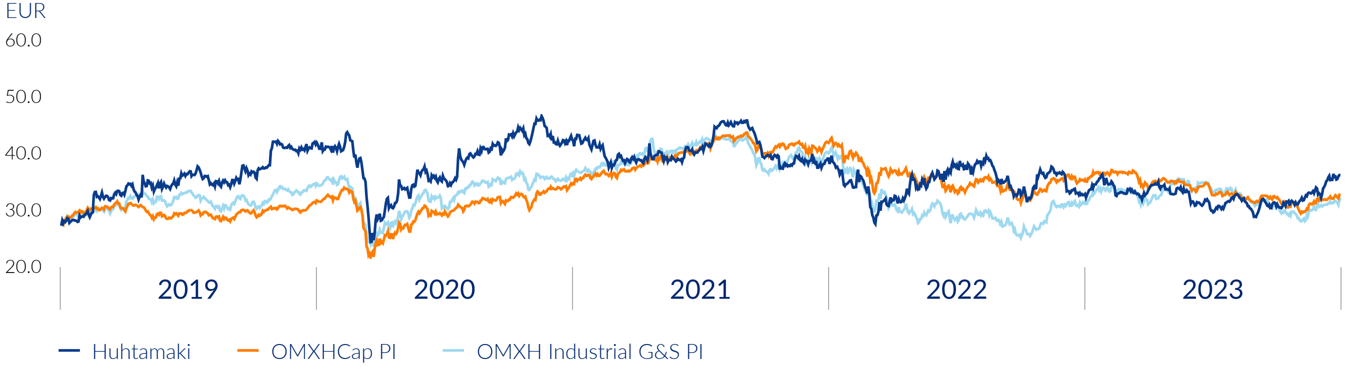
Shareholder distribution by sector December 31, 2023



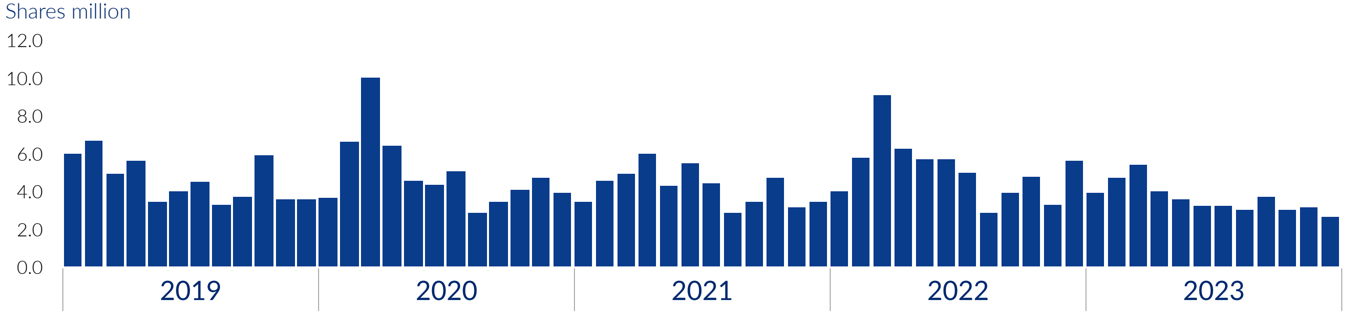
- Nominee-registered shares
- Non-profit organizations
- Households
- Public-sector organizations
- Financial and insurance companies
- Private companies
- Foreigners

The list above includes only direct registered shareholders and is based on information available from Euroclear Finland Ltd., excluding 3,222,204 shares held by Huhtamäki Oyj that represent 3.0% of the total number of shares. Nominee-registered holdings, which may be substantial, are not included. On December 31, 2023 nominee-registered shareholders held in total 41% of Huhtamäki Oyj's shares.

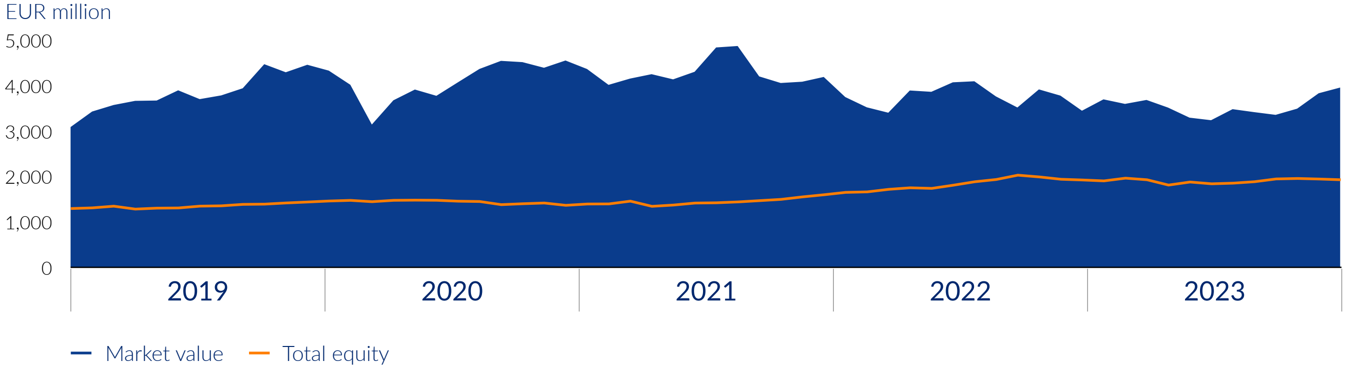
Development of Huhtamaki's share price January 2, 2019–December 31, 2023



Monthly trading volume on Nasdaq Helsinki 2019–2023



Market value and equity 2019–2023



Governance

Corporate Governance Statement

Introduction

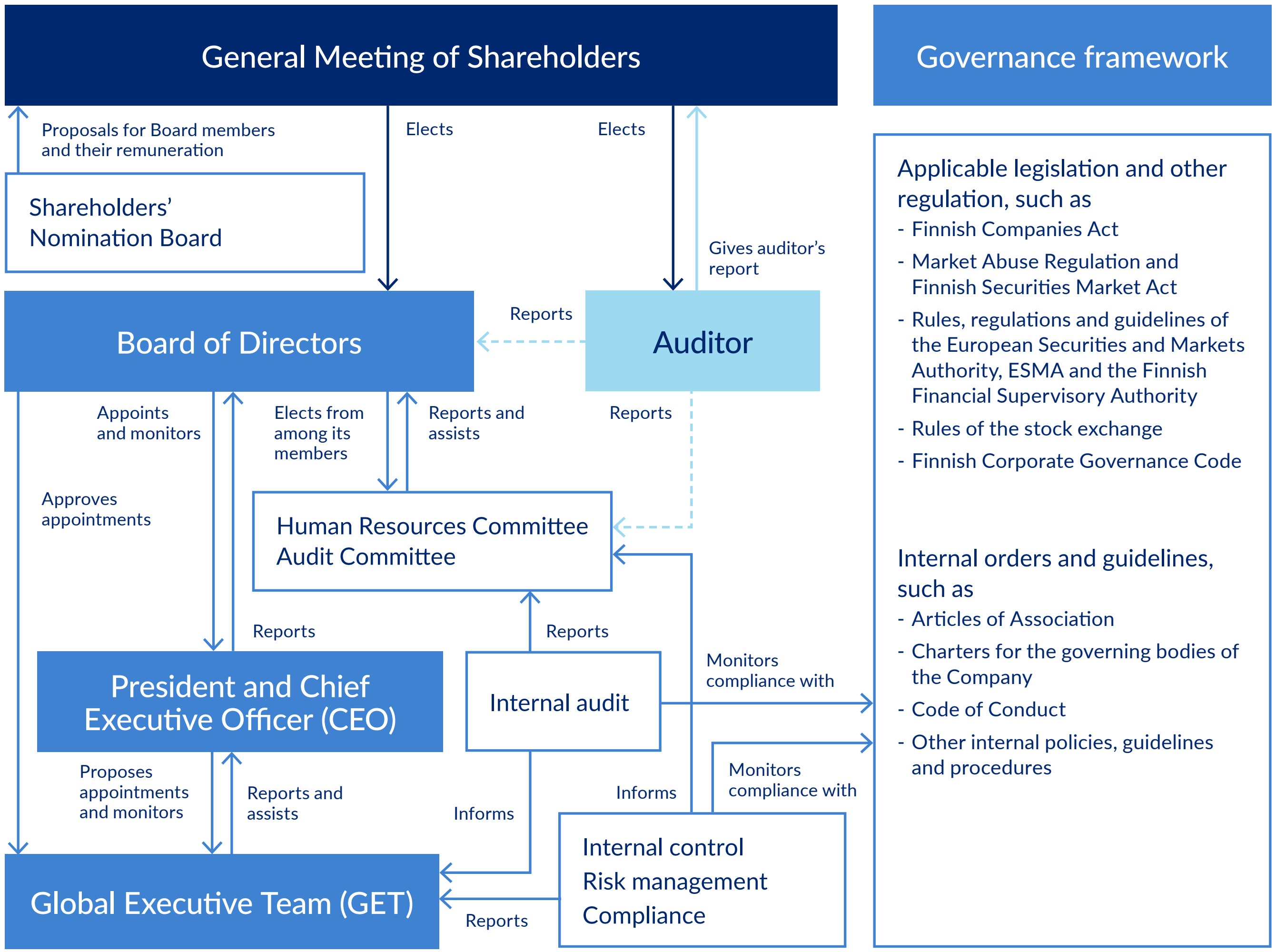
Huhtamäki Oyj (the Company) complies with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association. This Corporate Governance Statement complies with the Code effective from January 1, 2020. The Code is available in its entirety on the internet at www.cgfinland.en. Huhtamäki 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 May 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, 2023:

Chair Dr. Susanna Pettersson, appointed by The Finnish Cultural Foundation
Born 1966
Main occupation: CEO, The Finnish Cultural Foundation
Education: Ph.D.

Mr. Markus Aho, appointed by Varma Mutual Pension Insurance Company
Born 1980
Main occupation: Chief Investment Officer, Varma Mutual Pension Insurance Company
Education: M.Sc. (Tech.)

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. (Econ.)

Mr. Jukka Ala-Mello, appointed by Holding Manutas Oy and Security Trading Oy
Born 1963
Main occupation: Managing Director, Holding Manutas Oy and Security Trading Oy
Education: M.Sc. (Econ.)

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 115.

In 2023, the Nomination Board held seven (7) 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 2023 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: Member 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 Audit Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Chem)

Primary working experience: Neste Corporation, Executive Vice President, Renewable Polymers and Chemicals, and a member of the Executive Committee (2019–2023); 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), latest as 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: OQ Chemicals, Member of the Shareholders' Committee and Chair of the Remuneration Committee (2023–); Sustainability Advisory Forum, Chair (2022–2023); The European Chemical Industry Council (CEFIC), Member of the Executive Board and Executive Committee (2020–2023)

Mr. Doug Baillie

Born 1955, U.K. citizen

Independent of the Company and significant shareholders

Starting date: April 21, 2016

Board Committees: Chair 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: Bharti Airtel, Board member (2023–); The MasterCard Foundation, Board member (2015–); Leverhulme Trust, Board member (2015–); Little Sun Foundation, Board Member (2020–2022); Airtel Africa PLC, Board member (2019–2023)

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)

Ms. Pauline Lindwall

Born 1961, Swedish citizen

Independent of the Company and significant shareholders

Starting date: April 27, 2023

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Econ.)

Primary working experience: Mondelēz International, Category Director Coffee, France and Southern Europe (2012–2015); Nestlé, several management positions (1984–2012) based in Asia and Europe, including Country Business Manager, Nestlé Nutrition in Germany and Austria (2008–2012), Country Business Manager, Nestlé Nutrition in Indonesia (2005–2008), Nordic Marketing Director, Nestlé Nordic in Denmark (2003–2005) and Head of Nestlé Innovation Out of Home Coffee in UK (2001–2003)

Key positions of trust: Cloetta Ab (publ.), Board member (2023–); EIT Food of the European Institute of Innovation and Technology, Supervisory Board member and a member of the Nomination and Remuneration Committee (2022–); Swedish Match AB (publ.), Board member and a member of the Remuneration Committee (2017–2023); Duni AB (publ.), Board member (2014–2023) and the Chair of the Remuneration Committee (2018–2023)

Mr. Pekka Vauramo

Born 1957, Finnish citizen

Independent of the Company and significant shareholders

Starting date: April 27, 2023

Board Committees: Member of the Audit Committee

Main occupation: Metso Corporation, President and CEO

Education: M.Sc. (Tech.) Mining Engineering

Primary working experience: Finnair Plc, President and CEO (2013–2018); Cargotec Corporation, several management positions (2007–2013); Sandvik AB, several management positions (1995–2007); Tamrock Corporation, several management positions (1985–1995)

Key positions of trust: Nokian Tyres plc, Deputy Chairman of the Board (2021–) and Board member (2018–2021); China Office of Finnish Industries Oy, Board member (2022–); New Children's Hospital Foundation, Vice Chairman of the Board (2018–); Turku University Foundation, Board of Trustees member (2021–2023); National Defence University, Board member (2018–2023)

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: Klöckner Pentaplast, Member of the Board of Managers (Non-Executive Director) (2023–); Shepherd Building Group, Board member (2021–); Essentra PLC, Board member (2017–); AptarGroup, Board member (2009–)

Changes in Board of Directors

Mr. Heikki Takala and Ms. Sandra Turner have also acted as members of the Board of Directors in 2023. Their memberships ended at the AGM 2023 and their CV's are presented as they were on April 27, 2023.

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 (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)

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.

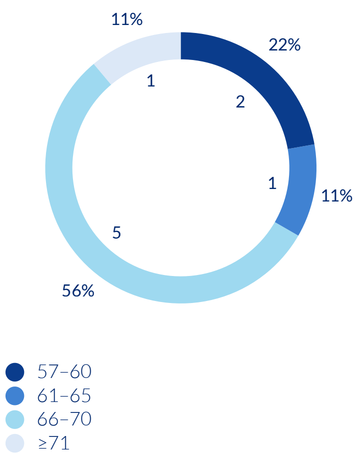
The selection of the members of the Board is based on candidates' background and competence to understand Huhtamaki's current and future markets, strategy, employees and customers, including a sound understanding of financials and business dynamic. The Board must as a whole have combined experience in 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 2023 nine members representing seven different nationalities were elected to the Board. Currently, the age structure of the Board members is 57–74 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 115–117.

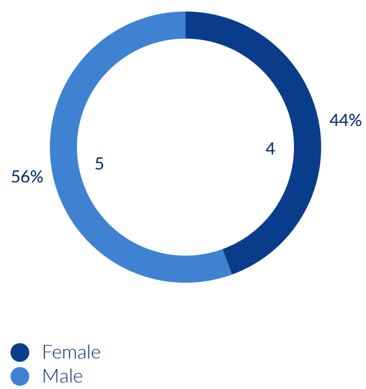
Diversity of the Board

Composition of the Board on December 31, 2023

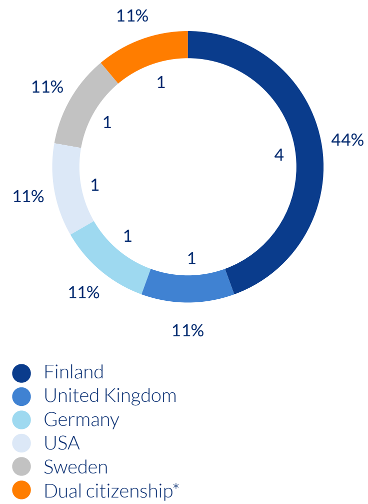
Age



Gender

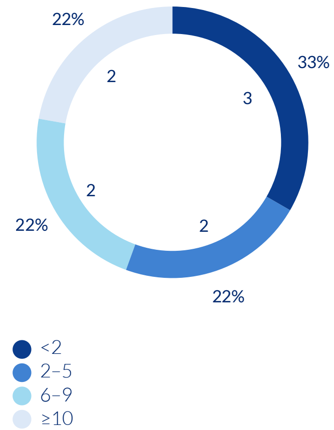


Nationality



*Dual citizenship: Spain & Switzerland

Tenure



In the view of the Nomination Board, the current composition of the Board ensures well 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

Name	Board member since	Principal expertise areas	Independent of: Company	Independent of: Significant shareholders	Committee memberships in 2023: Audit Committee	Committee memberships in 2023: Human Resources Committee
Pekka Ala-Pietilä	2012	Digitalization, Emerging markets, Risk management	●	●		Member
Kerttu Tuomas	2017	Human Resources, Emerging markets, Sustainability	●	●	Member	
Mercedes Alonso	2022	Sustainability, Emerging markets	●	●	Member	
Doug Baillie	2016	FMCG and retail, Sustainability, Human Resources, Emerging markets	●	●		Chair
William R. Barker	2010	Packaging industry, Emerging markets	●	●		Member
Anja Korhonen	2018	Finance and accounting, Risk management, Emerging markets, Sustainability	●	●	Chair	
Pauline Lindwall	2023	FMCG and retail, Emerging markets	●	●		Member
Pekka Vauramo	2023	Finance and accounting, Risk management, Emerging markets, 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 Pekka Ala-Pietilä and William R. Barker 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, 2023

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
Pauline Lindwall	618
Pekka Vauramo	1,500
Ralf K. Wunderlich	19,850
Board total	**32,968**

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 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 is regularly conducted by an independent external evaluator, but may also be conducted as an internal self-evaluation. In 2023, the evaluation was done as an internal self-evaluation.

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 2023, the Board held fourteen (14) meetings, five (5) of which were video or telephone meetings and three (3) were held without convening. The average attendance of the members at the Board meetings was 99%.

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 2023

	Attendance (%)	Meetings attended
Pekka Ala-Pietilä (Chair)	100	14/14
Kerttu Tuomas (Vice-Chair)	100	14/14
Mercedes Alonso	100	14/14
Doug Baillie	100	14/14
William R. Barker	93	13/14
Anja Korhonen	100	14/14
Pauline Lindwall*	100	12/12
Pekka Vauramo*	92	11/12
Ralf K. Wunderlich	100	14/14
Heikki Takala**	100	2/2
Sandra Turner**	100	2/2

*Board member since April 27, 2023
**Board member until April 27, 2023

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 from the date of the AGM in 2023: Doug Baillie (Chair), Pekka Ala-Pietilä, William R. Barker, Pauline Lindwall and Ralf K. Wunderlich. In 2023, the Human Resources Committee held five (5) meetings. The average attendance of the members at the Human Resources Committee meetings was 100%.

Members' attendance at the Human Resources Committee meetings in 2023

	Attendance (%)	Meetings attended
Doug Baillie (Chair)	100	5/5
Pekka Ala-Pietilä	100	5/5
William R. Barker	100	5/5
Pauline Lindwall*	100	3/3
Ralf K. Wunderlich	100	5/5
Mercedes Alonso**	100	2/2

*Human Resources Committee member since April 27, 2023
**Human Resources Committee member until April 27, 2023

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 from the date of the AGM in 2023: Anja Korhonen (Chair), Mercedes Alonso, Kerttu Tuomas and Pekka Vauramo. In 2023, the Audit Committee held six (6) meetings. The average attendance of the members at the Audit Committee meetings was 100%.

Members' attendance at the Audit Committee meetings in 2023

	Attendance (%)	Meetings attended
Anja Korhonen (Chair)	100	6/6
Mercedes Alonso*	100	4/4
Kerttu Tuomas	100	6/6
Pekka Vauramo*	100	4/4
Heikki Takala**	100	2/2
Sandra Turner**	100	2/2

*Audit Committee member since April 27, 2023
**Audit Committee member until April 27, 2023

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. 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, 2023:

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 (2021–2022)

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. Fredrik Davidsson

Born 1968, Swedish citizen

President, Fiber and Foodservice Europe-Asia-Oceania

GET member since: May 1, 2022

Joined the company: 2022

Education: Degree from Swedish National Defence College

Primary working experience: Huhtamäki Oyj (2022–), Executive Vice President, Digital and Process Performance; 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 (2002–2002), Project Manager/Main Project Manager; Swedish Armed Forces (1990–2000), several different positions, latest as Major

Key positions of trust: European Paper Packaging Alliance (EPPA), Vice President (2023–)

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: –

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 in Australia and USA, 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, China and Product Development Engineer

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

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 (interim role as Executive Vice President, Sustainability and Communications until December 31, 2023)

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: Plan International Finland, Board member (2023–); Rovio Pet Foods Oy, Board member (2023–); 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. Johan Rabe

Born 1969, Swedish citizen

Executive Vice President, Digital and Process Performance

GET member since: August 1, 2023

Joined the company: 2023

Education: Master of Business Administration, B.A. (Economics), B.S. (Business Administration)

Primary working experience: Huhtamäki Oyj (2023–), Oatly AB (2020–2022), Chief Supply Chain Officer; Tetra Pak (2004–2020), several positions, last position as Vice President, Sales Management, Tetra Pak, EMEA; Swedish Armed Forces (1995–2000), last position as Captain

Key positions of trust: Svenska Förpacknings- och Tidningsinsamlingen AB (FTI), Board member (2016–2018)

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 the Global Executive Team

The following changes to the GET that take place during 2024 have been announced at the date of this statement:

Ms. Salla Ahonen (born 1972), M.Sc., has been appointed as Executive Vice President, Sustainability and Communications and a member of Global Executive Team as of January 1, 2024. Ms. Salla Ahonen joins Huhtamaki from Neste where she has served as Vice President, Sustainability. Neste is a leading producer of sustainable aviation fuel, renewable diesel and renewable feedstock solutions, headquartered in Finland. Prior to joining Neste in 2019 she served as Senior Advisor at Confederation of Finnish Industries (EK) in Brussels where she represented and promoted the interests of Finnish industry in relevant policy initiatives, with special focus on circular economy, producer responsibility, plastics strategy, research and innovation, digitalization and trade. She has also worked as Director, Sustainability and Environmental Policy at Microsoft, and prior to that at Nokia, where she was responsible for all environmental and sustainability related policies and influencing them in the EU. Ms. Salla Ahonen holds a Master of Science in Energy Engineering and Environmental Protection from the Helsinki University of Technology.

Mr. Sami Pauni, Executive Vice President, Corporate Affairs and Legal, Group General Counsel had an interim role as Executive Vice President, Sustainability and Communication in addition to his current role, until Ms. Salla Ahonen joined Huhtamaki on January 1, 2024. This arrangement was effective as of September 27, 2023.

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

During 2023, Mr. Eric Le Lay has been a GET member until May 4, 2023 and Ms. Thomasine Kamerling has been a GET member until September 27, 2023.

Mr. Eric Le Lay

Mr. Le Lay's CV is presented as it was on May 4, 2023.

Born 1962, French citizen

President, Fiber and Foodservice Europe-Asia-Oceania

GET member: March 12, 2008–May 4, 2023

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. Thomasine Kamerling

Ms. Thomasine Kamerling's CV is presented as it was on September 27, 2023.

Born 1972, Dutch citizen

Executive Vice President, Sustainability and Communications

GET member: March 1, 2020–September 27, 2023

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: –

Shares owned by the GET members on December 31, 2023

Charles Héaulmé	68,961
Thomas Geust	22,039
Fredrik Davidsson	1,590
Marco Hilty	2,493
Ann O'Hara	5,301
Marina Madanat	5,450
Sami Pauni	6,739
Johan Rabe	0
Ingolf Thom	1,485
GET total	**114,058**

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, either positively or negatively, in changing business environment. The purpose is to manage risks to a level that the Group is capable and prepared to accept, so that there is a reasonable assurance and predictability on the achievement of the Group's objectives. The risk management process of the Group is based on the Enterprise Risk Management (ERM) framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk management process and responsibilities

Annual enterprise risk assessment process and follow-up of risk mitigation actions are essential elements of risk management at Huhtamaki. Specific scope risk assessments and property risk control program support Group's risk assessment process. Further, business continuity management, crisis management and insurance programs are complementing enterprise risk management.

Risks are assessed both on Group level and on business segment level. 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. The enterprise risk assessment targets to improve risk management awareness and supports cross-functional and business unit risk management initiatives.

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 guidelines.

The Global Executive Team is to ensure implementation of the Group Enterprise Risk Management (ERM) Policy through allocating adequate resources as well as adopting and deploying risk management procedures. In addition, the GET reviews the Group's and the segments' risks and accepts the related risk levels, and the extent to which these risks have been properly identified, recognized, and addressed by the Group and the segments, for the approval of the Board.

The Board is to review Group's risks and to accept the risk levels for the Group, and the extent to which these risks have been properly identified, recognized and addressed by the Group, as well as to review the adequacy and appropriateness of risk management systems. The Audit Committee assists the Board by monitoring and assessing the effectiveness and efficiency of the risk management systems.

The Global risk management function organizes, instructs, supports, supervises and monitors risk management activities on an ongoing basis. It reports results of the risk management process to the Audit Committee annually.

Leadership teams at global, segment and local levels are responsible for ensuring that risk management is appropriately implemented in their field of responsibility.

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 2023 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 – Care, Dare, Deliver – forming the core of the culture and way of working as well as providing discipline and structure for the operations formalized in the Huhtamaki Code of Conduct, policies, instructions and guidelines. 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 the Group functions and in all business segments and business units. Policies, standards and guidelines on, e.g., 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 Lean Six Sigma and Total Productive Manufacturing programs to identify and implement continuous improvement projects.

Compliance with laws and regulations

Group-wide policies, for example on anti-corruption, corporate governance, competition compliance, data privacy, trade sanctions compliance, information security, 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 2023 internal audit field work has been partially 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 2023 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 internal controls, 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 Markets 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 2023 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 2023 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)

	2023	2022
Auditing costs	3.2	2.9
Other consultancy not related to auditing*	0.2	0.8
Total	**3.4**	**3.7**

*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 2023

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 2023. 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 2023 was in line with the amended Remuneration Policy for the Governing Bodies (Remuneration Policy) approved by the Annual General Meeting of the Company (AGM) on April 27, 2023. There were no deviations from the Remuneration Policy. The Company uses clawback and malus provisions in its short- and long-term incentive plans and no clawback on compensation has been used during the financial year 2023.

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 2023 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 2023 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

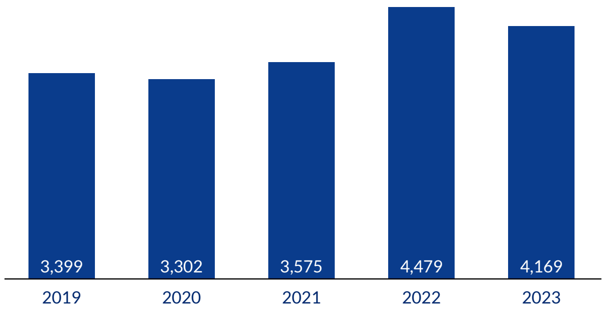
During the past five financial years the Company's net sales has increased with 23%. Improvement in adjusted EBIT was 34% and improvement in adjusted earnings per share (EPS) was 23% during the same period. The Company's adjusted EBIT margin has changed from 8.6% in 2019 to 9.4% in 2023.

The remuneration of the Board has been decided by the AGM. The AGM resolved that the annual remuneration of the Chair, Vice-Chair and other members of the Board as well as Board Committee member remuneration is increased in 2023.

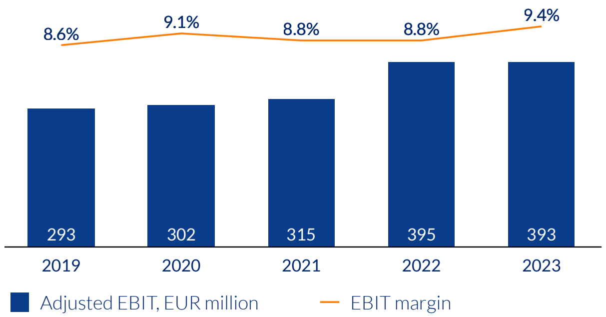
	Paid compensation (EUR)				
	2023	2022	2021	2020	2019
Board of Directors[1]	1,052,865	997,365	826,365	687,490	679,790
President and CEO Charles Héaulmé (President and CEO since April 26, 2019)	3,372,288	2,063,476	2,699,262	1,732,507	1,368,666
Interim Deputy CEO Thomas Geust (during January 1, 2022–April 18, 2022)	-	156,462	-	-	-
CEO Jukka Moisio (CEO until April 25, 2019)	-	-	-	-	243,143
Employees' average remuneration[2]	38,828	35,438	29,753	32,601	29,990

[1]Total compensation of the Board
[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 considered on the year they are paid. Pensions are not included. 2021 figure includes Elif that was acquired on September 23, 2021.

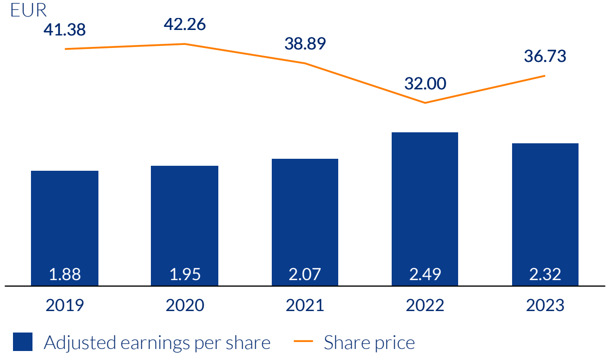
Net sales
EUR million



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, 2023, as of the AGM 2023 the annual compensation for the Chair of the Board is EUR 170,000, for the Vice-Chair EUR 80,000 and for other members EUR 65,000. 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 16,000 and to the other members of the Audit Committee EUR 5,500 as well as to the Chair of the Human Resources Committee EUR 5,500 and to the other members of the Human Resources Committee EUR 2,750. 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.

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. The only exception to this is a mobile phone benefit for the Chair of the Board. 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 2023.

	2023 (EUR)				
	Annual compensation	Meeting fees	Total	Committee memberships (until April 27, 2023)	Committee memberships (from April 27, 2023)
Pekka Ala-Pietilä[1], Chair	171,053	34,500	205,553	Human Resources Committee, Chair	Human Resources Committee, Member
Kerttu Tuomas, Vice-Chair	84,125	36,000	120,125	Audit Committee, Member	Audit Committee, Member
Mercedes Alonso	68,375	36,000	104,375	Human Resources Committee, Member	Audit Committee, Member
Doug Baillie	69,000	34,500	103,500	Human Resources Committee, Member	Human Resource Committee, Chair
William R. Barker	66,938	33,000	99,938	Human Resources Committee, Member	Human Resources Committee, Member
Anja Korhonen	80,000	36,000	116,000	Audit Committee, Chair	Audit Committee, Chair
Pauline Lindwall[3]	50,813	28,500	79,313		Human Resources Committee, Member
Heikki Takala[2]	15,500	6,000	21,500	Audit Committee, Member	
Sandra Turner[2]	16,750	6,000	22,750	Audit Committee, Member	
Pekka Vauramo[3]	52,875	25,500	78,375		Audit Committee, Member
Ralf K. Wunderlich	66,938	34,500	101,438	Human Resources Committee, Member	Human Resources Committee, Member
Total	**742,365**	**310,500**	**1,052,865**		

[1] Annual compensation includes a mobile phone benefit.
[2] Board member until April 27, 2023.
[3] Board member from April 27, 2023.

President and CEO

The following remuneration was paid to the President and CEO for the financial year 2023.

Remuneration	2023 (EUR)
Non-variable annual base salary and benefits[1]	**1,282,114**
Short-term incentives[2]	
Remuneration based on the performance in the year preceding the payment year	593,600
Long-term incentives[3]	
Number of total shares received as a reward (gross)	45,026
Value of the shares (gross) at the time of the transfer	1,496,574
Total remuneration	**3,372,288**

[1] Non-variable annual base salary and benefits includes cash payments for pension.
[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 2022.
[3] Share-based incentives are presented in the table on the year they have been paid. The total amount of remuneration includes gross payment made under the Performance Share Plan 2020–2022 and Restricted Share Plan 2021–2023. Applicable taxes and tax-like charges have been withheld from the gross reward and thus, the net amount of shares delivered to the President and CEO in March 2023 was 28,961.

The remuneration of the President and CEO in the financial year 2023 consisted of a non-variable annual base salary, variable short-term incentive plan as well as long-term share-based incentive plans of the Company. Additionally, the President and CEO had the following benefits:

- Car benefit
- Housing benefit
- Support for child's education
- Support for insurance premiums.

The Company contributes towards the pension coverage through monthly cash allowance payments to the President and CEO. The cash allowance is equivalent to 35% of the total annual salary, which resulted to a total cash payment of EUR 296,800 gross. The total compensation paid (excluding EUR 296,800 pension allowance) was EUR 3,075,488 of which 68% consisted of variable compensation. Variable compensation consisted of short-term and long-term incentive payments.

Variable remuneration earning opportunity and performance measures

The President and CEO's earning opportunity in short-term incentive (STI) plan 2022 was 100% out of the annual base salary. In 2023, the earning opportunity was increased to 150%. Group level criteria and payments under the short-term incentive plans are presented in the tables 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 2022	Criteria weighting
Criteria	Adjusted EBIT	50%
	Free Cash Flow	30%
	Global Sustainability Index*	20%
STI earning opportunity (% of annual base salary)	100%	
STI 2022 Outcome (% of maximum)	70%	
STI 2022 Payment (Paid in 2023)	EUR 593,600	

	Short-term incentive plan 2023	Criteria weighting
Criteria	Adjusted EBIT	50%
	Free Cash Flow	30%
	Global Sustainability and Safety Index*	20%
STI earning opportunity (% of annual base salary)	150%	
STI 2023 Outcome (% of maximum)	61.36%	
STI 2023 Payment (Paid in 2024)	EUR 780,451	

*Since 2021, the Company has embedded Huhtamaki Global Sustainability Index (GSI) as one of the business objectives in the short-term incentive plan. Sustainability is a key element in the Company's strategy and thus it's important to link it into pay. In 2023, the scope of the index was broadened with safety KPIs. More info on Huhtamaki Global Sustainability and Safety Index (GSSI) can be found on pages 24 and 143.

Long-term incentive and other share-based remuneration grants

President and CEO has been granted shares under the following long-term incentive plans.

Long-term incentive plan	Maximum earning opportunity (gross shares)	Performance measure	Pay-out year	Achievement (% of maximum)	Share price at delivery (EUR)	Achievement (gross shares)
Performance Share Plan 2020–2022	62,000	Adjusted EPS	2023	54.88%	33.238	34,026
Performance Share Plan 2021–2023	62,000		2024	86.05%		53,351[1]
Performance Share Plan 2022–2024	62,000		2025	In progress		In progress
Performance Share Plan 2023–2025	62,000		2026	In progress		In progress
Restricted Share Plan 2021–2023	11,000	Continuous employment[2]	2023	100%	33.238	11,000

[1]Shares will be paid in March 2024. 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 reward is under 8%, no shares will be paid. Group adjusted EBIT margin for the financial year 2022 was 8.8% and thus shares were paid in 2023.

President and CEO shall hold at least half (50%) of the shares received until he holds shares received from the performance share plans corresponding in aggregate to the value of 3 times annual gross base salary. The ownership requirement applies until termination of employment or service.

Sustainability

Sustainability at Huhtamaki

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.

Packaging plays an essential role in the sustainable future of our planet and the everyday life of billions of people across the globe. Packaging makes food and everyday necessities available, more accessible, and affordable; secures hygiene and food safety; prevents food loss and waste; and continues to enable social and economic progress all around the world.

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

Increasing food prices due to disruptions

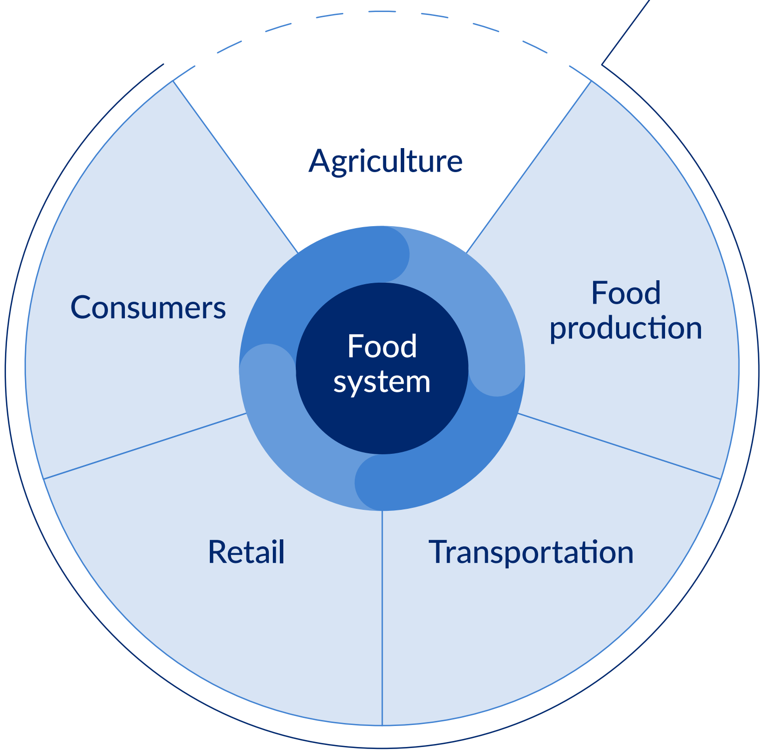
- Food prices have increased following extreme weather events, economic shocks and conflicts undermining food security.

Food contamination and foodborne illnesses:

- The World Health Organization (WHO) estimates that there are 600 million cases of foodborne illness worldwide each year.[1]
- Agencies and authorities working on food safety have long recognized the significant role of cross-contamination as the most frequent cause of most foodborne illness.

Food waste:

- Approximately a third of all food produced is wasted, which accounts for 10% of global CO_2 emissions.[2]
- Food waste increases the need for farmland. Expansion of farmland is a leading cause of the current biodiversity crisis and deforestation.



Food packaging

Food packaging helps mitigate challenges to the global food system

Packaging drives accessibility and affordability

- By ensuring a reliable supply chain from farm to fork, making food more accessible and affordable.[3]
- By extending the shelf-life of food, hence helping decrease food waste and supporting consumers in a time of price inflation.

Single-use packaging systems reduce the risk of cross contamination

- Single-use systems are inherently simpler than reuse systems, which feature multi-location cleaning, sanitation, storage and transport, which leads to greater risks of cross-contamination.[4]

Positive impact on CO_2 emissions

- From a climate point of view, reducing food waste is more important than reducing packaging volume.
- Only approx. 5% of the CO_2 emissions of packaged food are attributable to packaging, 80% of emissions result from food production.[5]

1) WHO, 2015
2) United Nations Environment Programme, 2021
3) Marsh K. & Bugushu B., 2007
4) Ramboll, 2022
5) Poore, J. & Nemecek, T., 2018

Our approach to sustainability

Our ambition is to become the first choice in sustainable packaging solutions. 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.

Huhtamaki's sustainability agenda embraces the three ESG pillars of environment, social, as well as governance and business ethics. For us, sustainability means taking our full impact – both positive and negative – into account throughout our entire value chain.

As part of our 2030 sustainability agenda, we focus on two main environmental themes: circularity and climate. We play an important role in the transition towards a circular economy, designing products for recyclability. However, designing for recyclability on its own is not sufficient. We also recognize the value of recycling post-consumer packaging as a secondary resource material and are actively participating in industry-wide collaborations across our business segments, to help build the infrastructure for recycling of all packaging materials. We recognize that regulation is needed to drive collection and we have also been engaging with manufacturers of intelligent sorting equipment to ensure the packaging we place into the market has the best opportunity to be identified and hence appropriately sorted as it makes its way through the recycling loop.

We also invest in blueloop™ transformative innovation to develop game-changing products and solutions in partnership with our customers. We build our portfolio of circular and innovative blueloop™ sustainable packaging solutions across our technologies. These innovative blueloop™ products are recyclable, compostable or reusable, have lower carbon footprint than the products they replace, and are made from responsibly sourced materials. Operational efficiency is another focus area that is instrumental to our blueloop™ brand. We invest in energy efficiency, renewable energy, reducing water consumption, and reducing waste to minimize the footprint of our operations.

With regards to the 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 talent and competence development of our employees and by cultivating an inclusive and welcoming environment. We respect human rights and are putting in place systems and procedures to support this fundamental commitment.

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 guide us in embedding 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 SDGs that are also relevant to our business.

WE SUPPORT
UN GLOBAL COMPACT

Our three main UN 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 UN 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, tailored to address local water conditions, guide how we safeguard water ecosystems across our operations. Further, water intensity reduction is incorporated into our Global Sustainability and Safety Index, bringing water to the core of our sustainability work.

15 LIFE ON LAND

We use certified fiber to promote best practices in sustainable forest management. In addition, our biodiversity work supports in identifying and managing biodiversity-related risks that are specific to certain areas.

Our 2030 sustainability ambitions

Our 2030 sustainability ambitions set the direction for our operations globally, and we track our performance on a quarterly basis through our sustainability dashboard. All Huhtamaki's 77 manufacturing units report on their sustainability performance regularly: either monthly or quarterly. We collect and combine the results in our sustainability dashboard, which is discussed monthly in the Global Executive Team and presented quarterly to the Board of Directors. We then share the dashboard with the whole company in our internal quarterly updates and also communicate it to our external stakeholders regularly. We have developed and put in place site-specific sustainability roadmaps to ensure manufacturing unit level contribution to our 2030 sustainability ambitions.

Our ambition and progress are externally validated. We also recognize that our sustainability journey involves continuous improvement, and we continue to work hard to deliver on our 2030 sustainability ambitions and create a positive impact on people and the planet.

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

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

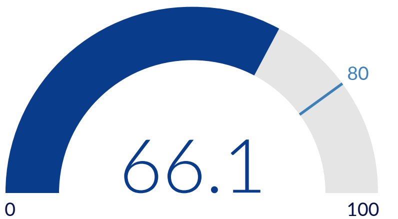
13.5%
reduction
in absolute Scope 3 GHG emissions from the end-of-life treatment of sold products within the same timeframe

Our suppliers, covering
70%
of spend for purchased goods and services, will have science-based targets by 2026.

Sustainability dashboard 2023

Our global sustainability dashboard summarizes key performance indicators that we use to monitor and communicate our progress towards our 2030 sustainability ambitions. In addition to the dashboard, our Global Sustainability and Safety Index (GSSI) serves as a metric for gauging our advancement towards achieving our ambitions. The GSSI establishes a link between sustainability performance and our incentive program, thereby reinforcing the significance of sustainability. Read more about the GSSI on page 143.

Renewable or recycled materials
% of total materials

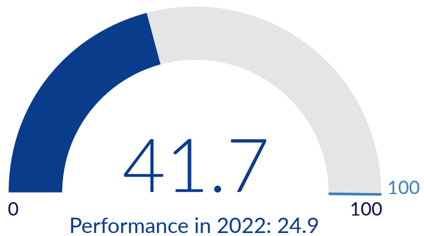


Performance in 2022: 65.8

Certified or recycled fiber
% of fiber-based raw materials

Performance in 2022: 98.0

Renewable electricity
% of total electricity consumed



Performance in 2022: 24.9

Health and safety

Lost time injury frequency rate (LTIFR)

1.78

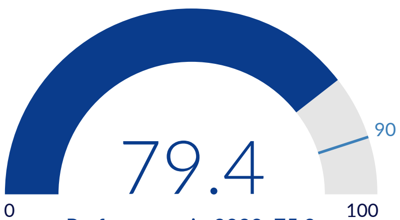
2022: 1.53

Total recordable injury frequency rate (TRIFR)

3.69

2022: 3.75

Non-hazardous waste recycled or composted
% of total non-hazardous waste



Performance in 2022: 75.2

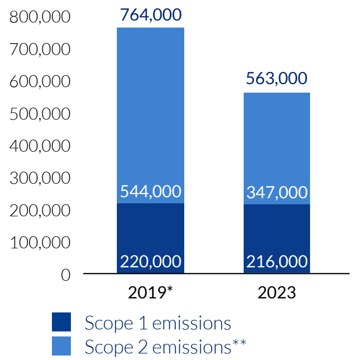
Waste to landfill
% of total waste

Performance in 2022: 12.4

Water management plans
available in number of sites

Performance in 2022: 73

Greenhouse gas emissions
t CO_2e



*Emission reduction base year
**Scope 2 emissions are calculated using the market-based calculation method

— Figures in light blue indicate Huhtamaki Group's 2030 ambitions.

Highlights and external recognition for our sustainability work in 2023

During 2023, we continued on our journey towards our 2030 sustainability ambitions through several key initiatives and product launches:

The Cup Collective, a unique partnership program focused on industrial-scale paper cup recycling in collaboration with Stora Enso, originally launched in Brussels, Belgium, in 2022, extended its operations to Ireland and launched across various locations in Dublin, achieving cup recycling rates of up to 19.4% (nearly one in five cups purchased) in less than a month.

THE CUP COLLECTIVE

Launch of fiber-based egg packaging manufacturing from our site in Hammond, Indiana, targeting egg producers in the US. Our state-of-the-art manufacturing technology of fiber-based egg packaging provides a full range of highly customizable egg carton products manufactured from fully recycled North American materials.

Two new production lines in Ronsberg, Germany, were inaugurated for sustainable blueloop™ innovations in the Flexible Packaging business segment. The new lines expanded our technical capabilities in offering new sustainable solutions to our customers, in particular for state-of-the-art barrier paper.

Huhtamaki and Sporting Kansas City (SKC), a US Major League Soccer (MLS) club, announced a partnership in March 2023, naming Huhtamaki as the club's official sustainable packaging provider. SKC's home stadium in Kansas City took into use Huhtamaki's innovative compostable and recyclable foodservice packaging to enable them to reach their goal of zero waste by 2027.

Read more about The Cup Collective program on page 158, and about the partnership between Huhtamaki and Sporting Kansas City on page 159.

Huhtamaki joined two programs provided by the UN Global Compact Finland – the Business and Human Rights Accelerator program and the Science-Based Targets for Nature training program. The programs support us in strengthening our focus on Huhtamaki's human rights and nature related impacts.

In 2023, we strengthened our Trade Sanctions Compliance program by publishing a new Group policy and practical guidance to demonstrate our commitment to sanctions regulations. Additionally, we have raised awareness by communicating about sanctions compliance and organizing internal trainings.

Our Okrisky site in the Czech Republic reached the remarkable achievement of 2000 days without a single Lost Time Injury (LTI), thanks to a systematic approach to safety matters, including comprehensive employee training, preventive measures and a focus on safety from highly engaged management.

Our journey towards Huhtamaki's 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 2023.

In 2023, Huhtamaki maintained 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 its peers.

Huhtamaki was awarded the Gold medal by EcoVadis for its sustainability performance with the score of 71/100. The EcoVadis rating covers a broad range of non-financial topics including environmental, labor and human rights, ethics and sustainable procurement. Each company is rated on the material issues as they pertain to a company's size, location and industry.

Huhtamaki proactively discloses its impact on climate change, forests, and water security through the Carbon Disclosure Project (CDP), a global non-profit running the world's leading environmental disclosure platform. In 2023, our CDP scores for all categories – climate change, forests and water security – remained "B." Companies that score a "B" have addressed the environmental impacts of their business and ensure good environmental management.

Huhtamaki scored 68 points in the annual S&P Global Corporate Sustainability Assessment (CSA), ranking us 6th out of 76 companies assessed in the Containers & Packaging Industry. CSA is an independent and widely adopted sustainability ranking system that measures the performance of companies with ESG criteria using a best-in-class approach.

Governance and management of sustainability

Sustainability governance

At Huhtamaki, sustainability is governed at the following organizational levels:

Board of Directors (BoD): The highest body to approve policies for sustainability and outline sustainability guiding principles in the Group's strategy. The BoD approves the non-financial information as part of the Directors' Report. It monitors and evaluates risk management processes of the Group, including assessment of sustainability risks and impacts. The BoD 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 are provided to the BoD throughout the year including the sustainability dashboard that is shared as part of quarterly updates. Regular deep dives on sustainability topics are provided to the BoD. In addition to discussing the company's overall sustainability agenda, the BoD specifically deliberated on the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy and the EU Packaging and Packaging Waste Regulation (PPWR) in 2023. The BoD also focused on various sustainability-driven innovations and investments during the year.

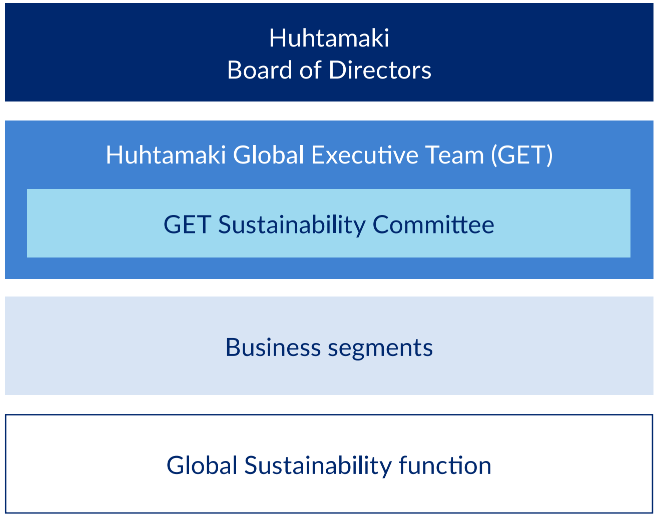
Global Executive Team (GET): Responsible for monitoring sustainability performance as well as setting and reviewing sustainability targets. The GET adopts and deploys the Group's internal control principles and risk management procedures as well as approves Group policies. The GET is responsible for 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 preparatory and decision-making body that meets quarterly to review and discuss the progress made by various enterprise-wide working groups on key sustainability initiatives. The committee prepares the most material decisions on the sustainability agenda for final decision-making by the GET. The committee consists of the President & CEO, the Business Segment Presidents, EVP Corporate Affairs and Legal, Group General Counsel, and EVP Business Development and Innovation, and is chaired by the EVP Sustainability and Communications.

Ethics and Compliance Committee (ECC): The Ethics and Compliance Committee oversees the investigation processes related to suspected breaches of the Huhtamaki Code of Conduct and other policies as well as laws and regulations. The committee acts as a decision-making body for closure of investigation cases and approves remedial and pre-emptive measures taken following an investigation. The ECC is chaired by EVP Corporate Affairs and Legal, Group General Counsel. The Executive Vice President HR and Safety, and Chief Financial Officer are permanent members of the ECC. The Business Segment Presidents are invited to participate in the committee meetings on a case-by-case basis.

Global and business segment sustainability teams: Huhtamaki's sustainability organization consists of a global sustainability team, headed by the EVP Sustainability and Communications, and sustainability teams within each of the three business segments. The global team identifies Group-level sustainability opportunities and risks, promotes responsible operating practices throughout the value chain and supports the segments in their sustainability work. The global team also prepares 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, the segment's products, and innovation.

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 2023 (part of the Huhtamaki Annual Report 2023) and from our website www.huhtamaki.com.

Sustainability in remuneration and investments

Our Global Sustainability Index (GSI) links our sustainability performance to incentives. The GSI tracks our progress towards our 2030 sustainability and safety ambitions through aligned annual performance targets for each KPI. Sustainability 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 recycled non-hazardous waste.

During the reporting year, we broadened the scope of the GSI, which is linked to one of the business objectives in the short-term incentive (STI) program. Firstly, we rolled out the sustainability and safety linked objectives to all employees in the STI program. This marks a notable departure from previous years when the GSI solely factored into the incentives of the Global Executive Team. Another change involves the inclusion of our updated ambitions to reduce Huhtamaki's water intensity and solvent use, along with a strengthened emphasis on health and safety within the index. Consequently, moving forward, the index will be known as the Global Sustainability & Safety Index (GSSI).

Linking remuneration to sustainability further strengthens our commitment to sustainability and incentivizes our teams to contribute to achieving our ambitious goals. Read more about remuneration on page 129.

Sustainability continues to be a decision-making factor in Huhtamaki's capital investment process, and sustainability criteria is included in all investment proposals. The sustainability criteria may include, for example, energy efficiency.

Policy commitments for responsible business conduct

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 laws or regulations, or any unethical business dealings anywhere.

Huhtamaki's responsible business policy commitments are based on full compliance with internationally recognized human and labor rights, Huhtamaki's sustainability targets, and international principles on ethical business conduct. The same overarching policy framework governs all our manufacturing units and our operations. Huhtamaki Group policies are designed and managed in collaboration between the relevant global functions and the Global Ethics and Compliance team.

Huhtamaki's Global Ethics and Compliance team gives guidance and training to Huhtamaki employees and business partners on the policies and procedures that fall under their respective responsibility areas. 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.

Below is a list of our key policies and guidelines related to sustainability and responsible business conduct. The policies are further described in each relevant section of the report.

Key Huhtamaki Group-wide policies

- Huhtamaki Code of Conduct
- Code of Conduct for Huhtamaki Suppliers
- Group Anti-corruption Policy
- Group Competition Compliance Policy
- Group Environmental Policy
- Group Health and Safety (OHS) Policy
- Group Human Rights Policy
- Group Procurement Policy
- Group Recruitment Policy
- Group Speak Up and Investigation Policy
- Group Trade Compliance Policy

Guidelines and principles

- Global Employment Guidelines
- Global Working Conditions Requirements
- Group Guiding Principles for Diversity, Equity & Inclusion
- Group Guiding Principles for Responsible Procurement

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 Group Human Rights Policy are publicly available and can be accessed via our website.

Huhtamaki aims to follow the precautionary principle in its approach to sustainability and to minimize negative impact, while maximizing the positive impact of our business on society. Huhtamaki Group policies on environmental and social sustainability and on ethical business practices include our commitment to act with care and to avoid causing harm to people, communities or the environment. 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, while ensuring compliance with all applicable laws and full adherence to our responsible business commitments. As part of our due diligence processes, we assess the potential environmental, social, and governance impacts associated with our operations and value chain. These activities are described in more detail under each topical chapter in this report.

Huhtamaki Global Sustainability and the Global Ethics and Compliance functions oversee the due diligence processes and support the efficient implementation of our policy commitments across Huhtamaki's operations and supply chain. This includes a commitment to investigate any potential violations of our policies, taking corrective and pre-emptive action, and providing remedy. We are committed to continuously improving our processes and will review our due diligence approach regularly to ensure alignment with best practices and emerging standards.

Materiality

To ensure that our sustainability work focuses 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. While we regularly update our materiality assessment, the material sustainability topics tend to remain the same over the years, with only slight variations to their relative importance.

Our materiality assessment was last updated in 2022. The assessment aimed to identify our material topics based on our most significant impacts on the economy, the environment and people, including human rights. In 2023, we started to analyze our material topics from a double materiality perspective, assessing not only Huhtamaki's impacts on people and the environment, but also the potential financial effects on Huhtamaki from sustainability-related risks and opportunities. The process is interlinked with our Enterprise Risk Management process, which aims to identify key non-financial risks and opportunities. Our risk management procedures and key sustainability risks are presented in the Risk Review of the Directors' Report (see page 35). The results of the double materiality assessment will be published once the analysis has been finalized.

"To ensure that our sustainability work focuses 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."

In the materiality assessment in 2022, we mapped out our actual and potential, negative and positive impacts, and included the perspectives of several different stakeholders. The process of identifying the material topics included:

1. Mapping Huhtamaki's value chain, activities and business relationships to increase understanding of our impacts in 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.

2. Desktop analysis and stakeholder dialogue to produce a preliminary list of actual and potential impacts, to gain an enhanced understanding of our operations, as well as to identify the type and severity of Huhtamaki's external impacts.

3. An assessment of the significance of the impacts was conducted quantitatively, combining the results of the stakeholder dialogue and the views of external sustainability experts. We assessed the significance of the negative impacts based on severity as a combination of scale, scope and remediation. We examined the significance of positive impacts based on scale and scope only. For potential impacts, we also took probability into account.

4. Impacts were prioritized and a threshold was set, based on discussions both internally and with external stakeholders. We validated the final list of material topics in a cross-functional workshop, which included members of the Global Executive Team.

Fifteen impact areas were identified as the most significant and form our material topics:

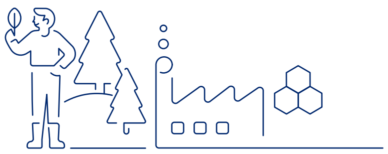
Environment
- Biodiversity and ecosystems
- Circularity
- Energy
- GHG emissions
- Materials
- Waste, including waste generation and recycling
- Water

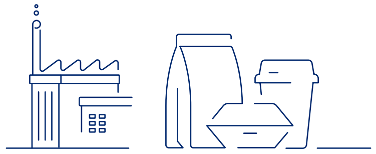
Social
- Employee development
- Food safety
- Food availability and affordability
- Health and Safety
- Human rights
- Local communities

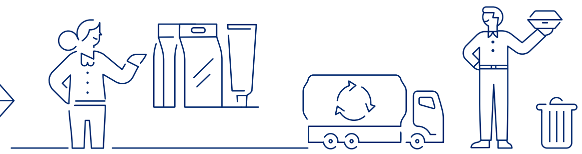
Ethics and governance
- Economic prosperity
- Unethical business, including corruption

This list includes both potential and actual as well as 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. This Sustainability Report reflects the results of our analysis of material topics.

Materiality 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

Stakeholder engagement

Huhtamaki is committed to collaborating 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 supports us in aligning 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. Our 2030 Strategy and sustainability ambitions cover many of the issues that our stakeholders are most concerned about and we use stakeholder feedback to inform our business decisions.

Stakeholder engagement should create value for all parties, and therefore, we avoid adopting 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. In addition, customers have varying needs, and investors require information in a format different from that needed by our employees. Communities around our manufacturing units require contact with local management, whereas global stakeholders require contact with our segment teams or global functions. Our engagement with stakeholders is guided by Huhtamaki's values and Code of Conduct, and aligns with our commitment to human rights.

Our main stakeholders and the elements of our stakeholder engagement are summarized to the right.

Key stakeholders	Main interests and views	Form of dialogue
Customers	• Product safety and functionality • Low-carbon, sustainable and circular packaging solutions, substitution of plastics • Collaboration in the innovation for sustainable products • Ambitious sustainability targets and action	• Voice of Customer satisfaction survey • Business platforms such as the Think Circle • Joint projects, e.g. related to product development • Customer sustainability questionnaires and requests for information
Employees and contingent workers	• Occupational health and safety: wellbeing and labor conditions. • Engagement and enablement: training and career growth, diversity, equity and inclusion. • Ambitious sustainability targets and action	• Continuous dialogue through townhall meetings, roundtable and focus group discussions etc. • Annual performance reviews and development discussions • Connect employee engagement survey • Speak Up whistleblowing channel • European Works Council • Health and Safety Committees
Shareholders and investors	• Competitive next generation sustainable packaging solutions • Profitable growth, delivery on strategy and sustainability ambitions	• Annual General Meeting and Capital Markets Day • Investor meetings, discussions and requests for information • Sustainability and transparency questionnaires, such as CDP and the SAM Corporate Sustainability Assessment. • Investor presentations, reports and other material
Consumers	• Sustainable and affordable packaging • Product safety and functionality • Substitution and reduction of plastic	• Labels/end-of-life guidance/instructions on our packaging products • Joint projects, e.g. related to product development • Speak Up whistleblowing channel
Suppliers	• Fair terms and conditions • Long-term collaboration • Collaboration on sustainable innovations	• ESG due diligence tool • Supplier screenings, (self-)assessments, questionnaires and third-party audits • Speak Up whistleblowing channel • Dialogue with sourcing and quality managers, including negotiations and ongoing commercial discussion
Policy makers, public authorities	• Science-based climate and environmental regulation • Food safety and hygiene	• 1-to-1 meetings, roundtable discussions, seminars • Technical working groups • Consultations and requests for information
Industry associations, trade unions	• Predictable business environment • Science-based climate and environmental regulation	• Working groups and meetings • Consultations and requests for information
Non-Governmental Organizations	• Science-based climate and environmental regulation • Food safety and hygiene • Community engagement • Just transition to a circular economy	• Joint projects and cooperation, e.g. WasteAid • 1-to-1 meetings and seminars
Communities near our manufacturing units	• Job opportunities • Health and safety in the communities	• Direct contact with local managers • Multi-stakeholder projects • Community involvement projects • Partnerships with educational institutions • Speak Up whistleblowing channel

Huhtamaki's engagement towards policy makers

In 2023, we actively worked with stakeholders and policymakers around the globe to contribute to 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 – which in itself is a major contributor to greenhouse gas emissions. In 2023, our policymaker engagement placed a particular emphasis on the European Commission's proposal for EU Packaging and Packaging Waste Regulation (PPWR). In this engagement, Huhtamaki aimed to highlight the importance of science-based policymaking which will assist in ensuring the best possible climate and environmental outcomes. Huhtamaki engaged in advocacy towards policy makers directly and indirectly through key industry associations of which Huhtamaki is a member.

"Huhtamaki is committed to collaborating with stakeholders from across the value chain as we believe it is a key component in enabling us to achieve our sustainability ambitions."

Collaboration with 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 essential in solving pressing societal and sustainability issues.

Below is a selection of the key associations and initiatives that we were a member of during 2023:

- 4evergreen
- Business Europe
- Call on Carbon Initiative
- CEFLEX
- Climate Leadership Coalition
- Eko Pak
- European Carton Manufacturers Association (ECMA)
- 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
- Industry Council for Research on Packaging and the Environment (INCPEN)
- Pro S Pack
- Sedex
- UN Global Compact
- VNP (Association for the Dutch Paper & Carton Board Industry)

Environment

As part of our 2030 sustainability agenda, we are driving the transition to a carbon neutral and circular economy by designing our products to be recyclable, compostable or reusable and focusing on shifting to carbon neutral production. We are also committed to minimizing our environmental impact across the value chain, for example by promoting sustainable end-of-use for packaging. In addition, we are increasingly focusing on understanding and minimizing our impacts on water and biodiversity.

Resource use and circular economy

Theme	Targets	Performance in 2023
Product circularity	100% of products designed to be recyclable, compostable, or reusable	72.9% of our products fulfilled these criteria*
	>80% renewable or recycled materials by 2030	66.1% of total materials were renewable or recycled materials.
Waste	More than 90% of the non-hazardous waste from our production will be either recycled or composted by 2030	79.4% of non-hazardous waste was recycled or composted
	No waste is sent to landfill by 2030	8.2% of total waste was sent to landfill

*Any claim or classification is a general statement and does not imply that a product can be recycled or composted currently everywhere globally. The 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 ISO 14021, 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.

Huhtamaki's main environmental impacts, in addition to greenhouse gas emissions, are the ones associated with our resource use. Our raw material use has impacts on biodiversity and ecosystems, as well as on climate change through the sourcing of raw materials, waste generation at our own sites, and through different end-of-life methods of used products. As a result, the development of sustainable packaging solutions and our actions to close the loop are of utmost importance in mitigating our environmental impacts.

To address these issues, we take a product stewardship 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. Our customers and consumers benefit from our product stewardship through our comprehensive readiness to deliver more sustainable solutions and to communicate our products' sustainability performance, both publicly and on-demand.

We promote the following UN Sustainable Development Goals:

Information disclosed in this section

GRI standards:
301 Materials
306 Waste

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)
Waste management (RT-CP-150a.1)

Our three guiding product stewardship principles drive our innovation, resource use, product portfolio, and product sustainability. They are:

1 We believe that the benefits of packaging must be considered alongside any potential adverse impacts on the environment

- Packaging protects food and is an essential component of the global food system. It is estimated that every year, 30% of all food produced globally is wasted and that food waste accounts for approximately 10% of global GHG emissions
- Post-consumer packaging has significant value as a resource and we work with partners to accelerate packaging circularity

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

Huhtamaki's policies on resource use and circularity

Our Group Environmental Policy and our Design principles for circularity in our products play an instrumental role in driving sustainable resource management, and our related commitments are outlined in these documents. These commitments include promoting circularity and the efficient use of resources through product design and raw material sourcing, as well as reducing environmental impacts through improved waste management.

As design decisions significantly influence the sustainability performance of our products, we apply our sustainability-focused design principles for circularity early in the product development process. These publicly available design principles guide us in designing and manufacturing products that are tailored for their intended purposes while ensuring their safety. Furthermore, they aid in identifying and mitigating health, safety, and environmental impacts from new production processes wherever possible. The principles are aligned with the Design for Recyclability guidelines developed for plastic packaging by RecyClass – a cross-industry initiative facilitating the transition toward a circular plastic future – and those developed for fiber-based packaging by 4evergreen, a cross-industry alliance of over 100 members representing the entire lifecycle of fiber-based packaging. Huhtamaki actively participates in updating these industry-wide guidelines, as well as in the collective research and development work around recyclability led by 4evergreen and RecyClass.

Several elements of the Group Environmental Policy are also directly connected to our product design. Our aim is to go beyond legal compliance by continuously improving our environmental management and performance.

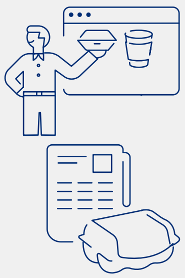
As part of our commitment to sustainable resource management, we require all our suppliers to adhere to the Huhtamaki Code of Conduct for Suppliers. By working together, we can promote sustainable resource management and protect the environment for future generations.

Read more about our Code of Conduct for Huhtamaki Suppliers on page 196.

Our Design principles for circularity

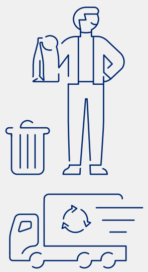
Material selection

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.



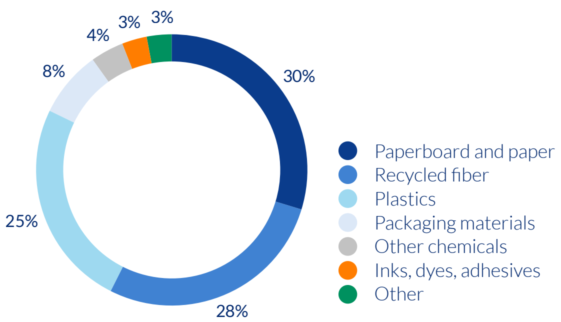
Product end-of-life

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 resource inflows for our packaging production

At Huhtamaki, the main raw materials used are paperboard and paper (30%, 2022: 32%), recycled fiber (28%, 2022: 27%) and plastic polymers (25%, 2022: 24%). In 2023, the revenue by product category was 58% (55%) paper and fiber-based products and 42% (45%) plastic products. 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 described in the Design principles guide the choice of materials and aim at minimizing the potential adverse environmental and social impacts when selecting materials for our products.

Material use by category



Paperboard is used to manufacture disposable tableware, such as hot and cold drink cups, plates, food containers and ice cream packaging. We are working to decrease the amount of polymers in polycoated paperboards, aiming for 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 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. Huhtamaki offers mono-material flexible packaging solutions in PE, PP, PET as well as paper, with the two first substrates consisting of the largest share of material volume.

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.

Material use (1,000 metric tons)

	2023	2022	2021
Total Material usage	1,328	1,475	1,392
Renewable materials used	871	965	925
Non-renewable materials used	457	510	468
Share of renewable materials, %	66	65	66
Share of recycled input materials, %	29	28	29
Share of recycled renewable materials, %	29	28	28
Total wood fiber procured	420	483	470
Share from certified sources, %	98	96	96
Total aluminum procured	21	25	26
Share of certified aluminum, %	74	71	N/A

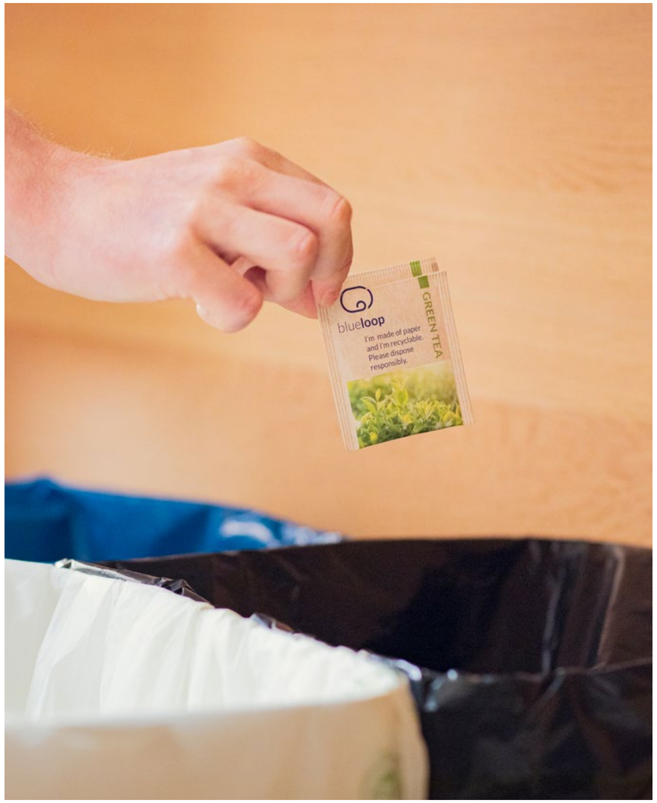
Production volume (1,000 metric tons)

	2023	2022	2021
Total production volume*	1,018	1,111	1,108
Fiber-based products	654	715	729
Plastic-based products	273	293	274
Other products	90	102	105

*Label and cylinder manufacturing units excluded from production volume mass

Waste prevention, minimization and recycling across the value chain

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 partner with stakeholders across our value chain.



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. When it comes to end-of-life of packaging, there is still much room for improvement in collection, sorting, recycling, and composting systems across the globe. The generation and types of waste across our value chain are outlined in the chart on the next page.

Our operations: The most significant waste streams in our processes are offcuts of production lines in the paperboard packaging manufacturing process, materials rejected during the pulping process, and plastic trim 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. We work with local partners to maximize the share of recycled non-hazardous waste.

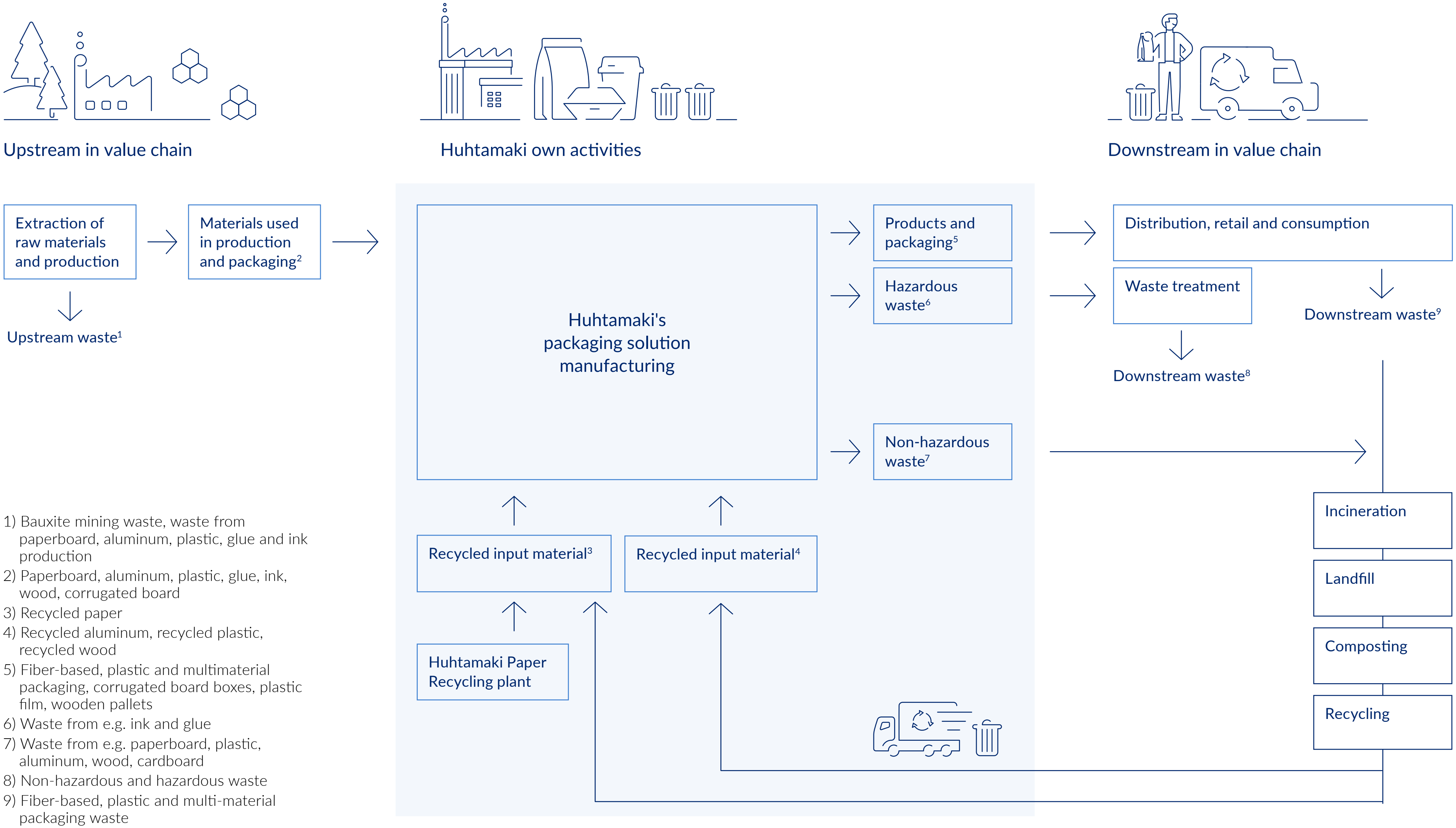
Downstream value chain: The most significant environmental impacts in the downstream value chain stem from the inappropriate disposal of packaging. Due to a lack of recycling infrastructure, waste management capacity, or knowledge among consumers, Huhtamaki's products can end up in landfill, incineration or as litter. When adequate waste management systems are in place, materials can be recovered for circulation in case of products that are designed to be recyclable, compostable, or reusable. The local availability of waste management systems varies significantly across the globe, with some regions having well-established infrastructure for waste collection and recycling, while others lack such systems. This disparity in waste management infrastructure directly impacts recycling rates, as areas with better facilities tend to have higher rates of recycling and reduced environmental impacts, while those without efficient systems often struggle to manage waste sustainably.

Huhtamaki is actively engaged in several initiatives globally to ensure that products designed for circularity can effectively be recycled or composted. In 2023, we expanded our efforts to collect and recycle used paper cups across Europe through The Cup Collective initiative, piloted paper cup collection and composting in India, implemented a collection system for compostable and recyclable packaging at a sports stadium in North America, and continued our partnership with WasteAid to provide education and training to waste collectors on waste streams and circular systems in South Africa. We are committed to increasing the circularity of packaging worldwide by collaborating with partners, as well as advocating for the development of waste management systems.

Read more about how Huhtamaki supports the development of waste management systems for packaging on pages 158–159.

"To address the impact of waste, we design our products for circularity, prevent and mitigate waste in our direct operations and take concrete actions to divert waste from disposal, both within our operations and concerning post-consumer waste."

Resource use and waste generation in Huhtamaki's 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

Actions and performance regarding resource use and circularity in 2023

Driving fact-based decisions with a life-cycle approach

To enhance the environmental performance of our products, we rely on Life Cycle Assessments (LCA) to provide science-based, verifiable, and comparable information on their environmental impact 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 and provides LCA training internally.

In 2023, we regularly conducted life cycle assessments of several products to better understand and develop their performance and to compare different material and production options. With LCAs we can simulate the environmental impacts of different product recipes in given scenarios based on reliable data. It enables us to benchmark products and production options and identify improvement areas. We share results with our customers and other relevant stakeholders to facilitate better-informed decision-making.

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 to achieve global goals faster and more efficiently.

Promoting circularity through product design and innovation

We see our packaging solutions as one component of the material cycle that will make the circular economy a reality. The move from linear to circular packaging starts from our product design and affects the entire life cycle of our products. We see used packaging as a valuable secondary resource and want to ensure that materials are kept in circulation for as long as possible. For us, circularity is a strategic choice embedded in our innovation processes, competence management, direct operations and external engagement.

We are committed to increasing the recyclability, compostability and reusability of our 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 translate our commitments into tangible outcomes, we innovate to achieve higher sustainability performance, for example by substituting materials or by simplifying the structure of our products. These bring about significant improvements in actual recyclability and impacts from the upstream or end-of-life phases of the value chain. For fiber-based materials, we support sustainable forestry by sourcing from certified sources, and ensure the traceability of the certified fiber. In flexible packaging, our innovation focuses on moving from multilayer packaging to recyclable mono-material solutions. When not in conflict with product safety or functionality, we prefer recycled materials.

One notable example from 2023 of our commitment to developing the sustainability of our flexible packaging is the launch of three unique and powerful sustainable solutions in mono-material flexible packaging which are designed for recycling and use fewer materials than the conventional complex and multi-layered materials they are designed to replace. We have also invested in new production technologies across our production footprint, building a global supply capacity for these new innovations. Read more about these innovations on the next page.

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 colors 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.

Since 2021, we have had a KPI related to designing our products for circularity: the percentage of our products designed to be recyclable, compostable or reusable annually. Today, 73% (72%) of Huhtamaki

73%

Share of our products that are designed to be recyclable, compostable or reusable

"We are committed to increasing the recyclability, compostability and reusability of our products and are determined to collaborate with upstream and downstream value chain actors to close the material loop."

products are designed to meet these criteria, which represented approximately EUR 3.0 billion (EUR 3.2 billion) in revenue in 2023. 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.

Our preference for renewable, certified and recycled materials

We drive circularity by using materials that are renewable, certified and recycled where possible. In 2023, the share of renewable materials in all materials used across Huhtamaki globally was 66% (65%). 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 was 29% (28%) in 2023.

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).

For some of the packaging we manufacture, the applicable requirements allow us to use plastics from renewable resources or recycled materials, such as recycled polyethylene (PE) and polylactic acid (PLA, from renewable natural resources).

Securing a sustainable supply chain is crucial. 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.

Read more about our certified fiber sourcing practices on page 169.

We are actively promoting the use of recycled plastic in our products, incorporating both post-consumer (PCR) and post-industrial (PIR) recycled content for example for our food packaging and personal care products. In 2023, we collaborated with numerous brands to increase the share of recycled content in their products, and we anticipate an increase in demand for recycled plastic driven by stricter regulations and growing customer expectations. We have the capability to recycle our own PIR and use it as recycled material in non-food products. This recycling process also includes a de-inking process at selected sites, enabling us to maximize the utilization of printed scrap in our own PIR recycling processes.

We also use certification to promote the responsible sourcing of aluminum, with more than 70% of the volume of aluminum we purchased in 2023 being ASI (Aluminium Stewardship Initiative) certified. ASI provides its members with comprehensive standards and an 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.

Scaling sustainable innovation with blueloop™

Guided by our Design principles, we extended our platform dedicated to recyclable, compostable and reusable solutions across all our product portfolio in 2022 with our blueloop™ trademark. The Huhtamaki blueloop™ brand promise is a reflection of our commitment to focus on innovation that moves us from a linear economy to a circular one. We collaborate with customers and partners across the entire value chain to accelerate innovation towards a circular future.

In 2023, we continued developing game-changing sustainable innovation under the blueloop™ brand. An example of this is the launch of three transformational innovations in flexible packaging that provide mono-material flexible packaging in three alternative material solutions: blueloop™ ultra-high barrier paper, a range of blueloop™ mono-material PE solutions for demanding applications and a recyclable PP retort solution. With a high share of mono-material (95% for PE and at least 90% for paper and PP), the new solutions are unique, with no compromise in protection barriers, recyclability and affordability. The amount of material used has been minimized for increased resource efficiency.

The innovations were showcased at our Blueroom event at the Interpack trade show in Düsseldorf, Germany, which was visited by nearly 500 valued key customers.

Improving waste management through continuous efforts at manufacturing sites

Driven by our ambitious targets and guiding policies, our manufacturing units continuously work to improve their resource efficiency.

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 2023, 49 (53) manufacturing units, representing 64% (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. The site-level EMSs ensure continuous improvement is achieved systematically.

In 2023, our total waste volume from direct operations decreased by 8%, with hazardous waste representing 7% (5%) of the total waste. The increase in hazardous waste compared to the previous year was mainly due to changes in our reporting processes, which was brought about by an increase in internal recycling of solvents. Our operational hazardous waste is defined as per the legal or regulatory frameworks applicable to the jurisdictions we operate in. Hazardous waste is treated locally by dedicated hazardous waste handlers, in line with local regulatory requirements. The recycling rate of total waste increased to 79% (75%) and the share of total waste disposed at landfill decreased to 8% (12%), mainly due to improved waste management practices. The recycling rate of hazardous waste was 72% (73%). Huhtamaki is committed to continuously identifying and developing recycling solutions for production waste, aligning with the goals it has set itself.

79.4%

Share of non-hazardous waste recycled

Waste by type and disposal method [metric tons]

		2023	2022	2021	2020	2019
Non-hazardous waste	Recycling (external)	119,600	119,900	109,300	96,600	103,900
	Recycling (internal: within another Huhtamaki site)	36,300	46,700	31,900	31,100	36,500
	Reuse	2,800	1,300	500	1,200	100
	Energy recovery	23,300	26,300	18,700	17,800	13,100
	Incineration without energy recovery	600	200	600	600	100
	Landfill	17,400	28,900	35,200	36,100	36,800
Hazardous waste	Recycling (external)	5,500	6,100	4,700	4,700	5,100
	Recycling (internal: within another Huhtamaki site)	6,000	2,400	500	0	0
	Reuse	0	100	300	0	0
	Energy recovery	1,500	1,300	1,000	1,000	1,200
	Incineration without energy recovery	2,700	1,500	1,100	1,400	800
	Landfill	300	300	1,600	1,200	1,000
Total		**216,100**	**235,200**	**205,300**	**191,700**	**198,600**
Total waste diverted from disposal		170,300	176,500	147,100	133,800	145,500
Total waste directed to disposal		45,800	58,700	58,200	58,000	53,000
Hazardous waste (% of total)		7	5	4	4	4
Recycling rate (%)		79	75	72	70	73
Recycling rate of non-hazardous waste (%)		79	75	72	70	74
Recycling rate of hazardous waste (%)		72	73	59	57	62

Sustainable innovations for a circular economy

2023 continued to be a successful year of sustainable products that support the transition to a more circular economy. A few examples of our key innovations and products that have been launched in 2023 are presented here.

blueloop™ Mono Materials Solutions

blueloop PE, blueloop PP Retort and blueloop Paper – breakthrough innovations by Huhtamaki Flexible Packaging that set new industry standards, designed for recycling, using fewer materials than the conventional complex and multi-layered materials they are designed to replace.

Launched at Interpack, Germany, May, 2023

Paperboard Dairy Cups

This innovation offers a paper-based alternative for refrigerated dairy products. It is made with FSC® certified paperboard and ensures product shelf life through edge protected paperboard.

Launched in North America, January 2023

Fiber-based egg carton

Huhtamaki NA has brought its fiber egg packaging expertise to the US as an alternative to foam egg packaging. This state-of-the-art technology provides a full range of highly customizable egg cartons that are fiber-based and manufactured from 100% recycled North American materials.

Launched in North America, November 2023

Paper-based soap wrappers

Launched with an objective to eliminate usage of conventional PET based wrapper and go plastic free with paper-based soap wrappers: Replaces PET top with paper, suitable for conventional high-speed lines, optimizes resource use by going from two layers to monolayer, has received recyclability certificate in Germany.

Chinet Comfort Cup

Designed with more sustainable features: made from 42% recycled paper, lid made from 20% post-consumer recycled material, paper scrap recovered internally to help produce other Chinet® brand products, recyclable where facilities exist.

Launched in North America, October 2023

Bringing the material back into the loop

Huhtamaki is fully committed to addressing the environmental impacts related to the end-of-life of our products. To ensure that products are not only recyclable or compostable but also actually recycled or composted, certain conditions must be met in terms of the waste management value chain, legislation and consumer behavior. To achieve this, we promote the transition to a circular economy together with our peers in the packaging industry. We actively contribute 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. In a similar manner, we work with actors across the value chain to increase the actual composting rate of our compostable products.

We advocate on behalf of the industry by engaging with industry associations to foster the circularity of packaging. Through our participation with organizations such as Europen, Business Europe, RecyClass, 4evergreen, CEFLEX, Foodservice Packaging Institute, Biodegradable Products Institute, Institute of Scrap Recycling Industries, International Molded Fiber Association and others, we aim to influence recycling and composting infrastructure and well-designed legislation and regulations that take into account the realities of the packaging industry.

We are committed to being a part of the solution when it comes to packaging circulation and believe that value chain collaboration is key to success. In 2023, we worked across our business segments globally to demonstrate that packaging circularity is possible.

From left to right: Rob Tilsley Fibre Operations Leader, James Cropper PLC, Dara O'Flynn Chief Operating Officer Insomnia Coffee Company, Julie Murray Head of Coffee Culture Bewleys Coffee Ltd, Vasilii Stepa Area Manager Butlers Chocolate Café's, Maria Cassidy Head of Coffee and Innovation at Applegreen, Derek McNicholas Corporate Accounts Manager Panda Ireland and Helen McFarlane Sustainability Manager, McDonald's.

The Cup Collective expands to Dublin

The Cup Collective, a unique European partnership program focused on industrial-scale paper cup recycling, was first launched in Brussels, Belgium, in 2022 in collaboration with Stora Enso. In 2023, the initiative extended its operations to Ireland and launched across various locations in Dublin, achieving cup recycling rates of up to 19.4% (nearly one in five cups purchased) in less than a month.

THE CUP COLLECTIVE

The launch in Dublin received support from key industry players such as Applegreen, Bewley's Tea & Coffee, Butlers Chocolate Cafés, Insomnia Coffee Company, and McDonald's, alongside Panda Waste and James Cropper, demonstrating a sector-wide commitment to sustainability. The dedication of The Cup Collective was recently recognized with the 4evergreen award for its contribution to improving collection and sorting, as part of the esteemed 22 Circularity Success Stories.

The project also serves as a communication hub, sharing system designs, expertise, and best practices. The Cup Collective aims to create a movement for sustainable paper cup recycling, starting one cup at a time, and continues to explore opportunities to expand in other markets.

Huhtamaki implements compostable and recyclable packaging at sports stadium

Huhtamaki and Sporting Kansas City (SKC), a US Major League Soccer (MLS) club, announced a new partnership in March 2023 naming Huhtamaki as the club's official sustainable packaging provider. The partnership is centered around a shared commitment to champion sustainability, reduce the environmental footprint, and enhance the fan experience at Children's Mercy Park. The stadium took into use Huhtamaki's innovative compostable and recyclable foodservice packaging to enable them to reach their goal of zero waste by 2027.

To achieve this objective, Huhtamaki has been working alongside SKC on several fronts, including packaging design and fan education to ensure that foodservice products are disposed of in the proper waste streams. Well-designed packaging plays an important role in attaining a circular economy and proper education of the fans is crucial to achieving the stadium's goal. This includes clear instructions during the match on how and where fans should dispose of their waste. A QR code is included on all Huhtamaki packaging to educate, communicate sustainability messaging, and assist with proper disposal. Each package includes "Compost Me" or "Recycle Me" instructions that are color-coded to coordinate with waste collection bins. Fans can also find clearly marked signage on each bin, featuring images of items that should be placed inside. This visual aid is designed to simplify the waste disposal process.

From cup to compost – and back to the loop

Huhtamaki is proud to supply top café brands in India with PLA-based paper cups that are certified as industrial compostable according to the country's regulations. In line with our commitment to sustainability, we have taken the responsibility to collect these used cups from cafés and stores after consumer use, transport them to a composting facility and compost them. The resulting compost will be tested for safety and then used in tree plantations, creating a circular loop where post-consumer waste from Huhtamaki's products will be reintroduced back to the value chain of manufacturing the paper and paper board.

This innovative project is currently in its pilot phase and is being implemented in partnership with a customer in the National Capital Region of India. The goal is to expand this initiative to more customers and geographies soon, as part of Huhtamaki's commitment to promoting sustainability and driving the circular economy.

Think Circle event in Shanghai explored ways to enhance paper packaging circularity

Our Think Circle event held in Shanghai this year focused on launching a circular solution for paper packaging in China. Our panelists concluded that innovation is necessary to resolve the conflict between economic development and resource utilization, and recycling needs to be scaled up to make it economical. Policies to build circular systems as well as collaboration among city administrators, relevant enterprises, research institutions, and residents were also highlighted as key factors to boost development.

During the event, Huhtamaki launched the final report of its paper cup recycling pilot project carried out in Shanghai in 2022. The report, conducted by The Tongji Ecological Civilization and Circular Economy Institute, showed that paper cup recycling can reduce carbon emissions by 68% compared to other waste management options such as landfill or incineration. The report also made policy recommendations to enhance the recycling rate of paper cups and other waste, such as expanding the pilot and conducting more projects in large parks, restaurants, airports, and train stations.

Climate change

Targets	Performance in 2023
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 purchased goods and services suppliers, by spend, will have science-based targets by 2026	Science-based targets: • We achieved a 26.3% reduction in absolute Scope 1 and Scope 2 emissions compared to the base year 2019 • Our absolute Scope 3 emissions from end-of-life treatment of sold products decreased 9.7% from the base year • 45% of our direct raw material suppliers, by spend, have committed to setting science-based targets
100% renewable electricity	41.7% of total electricity consumed was from renewable sources
Carbon neutral production	Combined Scope 1 and Scope 2 GHG emissions were 563 ktCO_2e

Greenhouse gas (GHG) emissions and combating climate change are material topics for Huhtamaki. 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. Huhtamaki's own operations account for approximately 20% of our total GHG emissions, while 80% arise from other parts of the value chain.

Huhtamaki's climate-related policies

Huhtamaki's ambitions related to climate change mitigation and renewable energy deployment are included in the Group Environmental Policy. The purpose of the Group Environmental Policy is to establish our fundamental principles for decreasing our greenhouse gas emissions, enhancing water efficiency, preserving biodiversity, promoting circular design, and ensuring the responsible use of chemicals. It applies to all Huhtamaki operations globally. In addition to the Environmental Policy, the Code of Conduct for Huhtamaki suppliers outlines the environmental standards expected from suppliers of Huhtamaki.

The Group Environmental Policy is designed and managed in collaboration between the relevant global functions and the Global Ethics and Compliance team. It is approved by the Global Executive Team (GET). The Group Environmental Policy is publicly available on our website.

We promote the following UN Sustainable Development Goals:

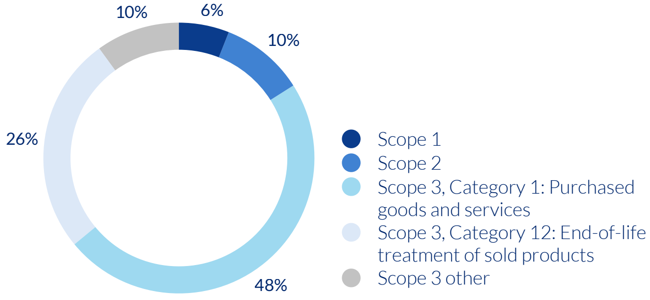
13 CLIMATE ACTION

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's GHG emission in 2023, 3,626 kt CO_2e in total (2022: 4,123 kt CO_2e)



Huhtamaki is committed to using

100%

renewable electricity by 2030

Huhtamaki's GHG Inventory today

In 2023, our total GHG emissions were 3,626 ktCO_2e (4,123 ktCO_2e)

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. Our 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 84% 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 of our products at their end-of-life (31%). The remaining 12% consists of other various upstream and downstream activities (capital goods, fuel- and energy-related activities, upstream and downstream transportation, waste generated in operations, business travel, employee commuting).

Our climate transition plan and targets

Huhtamaki has set science-based GHG emissions reduction targets to support its climate change mitigation ambitions stated in its environmental policy. The targets, presented on the previous page, have been set based on a materiality assessment involving external experts and developed in a cross functional workshop with representatives from each segment. The target setting was approved by the Huhtamaki Board of Directors and Global Executive Team in 2019. Additionally, the targets have been validated and approved by the Science Based Targets initiative (SBTi) in 2021. The year 2019 was selected as a baseline year, instead of the most recent year 2020, because it was considered as a representative year of our business activities (before Covid).

The targets cover globally the main emission sources (90% of base year emissions) of our own operations as well as the upstream and downstream value chain. In line with our 2030 strategy, five percent (%) yearly net sales growth has been assumed when setting the targets.

Huhtamaki has committed to using 100% renewable electricity by 2030 and aims to achieve carbon-neutral production by the same year. This will involve procuring renewable electricity, switching to low carbon fuels, electrifying systems, improving energy efficiency, and offsetting remaining emissions with high-quality carbon credits. Moreover, efforts associated with the 100% renewable electricity target enable Huhtamaki to exceed the SBTi validated Scope 1 and Scope 2 combined target by a significant margin, and ensures that the target is compatible with limiting global warming to 1.5°C. These goals focus on our own operations, covering both Scope 1 and Scope 2 emissions.

We communicate our performance against our commitments, including our performance related to renewable energy deployment and reduction of Scope 1 and 2 emissions, to external stakeholders regularly through our global sustainability dashboard (see page 139). Huhtamaki also pro-actively discloses its impact on climate change through the Climate Disclosure Project (CDP).

Our strategy to deliver on our climate ambitions

To drive ambitious emissions reductions in our own operations, we have devised a Group-level energy strategy and set up a dedicated steering committee consisting of selected Global Executive Team members. 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 related to our Scope 1 and Scope 2 emissions. Our Scope 3 supplier engagement plan is ultimately overseen by the Sustainability Committee, with implementation driven by the heads of procurement for each business segment.

Huhtamaki has identified the following main levers to reduce its emissions across its own operations as well as upstream and downstream value chain:

Scope 1

1 Improve energy efficiency

Huhtamaki has high growth ambitions (net sales 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, provided 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 lower fuel 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.
- **On-site solar installations:** Huhtamaki sees on-site generation as an important step towards increasing the share of renewable electricity.
- **Other means, such as creative local solutions:** Where possible, Huhtamaki seeks to incentivize collaboration and participate in local schemes to drive the development of renewable electricity. 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.

Whenever possible, Huhtamaki strives to ensure its renewable strategy is linked to additionality. We continuously assess the market we operate in for potential partnerships for renewable energy, may it be new physical or virtual power purchase agreements allowing the development of new renewable energy infrastructure.

Scope 3

1 Supplier engagement

The majority (57%) of our Scope 3 emissions originate from the raw materials we purchase from our suppliers, which are mainly paperboard, recycled fiber, polymer films, resins and chemicals. 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 have just started. That is why we are taking steps to discuss the importance of climate action with our suppliers and planning further engagement approaches for 2024.

2 Driving systemic change and building efficient recycling systems

Addressing the second largest (31%) 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, collection and end-of-life management – and then introduce policies and mechanisms to bridge these gaps.

We need to encourage and incentivize consumers to recycle. Huhtamaki is advocating proactively on this policy shift by actively engaging with relevant stakeholders.

Climate strategy in action

In 2023, we took important steps towards putting our climate strategy into action:

Renewable electricity – Huhtamaki's 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 VPPA 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 has started generating renewable electricity from January 2023.

In Europe, Huhtamaki has also signed two ten-year VPPAs and they are expected to cover 80% of Huhtamaki's European operations electricity usage. The two VPPAs are currently in construction in Spain and are expected to be operational in 2024 and 2025, respectively.

Climate action throughout the value chain

In 2023, we launched a supplier engagement campaign, starting a dialogue about setting targets to reduce climate emissions. We targeted selected suppliers that had not publicly set targets. Over the year, the number of suppliers recognized to have committed to science-based targets increased by 55%. In addition, we updated our ESG supplier questionnaire to include climate-related questions, which will be piloted in 2024. The questionnaire supports our supplier assessment process, moving towards incorporating suppliers' environmental efforts into our sourcing decisions.

To address product end-of-life climate emissions, Huhtamaki continued driving industrial scale recycling through The Cup Collective initiative. The initiative focuses on improving the collection and recycling of used paper cups.

Read more about our recently launched recycling initiatives on pages 158–159.

Climate-related risks and opportunities

Huhtamaki conducted a climate scenario analysis of its operations and business environment in 2023. The analysis assessed the potential long-term effects of climate change under two distinct scenarios: the first scenario involved limiting global warming to 1.5°C, while the second scenario explored the potential impacts of global warming of up to 4°C. The scenarios are in line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting.

Huhtamaki benefits from its sustainability-driven strategy in both scenarios. Improving energy and material efficiency as well as switching to renewable electricity enables climate change mitigation and adaptation. Innovative circular economy solutions like blueloop™ products, create opportunities to address climate change and changing customer preferences.

In terms of risks, transition risks take precedence in the 1.5°C scenario. Regulatory changes may impact packaging businesses, for example, through the introduction of material bans or restrictions and other packaging related requirements including those regarding the share of recycled content. Furthermore, these regulatory changes include a level of unpredictability, especially in certain geographics. In addition to ambitious regulation, market prices of raw materials and energy may rise due to increased demand for bio-based materials and renewable energy. Disruption in raw material or energy supply is considered one of the key operational risks to the Group. Changing consumer preferences related to raw materials may pose reputational risks. Physical climate change risks are expected to remain moderate in the 1.5°C scenario.

In the 4°C scenario, the predominant risks are associated with physical climate change. Primary physical impacts include floods, storms, heat, drought and fluctuating forest yields, posing risks to Huhtamaki's property, employees, and supply chains. In particular, floods and storms pose threats to Huhtamaki's property. Heat and drought may lead to interruptions in production due to impacts on employees' health and interruptions in water supply. Drought intensifies the risk of forest fires, and milder winters are likely to amplify the impact of pests and diseases on forestry yield. Extreme weather conditions may lead to disruptions in supply chains, affecting the transportation of both raw materials and finished products.

Our TCFD index is presented in the Non-Financial Review in the Director's report, page 26.

Emissions performance

Scope 1 and 2

Greenhouse gas (GHG) emissions are one of the main environmental impacts of our manufacturing operations. We aim to reduce these emissions in line with our science-based targets and our 2030 carbon neutrality commitment. Our manufacturing units are governed by applicable environmental permits, which set limits on emissions to air. Our most significant emission to air is carbon dioxide (CO_2) and to a lesser extent, volatile organic compound (VOC) emissions.

In 2023, the absolute GHG emissions from our own operations (Scope 1 and 2) decreased by 17% (115.1 ktCO_2e) compared to the previous year. Our GHG intensity per sellable ton produced decreased by 9% compared to 2022. As a result, we achieved a reduction of 58 ktCO_2e in our GHG emissions when adjusted for the change in production volume in 2023. The decrease was made possible by increasing the share of renewable electricity in our operations, resulting in a 201.1 ktCO_2e (26.3%) overall reduction from the 2019 base year level. This means that Huhtamaki is now close to reaching its science-based emission reduction target (-27,5%). The calculation of emissions intensity and reduction covers Scope 1 and 2 emissions.

Our absolute Scope 1 emissions decreased by 8% compared to 2022, due to a decrease in our primary energy consumption. Scope 1 fossil emissions cover methane (CH_4) and nitrous oxide besides CO_2. Our biogenic Scope 1 emissions including biogenic CO_2, CH_4 and N_2O were 2.1 ktCO_2e in 2023. 25% of our Scope 1 emissions are covered by EU ETS.

Our absolute market-based Scope 2 emissions decreased by 22% compared to 2022 because of the significant increase in the share of certified renewable electricity used in our operations. 61% 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 location-based methods, the former in our target setting. When using the location-based calculation method, our Scope 2 emissions were 458kt CO_2e and total emissions 674 ktCO_2e in 2023. Our location-based Scope 2 emissions were 489 ktCO_2e in 2022 and 476 ktCO_2e in 2021. Due to updates of emission factors under the impact libraries used, the Scope 2 emissions of the previous year have changed from the ones reported in the 2022 Annual Report.

Scope 3

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. In 2023, our absolute Scope 3 GHG emissions decreased by 11%, mainly due to the 10% decrease in our material purchases when compared to 2022. The emissions related to purchased materials decreased 12%. Emissions from fuel- and energy-related activities (category 3) and emissions from waste generated in our own operations (category 5) decreased compared to the previous year. Emissions from business travel and capital goods increased from the previous year's level.

GHG Protocol Scope 3 categories 1–7, 9 and 12 are estimated to be most relevant to Huhtamaki. 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.

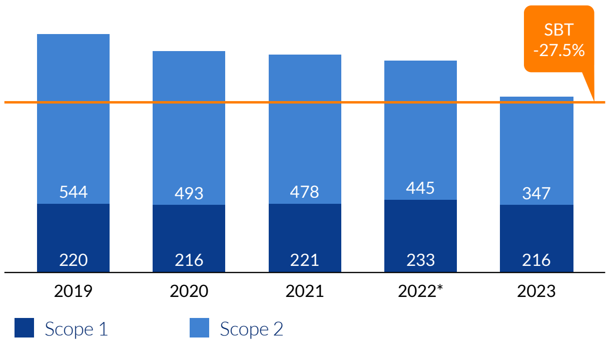
Other air emissions

In addition to monitoring and reducing our GHG emissions, we are committed to monitoring non-GHG air emissions such as Volatile Organic Compound (VOC) emissions. In 2023, our VOC emissions totaled 2.8 kilotons, (4.6 kilotons) with the primary source of VOC emissions being the solvent-based printing inks used at our manufacturing units.

As reducing our overall solvent usage is a key environmental objective for us, we decided to add it as one of our sustainability objectives. In 2023, we assessed and developed a KPI that is aimed at reducing virgin solvents entering our operations. The KPI will be included in our Global Sustainability and Safety Index as of 2024. Today, we have three solvent recovery units in place which enable the recycling and reuse of solvents in our operations. We also use water- and oil-based printing inks that are solvent-free and do not result in VOC emissions. It is important to note, however, that these inks require more energy for evaporation. In 2023, 13% (14%) of printing inks used in Huhtamaki were water- or oil-based or UV/EB curable inks.

Greenhouse gas emissions, Scope 1 and Scope 2

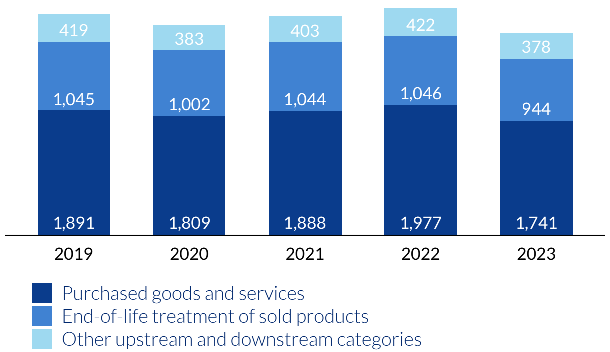
metric kilotons CO_2e



*2022 Scope 2 emissions have been restated due to updated emission factors.

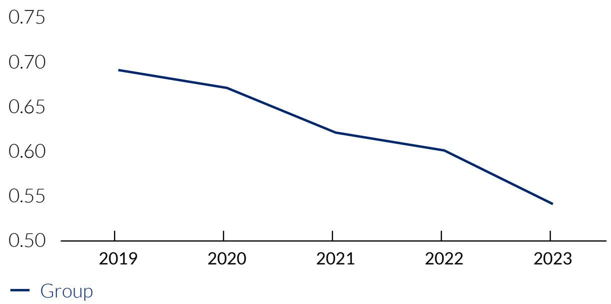
Greenhouse gas emissions, Scope 3

metric kilotons CO_2e



Greenhouse gas emissions intensity, Scope 1 and Scope 2

metric tons CO_2e/Sellable ton produced



Greenhouse gas emissions, metric kilotons CO_2e

	Retrospective			
	2019	2022	2023	Annual change, %
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions	220	233	216	-7%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)		24%	25%	0%
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions*	512	489	458	-6%
Gross market-based Scope 2 GHG emissions	544	445	347	-22%
Scope 1 + 2				
Scope 1 + Scope 2 (market-based)	764	678	563	-17%
Significant Scope 3 GHG emissions				
Total Gross indirect (Scope 3) GHG emissions	3,354	3,445	3,063	-11%
1 Purchased goods and services	1,891	1,977	1,741	-12%
2 Capital goods	1	1	2	100%
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	172	164	140	-15%
4 Upstream transportation and distribution	101	109	99	-9%
5 Waste generated in operations	40	44	39	-11%
6 Business traveling	6	5	8	60%
7 Employee commuting	45	43	41	-5%
9 Downstream transportation	54	56	51	-9%
12 End-of-life treatment of sold products	1,045	1,046	944	-10%
Total GHG emissions				
Total GHG emissions (location-based)	4,086	4,171	3,737	-10%
Total GHG emissions (market-based)	4,118	4,128	3,626	-12%

*2022 Scope 2 emissions have been restated due to updated emission factors.

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 2023, our total energy consumption was 2,185 GWh (2,348 GWh), decreasing by 7% compared to 2022. Primary energy consumption was 1,049 GWh (1,132 GWh) and secondary energy consumption was 1,137 GWh (1,216 GWh). The decrease in energy consumption was attributable to the decrease in production volume.

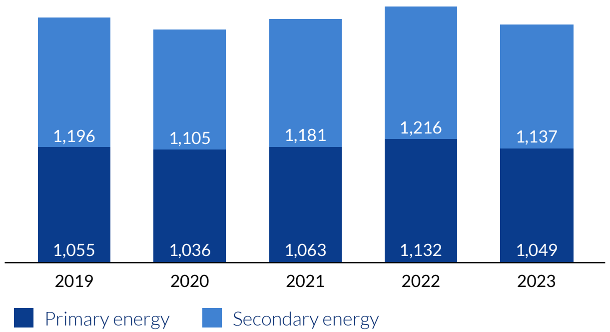
In 2023, nearly 70% of our primary energy consumption was used for heat generation, about 20% for steam generation, and the rest for electricity generation or cogeneration. 0.5% of the secondary energy consumed was self-generated using solar panels, and 99.5% of the total electricity consumed was grid electricity.

In order to be resource efficient, it is essential to increase energy efficiency and reduce the energy intensity of our processes. Our World Class Operation (WCO) 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 2023, energy consumption per sellable ton produced (STP) was 2.13 MWh/STP (2.10), which translates into a 2% increase compared to the previous year, which was partly due to lower production volumes. This figure includes all forms of energy used within Huhtamaki.

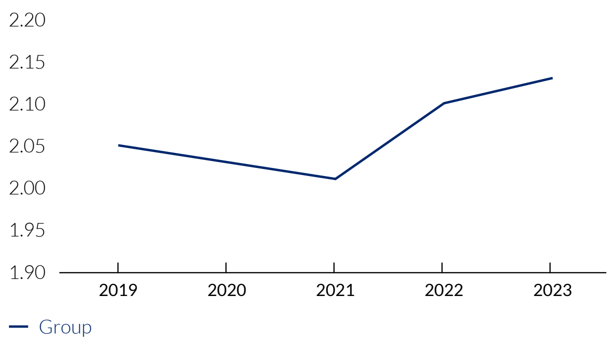
To reach carbon neutrality by 2030, we will continue to focus on increasing the share of renewable energy in our operations, alongside improving our energy efficiency. In 2023, we continued to increase the share of renewable electricity in our operations, both by our North America Virtual Power Purchase Agreement coming online and purchasing certified renewable electricity. In 2023, the share of certified renewable electricity increased to 39% (20%).

In 2023, the share of certified renewable electricity increased to
39%
2022: 20%

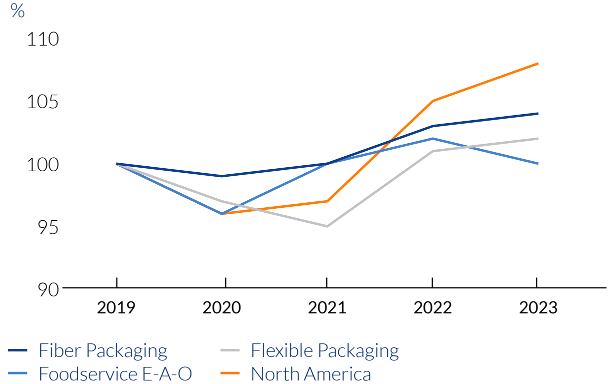
Total energy consumption
GWh



Energy intensity
MWh/Sellable ton produced



Indexed energy intensity
Percentage of 2019 level



Energy consumption, GWh and %

		2023		2022		2021	
Primary energy consumption	Gas	1,000	46%	1,071	46%	993	44%
	Oil	43	2%	55	2%	69	3%
	Renewable fuels	5	0%	6	0%	0	0%
Secondary energy consumption	Electricity	1,132	52%	1,211	52%	1,175	52%
	Share of certified renewable electricity[1]	443	39%	244	20%	151	13%
	Share of renewable electricity	472	42%	301	25%	212	18%
	Other secondary energy[2]	5	0%	5	0%	6	0%
Total energy consumption		**2,185**		**2,348**		**2,244**	**100%**

[1]2023 includes RECs from our Ercot North VPPA and 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.

Biodiversity and ecosystems

Targets	Performance in 2023
100% of our fiber is sourced from recycled or certified sources by 2030	98.7% of fiber-based materials were from recycled or certified sources

Addressing biodiversity and ecosystems is an essential part of our journey to protect food, people, and the planet. Our business relies on the use of natural resources, the availability and quality of which are dependent on the health of ecosystems, which, in turn, depend on biodiversity. At the same time, our own business activities affect ecosystem conditions. We recognize that the degradation of biodiversity and ecosystems poses a serious threat not only to economic sustainability, but also to the well-being of people and the planet. We are committed to working in partnership with others to tackle these risks related to nature, both in the present and for the future.

According to our preliminary analysis by using the ENCORE (Exploring Natural Capital Opportunities Risks and Exposure) tool, our major impacts on nature occur upstream in the value chain rather than within our own operations or downstream in the value chain, much like our greenhouse gas emissions. This similarity in the focus of impacts demonstrates how both climate and nature impacts depend on our management of natural resources throughout the value chain. It also reflects the interconnectedness of nature and climate impacts. Thus, addressing our impacts on nature also supports our climate efforts, and vice versa – taking action on climate positively benefits nature.

Huhtamaki's biodiversity-related policies

Our commitment to protecting biodiversity and ecosystems is outlined in Huhtamaki's Group Environmental Policy. Currently, our commitment focuses on our impact originating from our wood fiber sourcing, which has been identified as a significant contributor to biodiversity impacts within our value chain. In 2023, we started a comprehensive materiality assessment of our nature-related impacts and dependencies, which will support us in realigning our approach.

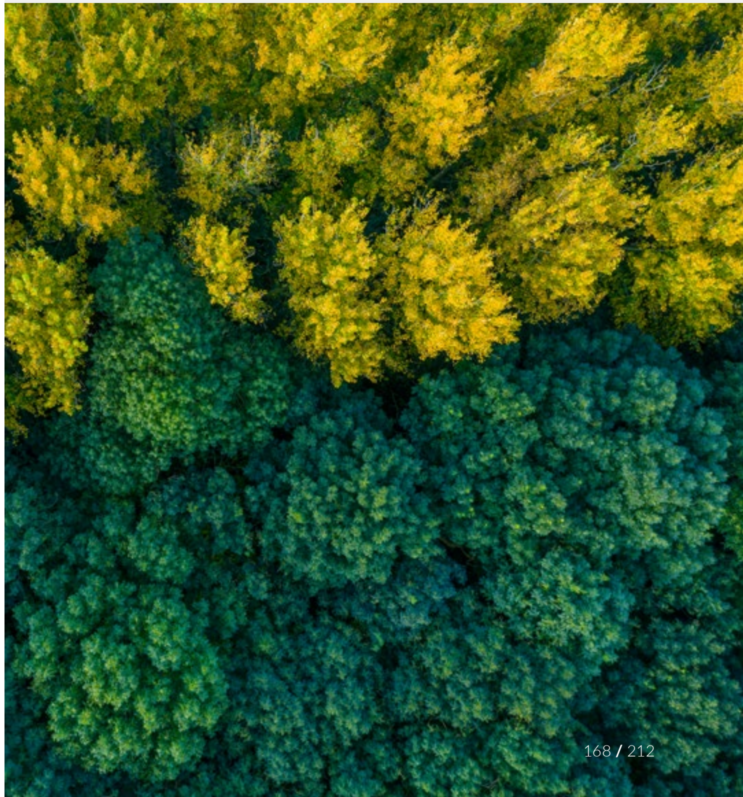
Recognizing the significant impact that wood fiber sourcing can have on biodiversity, we are committed to zero deforestation and zero conversion of areas of high biodiversity value within our supply chain. When sourcing virgin wood fiber, our goal is that it comes from sustainably managed forests either certified by Forest Stewardship Council® (FSC®), the Programme for the Endorsement of Forest Certification (PEFC/02-44-55), Sustainable Forestry Initiative® (SFI®) or other comparable and reputable certification schemes. We are also committed to having traceability systems in place to track and monitor the origin of the forest-based materials we use.

We promote the following UN Sustainable Development Goals:

15 LIFE ON LAND

Information disclosed in this section

GRI standards:
304 Biodiversity



Our commitments to protect biodiversity and ecosystems are also reflected in the Code of Conduct for Huhtamaki Suppliers, which suppliers are required to respect. The Code requires suppliers to not source materials, directly or indirectly, that contribute to deforestation of high conservation value areas, or interfere with the habitats of endangered species. It also requires suppliers to comply with all applicable environmental laws and regulations – including those relevant to biodiversity such as 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).

In 2023, we formed a multidisciplinary working group to analyze and interpret the EU Deforestation Regulation which tightens the traceability requirements for wood-based products. Additionally, we are actively enhancing our due diligence processes to align with the specified requirements. Our proactive approach includes engaging with key raw material suppliers to ensure their readiness and facilitating capacity building measures.

Huhtamaki's biodiversity-related actions

Our approach to assessing impacts and dependencies on nature

To establish a solid and science-based foundation for our nature work, we have started to systematically assess our impacts and dependencies on nature across the value chain. In 2023, we joined the United Nations Global Compact Finland training program on Science Based Targets for Nature (SBTs for Nature). The objective of the training program, which extends until 2024, is to leverage our understanding on how to manage our nature impacts.

Our current understanding of our impacts is based on the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool developed by the Natural Capital Financial Alliance, in partnership with UNEP-WCMC. We have used the tool 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.

According to the ENCORE tool, our most material potential impacts on biodiversity arise from raw material extraction and processing upstream from our own production including the paper and forest industry, as well as the plastic and metal manufacturing industries. When converting raw materials into packaging solutions, Huhtamaki directly contributes to a relatively small share of the overall impact on biodiversity in the value chain. Potential impacts also occur in exceptional cases where we build a new production site on land that was not already used for equivalent purposes. Once in use, 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, packaging solutions may have impacts on biodiversity, the significance of which depends on the final end-of-life treatment. The ENCORE analysis indicates that the key impact drivers for the biodiversity impacts across our value chain are terrestrial ecosystem use, GHG emissions, non-GHG air pollutants, water use, water pollutants, soil pollutants, and solid waste.

Promoting sustainable forestry

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 2023, 98% (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.

Huhtamaki's biodiversity-related performance

High biodiversity value areas and protected areas

We annually map our manufacturing locations to determine their proximity to or location within key biodiversity areas or protected areas. In 2023, we used the Integrated Biodiversity Assessment Tool (IBAT) which utilizes the World Database on Protected Areas and The World Database of Key Biodiversity Areas to perform this mapping. In 2023, we expanded the scope of our mapping to include all protected area types covered by the IBAT Tool. As part of this update, we made an important addition to our methodology by including National protected areas, which represents a change from our previous approach. As a result, we identified 39 locations where our operations are in close proximity to or located within certain protected areas or key biodiversity areas.

Read more about the Huhtamaki sites in areas of high biodiversity value or protected areas on pages 202–204.

Water resources

Targets	Performance in 2023
Water management plans in place at all our sites by the end of 2023	100% of sites have water management plans in place. The plans were revised in 2023.
In 2023 we continued developing our new Water Stewardship goals which 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

At Huhtamaki, we see water as a valuable natural resource, indispensable for food, people and the planet. Acknowledging the global challenge of water scarcity, we strive to mitigate our impact on water resources. We are dependent on water availability and quality in our own production processes as well as along our value chain. Our water footprint globally is 8.8 m^3 water consumption per standard tons produced.

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 (such as in canteens, toilets, showers), for rinsing production equipment, and for the cooling and cleaning of 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 our fiber-based packaging value chain, pressure on water resources occurs mainly at pulp mills, involving both water use and subsequent discharge. In the case of our flexible packaging, water plays an important role in the initial stages of the value chain, particularly during the mining and refining of aluminum.

Huhtamaki's water-related policies

Water is a key aspect addressed by our Environmental Policy. The policy states our commitment to water stewardship and the principles of circular water management: reducing 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.

We promote the following UN Sustainable Development Goals:

6 CLEAN WATER AND SANITATION

Information disclosed in this section

GRI standards:
303 Water and effluents

SASB standards:
Water management (RT-CP-140a.1, RT-CP-140a.2 and RT-CP-140a.3)

"At Huhtamaki, we see water as a valuable natural resource, indispensable for food, people and the planet. Acknowledging the global challenge of water scarcity, we strive to mitigate our impact on water resources."

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 continued building on our water risk mapping done in 2022, by ensuring that it was up-to-date and by extending the mapping scope to our fiber supply plants and our new manufacturing plants. In 2023, we intensified our efforts to better understand our water risk, with a catchment vulnerability assessment at seven sites marked by extremely high-water risk. The assessment encompassed an evaluation of overall business risk, considering supply quantity and quality, along with an examination of local municipal infrastructure, regulations, and governance.

Huhtamaki's water-related actions

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 harmonized 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 harmonized practices across all sites, while supporting local stakeholders. All WMPs were validated by the end of summer 2022 and in 2023, we revised all of them to assess their relevance and update action plans.

Since then, we have begun developing corporate water goals and targets. We began with a thorough analysis of our existing interaction with water, our water-related risks and the governance of these risks, taking the water usage profile of each site into account. To better understand our water usage profile, we have undertaken the initiative to install water meters at all our operating sites to accurately measure our consumption.

The new water-related goals developed in 2023 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 2024, when we plan to roll out the catchment vulnerability assessment to all our high-risk sites and Source Vulnerability Assessment (SVA) to the very high-risk sites to start designing catchment specific water stewardship actions.

Huhtamaki's water-related performance

In 2023, our freshwater intake decreased to 9.0 million m^3 (9.1 million m^3). The 1% decrease was due to a decrease in production volumes. Our water consumption was 1.0 million m^3 (1.1 million m^3). Our relative water consumption, meaning water consumed in relation to the production volume remained the same as in 2022 (0.9).

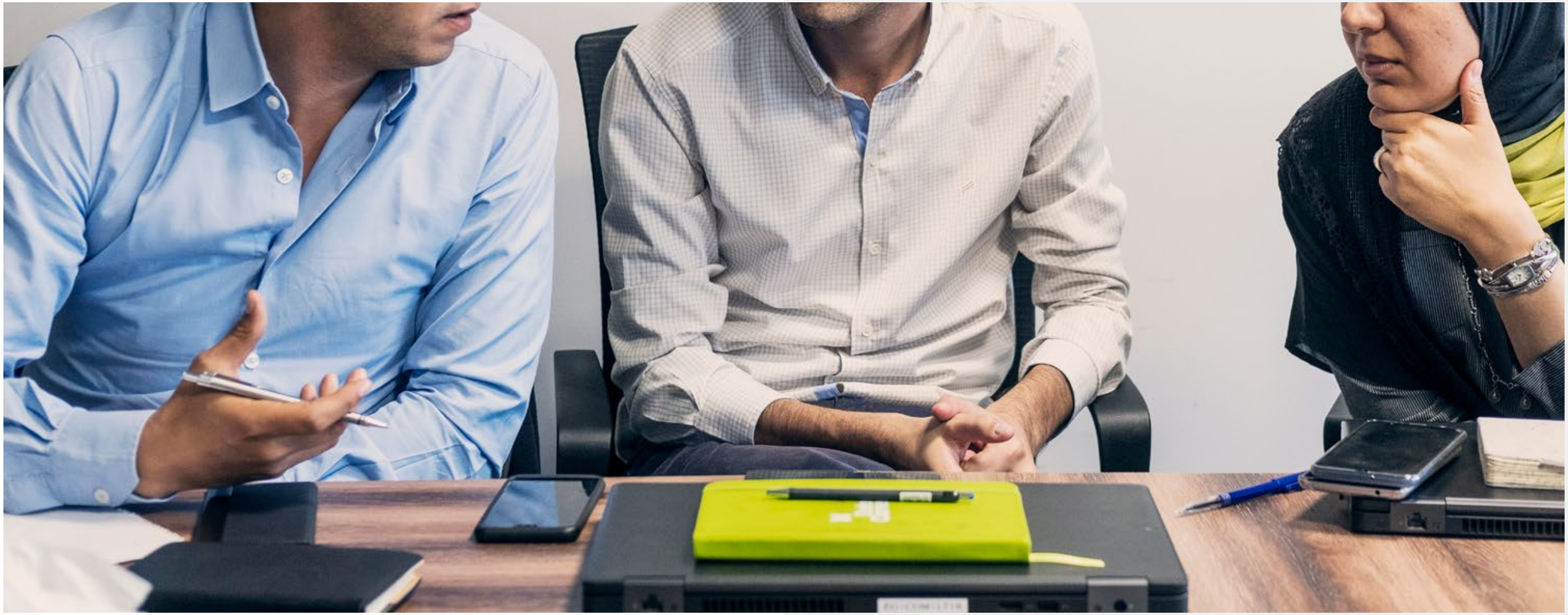
Molded fiber packaging manufacturing represents the most water-intensive business segment at Huhtamaki. Given the inherently water-intensive nature of these operations, we have implemented efficient water recirculation systems at these manufacturing units. Process water undergoes purification either through our own treatment plants or through municipal facilities before discharge. As a result, the impact of our operations on the downstream water quality is negligible or very limited. Non-process water is safely released into the sewage network where feasible; alternatively, discharge is commissioned to authorized suppliers at sites lacking a sewage network. The total volume of water discharged was 8.0 million m³ (8.1 million m³) in 2023. No water-related incidents were identified in the Group during the year.

13% (13%) of the Group's water withdrawal and 21% (25%) of the Group's water consumption occurred within a water stressed area. The water stress level for all manufacturing units and fiber supply plants was assessed using the WRI's Aqueduct Water Risk Atlas in September 2022.

Water withdrawal, discharge and consumption, million m³ and % of total

	2023		2022		2021	
Huhtamaki Group - total water withdrawal	**9.0**	**100%**	**9.1**	**100%**	**8.7**	**100%**
Surface water withdrawal	3.5	39%	4.0	44%	3.6	41%
Groundwater withdrawal	0.9	10%	1.1	12%	1.2	14%
Third-party water withdrawal	4.6	51%	4.0	44%	3.4	39%
Produced water[1] withdrawal	0.0	0%	0.0	0%	0.5	6%
Huhtamaki Group - total water discharge	**8.0**	**100%**	**8.1**	**100%**	**7.6**	**100%**
Discharge to surface water	2.6	32%	2.2	27%	2.3	30%
Discharge to groundwater	0.0	1%	0.4	5%	0.8	10%
Discharge to third-party water	5.4	67%	5.5	68%	4.6	60%
Huhtamaki Group - total water consumption[2]	**1.0**	**100%**	**1.1**	**100%**	**1.1**	**100%**
Total water withdrawal in water stress areas	**1.1**	**100%**	**1.2**	**100%**	**0.4**	**100%**
Surface water withdrawal	0.5	40%	0.5	45%	0.0	0%
Groundwater withdrawal	0.1	11%	0.2	13%	0.1	20%
Third-party water withdrawal	0.5	49%	0.5	42%	0.3	80%
Produced water[1] withdrawal	0.0	0%	0.0	0%	0.0	0%
Total water discharge in water stress areas	**0.9**	**NA**	**0.9**	**NA**	**0.2**	**NA**
Total water consumption[2] in water stress areas	**0.2**	**NA**	**0.3**	**NA**	**0.3**	**NA**

[1]Water that enters Huhtamaki operations as a result of any raw material use
[2]Water consumption = total water withdrawal - total water discharge



Social

Ensuring good working conditions globally, safeguarding human rights throughout our value chain, and promoting fair employment practices are a key part of our sustainability agenda. We invest in developing our talent and prioritize diversity and inclusion in our work practices. As a company, we aim to be good corporate citizens and have a positive impact on the communities in which we operate.

Own workforce

Topic	Targets	Performance in 2023
Employee engagement	Employee engagement index >72%	83%
Retention	Voluntary turnover <11.6%	9%
Leadership	Leadership index >75%	82%
Inclusion	Inclusion index baseline created in 2023	83%
Work-related injuries	Lost Time Injury Frequency Rate (LTIFR) target 1.40	1.78
	Total Recordable Injury Frequency Rate (TRIFR) target 3.38	3.69

Our people are the heart of our company and the foundation of our success. We continuously strive to create a safe, engaging, and inclusive high-performance culture guided by our values – Care, Dare, Deliver. We are working to ensure a safe and productive working environment where nobody gets hurt and everyone goes home safe every day.

Our people strategy is centered on four priorities:

- **Attracting and retaining top talent** in increasingly competitive markets by providing a great employee and candidate experience across the talent lifecycle
- **Achieving world-class safety performance** by delivering on our Safety roadmap focused on leadership, systems and culture
- **Enabling individuals and teams to successfully execute our 2030 Strategy** by continuously enhancing our organizational effectiveness and building change management capabilities
- **Developing strategic capabilities of leaders and employees** in safety, sustainability, innovation, digitalization, customer excellence, and world-class operations, and ensuring robust succession planning and leadership development

We promote the following UN Sustainable Development Goals:

8 DECENT WORK AND ECONOMIC GROWTH

Information disclosed in this section

GRI standards:
401 Employment
403 Occupational health and safety
404 Training and education
405 Diversity of governance bodies and employees

At Huhtamaki, we aim to treat every employee equitably and with respect and dignity, nurturing an inclusive workplace that provides the foundation for effective collaboration, innovation, and business results. We measure our success in creating value for our employees through strategic key performance indicators focused on employee experience, engagement and retention, leadership, inclusive culture and safety.

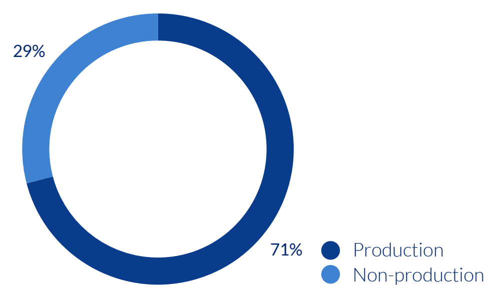
Today, our team of more than 17,900 talented professionals is located in 37 countries, representing over 90 nationalities. 98% of our employees work full-time and 2% part-time. 71% (71%) of our employees at our sites are directly engaged in production processes. In 2023, we hired 2,324 (4,215) new employees. Additionally, we have deployed 1,278 (1,665) contingent workers in production (81%) and non-production (19%) tasks. In 2023, we adjusted our staffing to lower production volumes, resulting in a reduction of the workforce by 6.8%. The reduction was mainly achieved through attrition, internal redeployments, and reduced hiring.

The representation of different generations in the workforce is well balanced, encompassing early-career professionals to those nearing retirement. The share of female employees has increased to 23% (22%). The representation of women at all leadership levels exceeds that of the total workforce, and the share of women in leadership has further increased to 35% (34%).

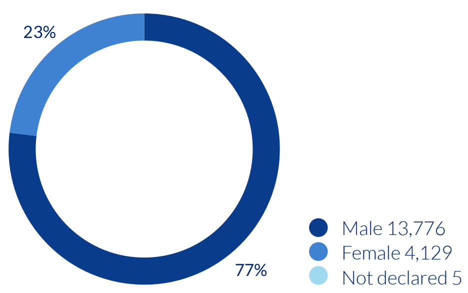
Representation of women in leadership roles

35%

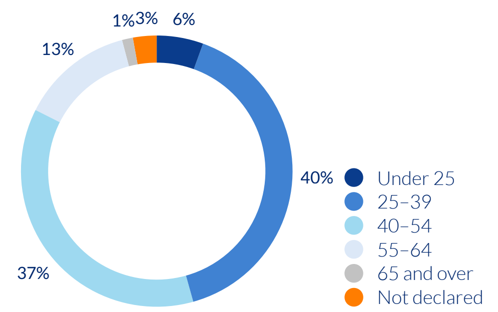
Employees by employee category



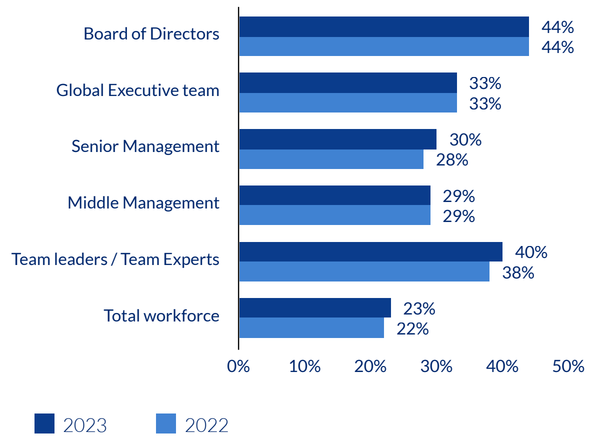
Employees by gender



Employees by age groups



Representation of females



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																	
	993	4,031		5,024	1,675	5,128	3	6,806	156	1,558	2	1,716	1,305	3,059		4,364	**17,910**
Employees by employment contract type																	
Permanent	763	3,757		4,520	1,437	4,884	1	6,322	153	1,547	2	1,702	1,295	3,052		4,347	**16,891**
Temporary	230	274		504	238	244	2	484	3	11	0	14	10	7		17	**1,019**
Employees by time type																	
Full-time	988	4,028		5,016	1,466	4,986	3	6,455	155	1,557	2	1,714	1,294	3,044		4,338	**17,523**
Part-time	5	3		8	209	142		351	1	1		2	11	15		26	**387**
Employees by employee category																	
Production	458	2,781		3,239	787	3,920		4,707	71	1,165	2	1,238	997	2,521		3,518	**12,702**
Non-production	535	1,250		1,785	888	1,208	3	2,099	85	393		478	308	538		846	**5,208**
Employees by age group																	
Under 25 years	37	162		199	95	332		427	4	32		36	62	268		330	**992**
25 -39 years	501	2,100		2,601	579	1,761		2,340	85	864		949	322	974		1,296	**7,186**
40 - 54 years	401	1,511		1,912	698	1,969	1	2,668	38	464		502	528	977		1,505	**6,587**
55 - 64 years	24	180		204	211	837		1,048	10	70		80	344	731		1,075	**2,407**
65 years and over	7	19		26	4	41		45		5		5	49	107		156	**232**
Not Collected	23	59		82	88	188	2	278	19	123	2	144		2		2	**506**
Managers with subordinates																	
Executives					2	6		8					1			1	**9**
Senior management	8	14		22	21	69		90	1	9		10	8	22		30	**152**
Middle management	90	278		368	132	326	1	459	12	110		122	74	198		272	**1,221**
Team leaders	21	105		126	15	54		69	3	34		37	7	49		56	**288**
All people managers	119	422		541	170	473	1	644	16	153		169	94	285		379	**1,733**
Total number of workers who are not employees																	
				645				278				185				170	**1,278**

Permanent: Employees with indefinite contract with Huhtamaki
Temporary: Employees with a fixed term contract with Huhtamaki
Full-time: Employees working as 100% FTE
Part-time: Employees working less than 100% FTE
All people managers: including production employees with subordinates
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%	89%
55–64 years	33%	11%
65 years and over	67%	0%

Composition of governance bodies – Gender

	Female	Male
Board of Directors	44%	56%
Global Executive Team	33%	67%

Huhtamaki's policies related to the workforce

Grounded in our values, our Code of Conduct and leadership expectations guide us in everything we do. Our group level policies and procedures ensure consistency in employment, working conditions, and occupational health and safety matters across the organization. In 2023, complementing our Global Employment Guidelines, we introduced guiding principles on Diversity, Equity and Inclusion to safeguard the well-being and fair treatment of our employees and contractors at all of our sites globally. Furthermore, a key component of enhancing our talent acquisition is the aim for an exceptional candidate experience. In the context of increasingly competitive talent markets, our Global Recruitment Policy supports us in implementing more consistently aligned best-practice processes globally when attracting new talent. During the year, we also updated our Group Human Rights Policy that outlines our position towards human rights in our organization and in the larger value chain.

"In 2023, we introduced guiding principles on Diversity, Equity and Inclusion to safeguard the well-being and fair treatment of our employees and contractors at all of our sites globally."

Document	Key content	Scope	Accountability for implementation
Group Human Rights Policy	Outlining our position towards human rights in our organization and in our value chain.	All employee groups and people in the value chain	Global Executive Team
Global Employment Guidelines	Guiding principles related to employment.	All employment relationships between Huhtamaki and its employees	Global Executive Team
Global Working Conditions Requirements	Setting a frame to ensure safe, fair and productive working conditions. Supports our effort in driving social accountability.	All employee groups	Global Executive Team
Group Occupational Health and Safety (OHS) Policy	Principles on safety and well-being, compliance, hazard control, positive OHS culture, training and empowerment.	All employee groups and contractors	Global Executive Team
Global Recruitment Policy	Recruitment principles, roles, and guidelines.	All employee groups	Global Executive Team
Group Diversity, Equity & Inclusion Guiding Principles	Focus areas and key principles for DE&I	All employee groups	Global Executive Team

Own workforce-related processes and actions

Our people priorities and roadmap are set to enable the Huhtamaki 2030 Strategy. We continuously enhance solutions and services for our employees to succeed, our people leaders to deliver a consistent employee experience, and our talent to grow.

The voices of our employees matter

As a company, we are committed to ensuring a positive and engaging employee experience for all employees. Employee engagement is one of the metrics used to gauge the successful implementation of our 2030 Strategy. In September, we conducted our employee engagement survey, Connect 2023, to gain valuable insights into how our employees experience their work environment and identify both strengths and opportunities for improvement. We reached a record response rate of 84% (79%). Survey results were communicated by people leaders, and each team is now responsible for setting an action plan to address identified areas for improvement. Globally we have identified career development and growth of our employees, collaboration across businesses and functions, and a deeper understanding of our strategy as our focus areas for 2024.

Aside from the annual employee engagement survey, we recognize the importance of regular two-way communication with our employees as a means to drive a high-performance culture. Across the organization, regular town hall meetings are held to share updates on business performance and topical matters. Roundtable discussions, focus groups, and skip level meetings are regularly conducted to listen to employee concerns, address them, find solutions together, and provide opportunities for employees to engage with senior leaders to build trust and engagement.

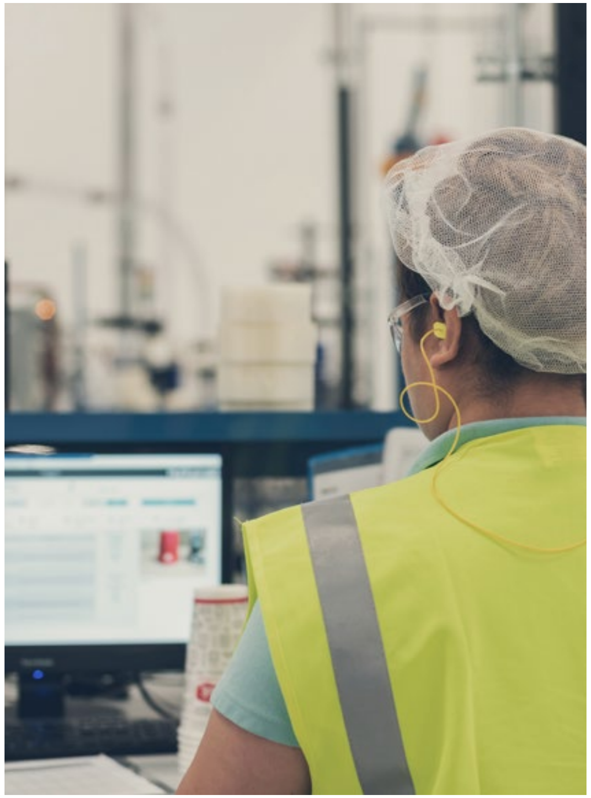
We also connect with our employees through collaboration with employee representatives. In Europe, our European Works Council (EWC) unites Huhtamaki's senior management and elected EWC representatives from all of our sites once a year. We also meet with the EWC Steering Committee at least once a quarter to discuss topical issues. The discussion topics are jointly decided between the EWC Steering Committee and the Executive Vice President, HR and Safety. In 2023, the European Works Council's annual meeting was held in person in Espoo, Finland on May 24-25. The meeting topics included business reviews as well as key updates on strategy, sustainability, employee engagement, and occupational health and safety.

We recognize employees' rights to join or refrain from joining organizations of their own choice, in accordance with local laws. 42% (42%) of our employees were covered by collective bargaining agreements in 2023. In countries where there are no applicable collective agreements, employment contracts are based on local legislation and applicable Huhtamaki policies. Remuneration is monitored annually to ensure alignment with local market practices. At sites where we have recognized unions, we meet regularly to discuss working conditions, grievances, and working practices, and conduct statutory negotiations when applicable. Whether we have recognized a union or not, we hold regular meetings directly with our employees to listen to and address their concerns. We investigate grievances or other forms of misconduct on site in a structured and objective manner aligned with our Code of Conduct. The Huhtamaki Speak Up channel is another way for employees to raise concerns about misconduct.

Employee participation and consultation also ensures the successful implementation of our occupational health and safety (OHS) systems and drives engagement in safety across all our teams. Local health and safety committees with representation from leadership, health and safety professionals, and employees provide an excellent forum for dialogue and a catalyst for change. The health and safety committees at our sites are formed and managed as per local laws and practices. 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. Local and business safety teams receive support from our Group Safety Committee, which includes representatives from the Global Executive Team, our global EHS Leadership Team and the OHS Center of Expertise.

Supporting our talent to grow

We nurture a feedback culture that supports the growth of our people and the business. Feedback provides insight into our strengths and development areas, and helps our employees to reach their full



"We are committed to ensuring a positive and engaging employee experience and we nurture a feedback culture that supports the growth of our people and the business."

We reached a record response rate of

84%

in our employee engagement survey, Connect 2023

potential. This year, we introduced a new tool within our global HR system that empowers employees to seek feedback from colleagues across the organization. To raise awareness of the importance of regular feedback, our learning solutions and related tools, we hosted a Global Feedback Week event. During that week alone, more than 600 feedback messages were recorded in the tool.

Our annual performance management process, with formal performance reviews based on set objectives, is critical to aligning individuals and teams, ensuring the delivery of our strategy. Formal discussions are expected to take place at least twice a year. We, however, encourage people leaders and employees to actively give and ask for feedback on a regular basis. 98% (95%) of eligible non-production employees received a performance review in 2023. Local performance review processes are in place for production employees at the majority of our sites, but process completion is currently not reported on a global level.

Career growth and competency development is one of the key drivers of engagement at Huhtamaki. Every year, career aspirations and individual development are discussed during mid-year reviews. As a result of the process, 92% (83%) of eligible non-production employees have a personal development plan in place. We support our employees to trace their own path for growth by providing a variety of learning opportunities, including structured training, on-the-job learning, and learning from others (70/20/10 model). Our learning offerings consist of mentoring programs, coaching, online seminars and e-learning courses, to name a few. In addition, we offer our employees external learning libraries for their personal development. Our Global Week of Learning was hosted globally in June, focusing on developing our strategic capabilities and giving our employees deeper insight into our updated 2030 Strategy. The five-day global hybrid event targeted all employees and reached more than 2,500 participants across the organization.

As a part of our World Class Operations initiative, we support the learning and competence development of our production employees through our Education & Training pillar. By the end of 2023, 12 manufacturing sites have launched the pillar to upskill employees. In 2023, we have also piloted a digital solution to onboard new operators in the factories.

Developing leadership capabilities

Our leadership model guides the work of our people leaders every day. We focus on three dimensions of leadership: leading yourself, leading others, and leading the business. To support our people leaders in effectively guiding their teams, we offer learning opportunities and tools for day-to-day application. This year, our focus has been on ensuring that our leaders and employees have a clear understanding of the company's strategic priorities and objectives, and how each team member can contribute to success. Following the launch of the updated 2030 Strategy in March, we have engaged our leaders and employees in discussing strategy through various activities, including regional strategy workshops, a new strategy e-learning, our Leader's Imprint program, and a new global initiative called Strategy Dialogue. In the Strategy Dialogue team exercise, each employee engages in discussion with their leader and teammates about the strategy - exploring what it means in practice and identifying how each individual, as well as the team collectively, can make a difference. These engaging discussions began in the fourth quarter of 2023 and will continue into 2024.

In 2023, we continued our Strategic Leadership Program in collaboration with INSEAD and the global roll out of our Leader's Imprint program, focusing on the foundations of effective transformational leadership. By the end of the year, the vast majority of our people leaders had participated in the program. We continue to develop our leadership bench through our regular talent reviews and succession planning and development process.

Think Safe. Work Safe. Home Safe.

Safety is our license to operate. We strive to embed safety deeply in the culture of Huhtamaki. We reinforce a "Think Safe. Work Safe. Home Safe" mindset in everything we do. Our aim is to ensure that world-class safety processes and practices are deployed at every site globally. Our safety roadmap is focused on strengthening our leaders at all levels, our safety processes and systems, and engaging our employees in nurturing a safety culture. We engage leaders and employees at all levels of our organization to actively support the commitment and to adhere to our principles. To emphasize the importance of safety, in 2023 we embedded safety as a performance metric for all employees participating in our global short-term incentive plan through the Global

Sustainability and Safety Index (GSSI). Read more about the GSSI on page 143.

Advancing our safety culture starts with our people leaders. “Leading for Safety” provides the foundation for our safety culture, encouraging our leaders to demonstrate that the safety of their team members is a value for them. Safety leadership involves actively and continuously improving the safety of our workplaces. Our people leaders are essential in creating an open and honest environment where reporting is encouraged, and every employee is committed and engaged in ensuring that nobody gets hurt.

To support building a robust safety culture, 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 content are available through our online training platform. In 2023, we delivered a new e-learning course to all OHS leaders and professionals, ensuring consistent best-practice standards for investigating incidents and performing thorough Root Cause Analyses.

Safety Pillar deployed to all sites globally

Starting in the first quarter of the year, we launched the Safety Pillar as part of our World Class Operations initiative. The Safety Pillar focuses on continuously improving workplace safety by providing a structured approach that involves all stakeholders across all levels of the organization. With this global initiative, we are laying the foundation for a new level of safety. In 2023, we successfully launched the program at all 73 primary manufacturing locations, empowering a global network of safety champions to support roles for local implementation, and trained safety and operations leaders worldwide.

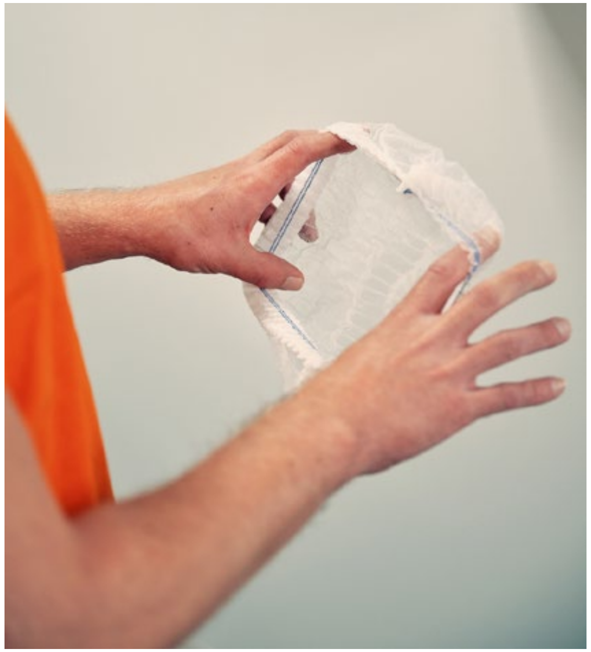
Our OHS management systems are built to ensure that all our sites meet or exceed local laws, regulations, Huhtamaki’s internal requirements, and customer expectations. Several of our sites are certified to ISO 45001, while comparable certifications at other sites follow our internal risk management and mitigation processes. Our management system covers all our activities, employees, external workforce, as well as contractors and visitors, and includes all operations within the sites.

Managing health and safety

Every site maintains a risk-based approach to managing health and safety. We use the hierarchy of hazard controls as a method to reduce risk and exposure to hazards, taking appropriate actions. Regular risk reviews are conducted to identify areas for improvement. Consolidated risk reviews take place monthly at the business segment level and periodically at the global level, based on lagging and leading indicator trends. Management teams at our sites and segments have oversight of risks and support improvement plans.

The investigation process for work-related incidents is formally defined and in place at all sites, 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.

We require all our sites to conduct occupational health risk assessments covering all activities while meeting local legal requirements in terms of scope and frequency of medical and health checks. All our employees have access to occupational health services which 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 well-being and health. Participation in such additional programs is voluntary.



“We strive to embed safety deeply in the culture of Huhtamaki. We reinforce a ‘Think Safe. Work Safe. Home Safe’ mindset in everything we do.”

Own workforce-related performance

Employee experience

At Huhtamaki we constantly improve our workplace experience by measuring progress towards our strategic performance indicators. In 2023 we once again measured how our employees experience their workplace through Connect, our global employee engagement survey. We changed our third-party service provider for administrating the survey and adjusted the results from our previous survey in 2021 to ensure comparability.

The employee engagement index scores stand at 83%, exceeding our results in 2021 (77%). The leadership index has 82% favorable responses, exceeding our 2021 results by 10pp. The positive results of both indices exceed that of our industry peers. The newly established inclusion index measures how our employees experience equal opportunity and inclusion in their workplace. With an initial score of 83%, the new index also exceeds the manufacturing norm.

The strong survey results relative to employee engagement, leadership effectiveness, and inclusion encourage us to continue our journey to provide a consistently positive employee experience across the company.

As talent markets continue to be very competitive, we have established a consistent approach to systematically identify and address retention drivers locally. Through the global HR organization, we have shared local and regional initiatives to drive employee retention. Our exit questionnaire has provided us with good insight into how to improve our retention and engagement with our employees. We continuously monitor the employee turnover rate in all parts of the organization and have tracked it as one of our KPIs. The voluntary turnover rate in 2023 with 9% was 2.9pp lower than in 2022 (11.9%) and 4.9pp lower compared to 2021.

Our employee engagement index score stands at
83%
exceeding our previous results

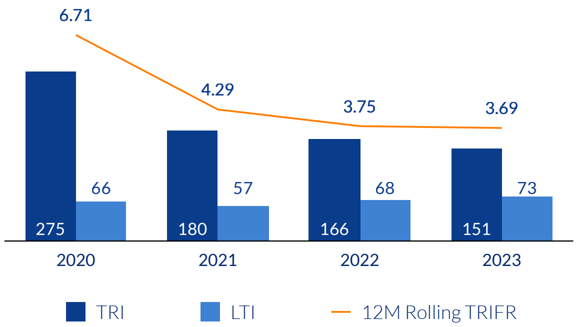
	Engagement Index	Leadership Index	Inclusion Index (new)
2023 Results	83%	82%	83%
Compared to 2021 results	↑ 77%	↑ 72%	N/A
Compared to Benchmark	↑ 82%	↑ 79%	↑ 79%

Work-related injuries

During 2023 we continued to shift our focus from Lost Time Injuries to Total Recordable Injuries, so that all cases are addressed and investigated, ensuring the root cause of those injuries is established to prevent recurrence. We continued reducing our Total Recordable Injury Frequency Rate (TRIFR) to 3.69 and our Lost Time Injury Frequency Rate (LTIFR) was 1.78 at year end. This favorable trend of reduced total injury frequency has continued from previous years going from 166 in 2022 to 151 in 2023. The global TRIFR is projected to keep declining in 2024.

The total number of Lost Time Injuries (LTI) in 2023 was 73. Of the total LTIs, 4% were considered high-consequence injuries. Of the Total Recordable Injuries (TRI), 25% were categorized as “Contact with moving machinery or equipment”, 15% as “Slips, trips or falls – same level” 15% as “Hit or bumps” and 9% as “Injured while handling, lifting or carrying”.

Safety performance 2020–2023, Group



TRI = Total recordable injury
LTI = Lost time injuries
TRIFR = Total recordable injury frequency rate

Occupational health and safety data

	2023	2022	2021	2020	2019
Lost time injuries (LTI)	73	68	57	66	82
Huhtamaki employees	67	61	52	61	75
External labor	6	7	5	5	7
Medical treatment injuries (MTI)*	78	96	123	N/A	N/A
Huhtamaki employees	64	76	112	N/A	N/A
External labor	14	20	11	N/A	N/A
High-consequence injuries**	3	1	4	N/A	N/A
Fatalities**	0	2	0	0	0
Lost time injury frequency rate (LTIFR)	1.8	1.5	1.4	1.6	2.0
Huhtamaki employees	1.9	1.6	1.5	1.7	2.1
External labor	1.0	1.0	0.8	0.8	1.1
Total recordable injury frequency rate (TRIFR)	3.7	3.7	4.3	6.7	N/A
Huhtamaki employees	3.7	3.7	4.6	7	N/A
External labor	3.5	4.2	2.4	5	N/A
Rate of high-consequence injuries	0.07	0.02	0.10	0.05	N/A
Rate of fatalities	0	0.05	0	0	0
Lost day rate (LDR)	384	403	322	454	526
Number of hours worked	40,960,600	44,320,900	41,968,500	41,320,700	41,433,300
Huhtamaki employees	35,193,500	37,423,000	35,412,600	34,861,300	35,269,200
External labor	5,767,100	6,897,900	6,555,800	6,459,400	6,164,000

*2022 figures have been restated due to reclassification of MTI cases and an update of the rates and working hours.
**Includes both Huhtamaki employees and external labor

Injury rates by business segment

	Foodservice E-A-O	North America	Flexible Packaging	Fiber Packaging
LTIFR	1.2	2.9	1.4	3.1
TRIFR	2.4	6.4	2.7	6.1

Human rights

Target	Performance in 2023
Our overarching goal is to ensure that human rights are respected throughout our value chain	• Formed a social sustainability steering group with key members of management, to oversee the development of our human rights due diligence process • Updated our Group Human Rights Policy • Reviewed our assessment of our human rights risks and impacts and confirmed our salient human rights

As a global company, we take responsibility for the impact we have on individuals and the communities we operate in. Our actions can have both positive and negative impacts – either directly through our own operations, or indirectly through other parts of our value chain.

Our commitment to respect all internationally recognized human rights sits at the highest level of the company as it is central to Huhtamaki's values of Care, Dare, Deliver and is an integral part of our 2030 sustainability agenda. Huhtamaki is committed to respecting human rights in our own organization and throughout our value chain.

We are committed to the development of our due diligence process in line with international guidelines on human rights due diligence, specifically the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. This includes steps such as integrating sustainability into business processes, identifying salient human rights, taking measures to address these issues, monitoring progress and regular, transparent communication, and providing effective grievance mechanisms and remedy in case of any violations. We are committed to continuous improvement of our approach, which involves systematically incorporating human rights due diligence processes into our overall operations, guidelines and processes.

Our policies related to human rights

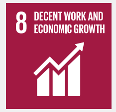
The key policies guiding Huhtamaki's approach to human rights are:

- The Huhtamaki Code of Conduct
- Group Human Rights Policy
- Global Working Conditions Requirements and other HR policies, such as Global Recruitment Policy, Global Employment Guidelines and Group Diversity & Inclusion Guiding Principles
- Group Occupational Health and Safety Policy
- The Code of Conduct for Huhtamaki Suppliers

Our Group Human Rights Policy was updated in 2023 with the support of an external human rights advisor and input from a broad group of internal stakeholders. The policy describes our commitment to respecting human rights and expresses our support of internationally recognized principles and frameworks on human rights, such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

The objective of the policy is to foster a global and Group-wide understanding of Huhtamaki's human rights commitments by summarizing the key principles that we expect all our employees as well as suppliers

We promote the following UN Sustainable Development Goals:



and other business partners to adhere to. The policy also outlines our human rights due diligence process and roles and responsibilities when it comes to implementing the policy. The policy is applicable on Group level and covers all our operations, as well as parties acting on Huhtamaki's behalf, such as agents and consultants.

The Group Human Rights Policy has been approved by the Global Executive Team, which is also responsible for ensuring the policy's full implementation within the organization. This includes proper resource allocation and taking appropriate action if breaches against the policy are suspected or identified.

The Code of Conduct for Huhtamaki Suppliers gives more detailed requirements for our suppliers related to human rights. The Huhtamaki Group Guiding Principles for Responsible Procurement, launched in 2023, outline our commitment to managing and addressing upstream risks and impacts to people, societies and the environment.

Key elements of Huhtamaki human rights due diligence

Global policies

- Code of Conduct
- Code of Conduct for Suppliers
- Group Human Rights Policy
- 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

Risk assessments and impact analysis

Identifying our human rights priority areas is the first step of our human rights due diligence process. Risks are identified on an ongoing basis through several key processes, such as social sustainability audits and the global Ethics and Compliance program. We also conduct regular reviews of our human rights risks. Because of the complexity of our operations and our supply chain, we apply a risk-based approach consistent with the UNGPs to prioritize focus areas by severity and likelihood of risk.

In 2023, we revisited the global human rights risk assessment that we conducted in 2021. The existing assessment was reviewed together with an external human rights expert and updated based on further sources of information, such as audit reports and reports received through the Speak Up channel, taking inherent risks for our industry, value chain and geographies into account.

Based on the updated risk assessment, we were able to confirm our salient human rights. Salient human rights are key priority areas that we will focus on in our human rights due diligence work going forward. Our key human rights risks relate to working conditions, health and safety, forced and child labor in the supply chain as well as environmental impacts from our operations and value chain.

We have earlier conducted site-specific human rights impact assessments at two of our Flexible Packing sites in Egypt and Thailand. The assessments contribute to building overall awareness of human rights and the types of human rights impacts our activities may have. Further impact assessments at site level will be planned based on further evaluation of risk levels.

Managing human rights risks

The management of human rights risks and impacts is embedded into our existing management systems and processes. We are committed to continuously developing these processes to incorporate human rights considerations.

Key processes include global Employment Guidelines and Working Conditions Requirements, which cover areas such as employment contracts, working hours, young worker protection and the prohibition of child labor, as well as supplier management. In addition, we have a robust global health and safety program, environmental management systems at our sites, and a comprehensive Ethics and Compliance program. A large share of our sites undergoes regular SMETA audits, which serve as a way for us to track the implementation of our policies and guidelines. Engaging with local communities gives us valuable feedback from key local stakeholders about potential impacts at the site level. Regarding mergers and acquisitions, environmental and social impact assessments are a standard part of the due diligence process.

In 2023, we took several steps to strengthen our human rights management. We created a steering group for social sustainability, comprising key members of management, to oversee the development of our human rights due diligence process. We developed our capabilities in human rights management by participating in the UN Global Compact's Accelerator Program on Business and Human Rights and we continued to raise awareness among employees through Code of Conduct training, along with our Modern slavery e-learning course, which specifically targets all managers and experts in the supply chain and human resources functions globally. To address working conditions and understand our impacts related to wages, we have assessed the wage levels across our global operations to review whether all employees are paid a living wage. We are taking action to ensure any potential gaps are closed.

We continued efforts to strengthen our supply chain due diligence approach. In 2023, we maintained our existing screening and monitoring process focusing on identifying and mitigating risks among key suppliers – corresponding to approximately the top 80% in terms of procurement spend. At the same time, we took steps toward expanding our tiered due diligence approach to include more suppliers.

Read more about our supply chain management on pages 195–197.

Addressing concerns and providing remedy

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.

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 global requirements.

Huhtamaki's Group Speak Up and Investigation Policy governs the types of findings that must be handled at the global level as part of the Global Ethics and Compliance Program. The program is overseen by the Audit Committee of the Board of Directors and the Global Executive Team. The Group Speak Up and Investigations 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. Preventive and corrective actions are taken when necessary.

In the case of an allegation of noncompliance that rises to the level of a potential human rights violation, the first priority is the safety and well-being of the affected individuals. Global Ethics and Compliance will inform the relevant internal stakeholders to make sure that appropriate actions are taken.

Strengthening our approach

Moving forward, Huhtamaki is dedicated to continuously improving its human rights due diligence process. We will continue refining our risk assessment approach and analyzing the identified risks in more detail. We will also continue training our employees and raising awareness of human rights throughout the organization. We are committed to continuous improvement and to the full integration of human rights into our processes. We will continue to develop a structured framework for addressing human rights.

Consumers and end-users

Targets	Performance in 2023
All products comply with the 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 • Huhtamaki Global Food Contact Packaging Safety Policy revised
Zero food contact compliance-related claims reported	No reported incidents of food contact non-compliance related to chemical safety or hygiene product safety. No food contact safety or hygiene product safety related fines were paid.

Packaging secures hygiene, food availability and food safety for consumers around the globe. It has a critical, protective role also in other sectors, such as pharmaceuticals, pet food, or hygiene and health care products. We are committed to providing safe, fit-for-purpose and high-quality packaging products. Our responsibility is to make sure that our products are consistent with regulatory requirements and that they meet or exceed our customers' quality and safety expectations. 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.

Huhtamaki's policies on product quality and safety

The Huhtamaki Global Food Contact Packaging Safety Policy outlines the food safety-related requirements that are included in local quality management systems. Our foundations for food contact packaging safety are defined globally and implemented locally, with local legal requirements being taken into account. 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. In 2023, we revised our policy to more actively reinforce our commitment to providing sustainable packaging solutions. This includes a deliberate consideration of working with novel, sustainable raw materials that may require special attention to ensure food contact safety.

We are committed to protecting the environment and public health also through our Environmental Policy, which covers the restriction and the substitution of potentially hazardous high-impact chemicals. We aim to minimize the consumption of chemicals and to reduce the environmental impact of our business across all our operations.

Information disclosed in this section

GRI standards:
416 Customer health and safety

SASB standards:
Product safety (RT-CP-250a.1, RT-CP-250a.2)

Huhtamaki's actions on product quality and safety

Chemical safety and proactive chemicals management

Chemical safety and proactive chemicals management are essential components of our product stewardship and safety-by-design approach. 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 practices contribute to chemical safety and proactive chemicals management in both the composition of our products and the use of chemicals within our operations.

In 2023, our Fiber Foodservice E-A-O business segment initiated an internal food contact material compliance training series to reinforce product safety awareness and enhance regulatory knowledge within our teams. The training program is set to continue in 2024, with a specific focus on emerging issues, particularly in the context of food contact packaging chemical safety.

We adopt and implement all relevant regional, national and global chemicals-related laws and regulations including for example EU REACH regulation on chemical substances in Europe and the GHS classification and labelling of chemicals from the United Nations globally. We also extend these commitments to our supply chain through our Code of Conduct for Huhtamaki Suppliers.

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 the European Chemical Industry Council's 'Safe and sustainable by design' framework.

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, to align our processes and products with the requirements of this strategy, with a particular focus on the zero-pollution ambition.

Meeting the highest quality and food safety standards

We strive to ensure that the products we manufacture and supply are made according to the relevant specifications, and that quality standards and controls are stringently followed. On a day-to-day basis, our operations involve the production and delivery of items that not only meet regulatory requirements, but also consistently align with the highest global standards for both quality and food safety. Food contact packaging safety is a significant aspect documented within our quality management systems. These systems adhere to standards such as ISO 9001, while food safety and hygiene standards include ISO 22000 and GFSI (Global Food Safety Initiative) recognized schemes such as BRC Global Standard for Packaging and Packaging Materials (BRCGS).

In addition to our internal procedures and controls, we are regularly audited by our customers and their own auditing partners. These audits focus on aspects related to quality assurance, hygiene and food contact safety.

We consider industry-leading food contact packaging safety to be a competitive advantage for us. To ensure product safety for consumers, we are committed to only using qualified suppliers and raw materials approved for food contact applications. We have systems in place that allow for the tracking of the materials used, and we are committed to taking immediate and appropriate action should our products fail to meet either our internal standards or those mandated by the market and consumers.

Manufacturing units with certified quality, hygiene and safety management systems in 2023 (% of manufacturing units)

	ISO 9001	BRCGS or other GFSI recognized mgmt system, AIB or ISO 22000	Health & Safety mgmt system
Group	75%	89%	50%
Foodservice E-A-O	87%	91%	58%
North America	22%	100%	0%
Flexible Packaging	93%	90%	78%
Fiber Packaging	91%	55%	68%

Community involvement

In line with our purpose of protecting food, people and the planet, we are committed to being a good corporate citizen, endeavoring to make a positive impact on the communities we operate in globally. Every year, we donate money, time, products and expertise in the areas where we operate – making a difference where it matters.

Our community involvement strategy is aligned with our commitment to advance the UN Sustainable Development Goals, as well as 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 giving and other activities are organized and 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, we also provide oversight for some projects globally.

In 2023, we donated around
EUR 1.4 million
in total to charitable causes globally

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, we collaborate with partners and projects focused on improving waste management, product end-of-life treatment, and creating markets for recycled materials.

While most of our efforts on driving the circular economy can be found in the Resource and Circularity section of this report, we have also funded projects with the international charity WasteAid. This partnership brings a focus on informal waste entrepreneurs, who are vital contributors to our global waste management systems yet often struggle to earn sufficient income from their efforts—a challenge we must collectively address to achieve a truly circular economy that benefits us all.

Huhtamaki and WasteAid started their partnership in 2020. WasteAid has delivered Huhtamaki-funded education and training on waste management and circular systems in South Africa, Vietnam and India. Through the project, WasteAid conducted a number of activities, including:

- Hosting several information sessions both online and in person in the three countries
- Developing a Circular Economy Network and online platform to accelerate knowledge sharing and innovation among stakeholders in the three countries and worldwide.
- Supporting waste entrepreneurs through intensive business support with pitch events, ongoing networking, and technical support in all three countries
- Developing a Technical Toolkit that includes guidance on waste processing technology, business finance, and health and safety

Information disclosed in this section

GRI standards:
413 Local Communities 2016

Aside from creating new sources of renewable or recyclable materials, these projects have diverted hundreds of tons of plastic and food waste from landfills. This not only has the potential to reduce CO_2 emissions, but also benefits waste entrepreneurs by creating jobs and establishing connections to formal waste markets.

In 2023, Huhtamaki's partnership with WasteAid continued, concentrating on the Diepsloot community, a mostly un-serviced township on the outskirts of Johannesburg, South Africa. This two-year project builds on learnings from the previous initiatives, focusing on developing our understanding of the unique local context by leveraging local expertise, partnering with service providers with deep roots in the community, focusing on wide-ranging skills development, and measuring environmental and economic outcomes.

Huhtamaki South Africa's locally-based management have also been actively involved in the project, participating in the training sessions and pitch events, as well as providing personal protective equipment (PPE) and first aid training to the cohort. This collaboration has created more visibility in Huhtamaki's own value chain for both entrepreneurs and for Huhtamaki. This has enabled our management to better understand the conditions, challenges and opportunities for waste entrepreneurs, while offering entrepreneurs first-hand insights into material standards and how sourcing decisions are made.

This project will continue into 2024, and will include tracking participants' waste collection and earnings, enabling us to better understand the environmental and economic impact of the project and identify areas of success and improvement.

Having a positive impact on local communities

We at Huhtamaki believe it is very important to be present and active in the local communities in which we operate through, for example, product donations, volunteering activities, and direct monetary contributions to different causes. In recent years, these have been primarily focused on healthcare, sanitation, education, social welfare and sustainability. In 2023, local business units donated around EUR 1.2 million to different local charitable causes globally. Additionally, approximately EUR 35,000 was given as social sponsorship to support, for example, local social welfare initiatives and sport activities.

Our sites contributed to a variety of activities in their communities after identifying a specific need Huhtamaki could address. Some were spearheaded by individual employees, while others were organized more centrally. Activities included organizing platelet donations in Dubai, installing solar lampposts outside a school in Maharashtra, India, rescuing books and matching them with readers in Paraná, Brazil, and donating a day's work at a neighborhood soup kitchen in Indiana, USA.

Supporting acute emergency relief efforts

Huhtamaki has always supported various acute emergency relief efforts around the globe. In recent years we have assisted local communities during the COVID-19 crisis, made donations to support people in Ukraine as well as displaced refugees, and offered localized relief efforts following natural disasters in India, Germany and elsewhere.

In February 2023, devastating earthquakes in Türkiye killed more than 50,000 people, further injuring, displacing and affecting millions more. While the earthquakes did not directly affect Huhtamaki's operating sites, the damage nevertheless reverberated through the region with direct and indirect impacts felt by our employees' families and communities. That is why Huhtamaki's business segments collectively donated about 160,000 Euros to Türkiye's Disaster and Emergency Management Authority (AFAD), to support a variety of assistance initiatives for victims.

In Istanbul, we also supported a variety of additional efforts, producing and delivering about 17,000 tarpaulin bags to protect affected people's belongings. We also administered an employee donation effort, resulting in about 4,000 additional euros collected and distributed to the AFAD.

Partnership with WasteAid supports South African waste entrepreneurs

Informal waste collectors are vital contributors to our global waste management systems yet often earn poverty wages. Since 2020, Huhtamaki has partnered with WasteAid to provide training, technical support, networking opportunities and other business support to waste collectors interested in growing their businesses.

In the above photo, trainer Harriet Matjila, in green, shows the 2023 cohort of waste entrepreneurs participating in the program around Makhabisi Recycling & Trading - the 100% black female owned company she helped found. Ms. Matjila herself was a finalist in the previous year's pitch event, and she shared her energy and expertise with training participants from the outskirts of Johannesburg, South Africa.

Business conduct

We aim to uphold the highest standards of ethics and compliance by staying true to our values – Care Dare Deliver. 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 unethical behavior or non-compliance.

Ethics and compliance

Targets	Performance in 2023
We are committed to ethical business conduct. Our Global Ethics and Compliance program guides us to conduct our business with integrity	• Updated our Group policies on Speak Up and Investigations, Trade Sanctions Compliance, Data Privacy and Competition Compliance • Renewed the Huhtamaki Code of Conduct, which will be launched in 2024 • Conducted risk assessments to identify potential risks and mitigation actions relating to corruption, trade sanction compliance and competition compliance
All Huhtamaki employees have completed the annual Code of Conduct training by the end of the year	97.4% of all Huhtamaki employees completed the annual Code of Conduct training
Employees feel that they can report misconduct without fear or repercussions	84% of all Huhtamaki employees who answered the Connect survey feel they can report misconduct without fear of repercussions. Read more about the Connect survey on page 31.

At Huhtamaki, we stay true to our values – Care, Dare, Deliver – which form the core of our company culture and ways of working. We always operate in compliance with applicable laws and regulations and are committed to ethical business conduct. We promote a culture in which our employees and business partners are encouraged to do the right thing and to raise concerns if they suspect or observe any instances of unethical behavior or non-compliance. We see our ethics and compliance focus and work as key to our efforts to counter the negative impacts of corruption and other unethical business practices on people, societies and the environment.

We operate in 37 countries and 107 operating locations around the world, including in markets which may entail a higher exposure to compliance risks, such as corruption, trade sanctions violations, or other unethical business practices. We acknowledge that, as a global company, it is essential to maintain solid risk management procedures to mitigate any potential or possible negative impacts our operations may have across our value chain.

Huhtamaki's policies on business conduct

The key policies forming the basis of our Ethics and Compliance work and demonstrating the Huhtamaki's commitment to ethical business conduct are:

- Huhtamaki Code of Conduct
- Code of Conduct for Huhtamaki Suppliers
- Group Anti-corruption Policy
- Group Competition Compliance Policy
- Group Corporate Governance Policy
- Group Data Privacy Policy
- Group Insider Policy
- Group Speak Up and Investigations Policy
- Group Trade Sanctions Compliance Policy

Information disclosed in this section

GRI standards:
205 Anti-corruption
406 Non-discrimination

The Huhtamaki Code of Conduct, approved by the Board of Directors, is a core element of our Global Ethics and Compliance program and the basis for everything we do. The Code of Conduct is a binding set of principles providing guidance for ethical behavior for all our employees, no matter their role or location. It is our compass that supports and guides us to live by our values, comply with applicable laws and regulations, meet internal requirements, and make ethically sound decisions in our daily work.

In 2023, we initiated a project to renew the Huhtamaki Code of Conduct, along with related training programs and supporting materials. Our guiding principles for renewing the Code of Conduct were to make it Huhtamaki specific, relatable for every Huhtamaki employee, inclusive, and easy to understand and apply in practical day-to-day situations. The renewed Huhtamaki Code of Conduct and related training program will be launched to all our employees and external stakeholders during the first half of 2024.

Processes and actions on ethics and compliance

Our commitment to Ethics and Compliance

Huhtamaki's Global Ethics and Compliance program focuses on our commitment to integrity and compliance across our global organization. The program supports Huhtamaki in operating its business in compliance with applicable laws and regulations, and fulfilling its commitment to ethical business conduct wherever we operate. It ensures that we have solid procedures in place to prevent Huhtamaki from participating in any possible non-compliant or unethical business activities.

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. We want to ensure that the decisions we make today are well informed, sustainable and will withhold scrutiny now and in the future.

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 assists us in responding 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.

Governance and oversight

Huhtamaki's Global Ethics and Compliance team is a Group support function and forms part of the Global Corporate Affairs and Legal organization. The team has the overall responsibility for ensuring that our Global Ethics and Compliance program is well-designed, functioning, developed and implemented. It holds an advisory role that supports Huhtamaki in maintaining its company culture, where business is

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

conducted 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 supports our business by creating policies and procedures to identify and mitigate compliance risks. The team also organizes communication and training 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 internally investigating non-compliance cases. The implementation of the Global Ethics and Compliance program is reported on and followed-up on by the Audit Committee of the Board of Directors and by the Global Executive Team.

Anti-Corruption Program to combat corruption

As a global corporation, we are committed to combatting corruption at all organizational levels by adhering to all applicable anti-corruption laws and regulations and conducting our operations with integrity. At Huhtamaki, all forms of corruption and bribery are strictly prohibited, irrespective of the location of our operations.

Anti-bribery and corruption are an integral part of the Huhtamaki Code of Conduct and the Code of Conduct for Huhtamaki Suppliers. In 2023, we continued the implementation of our Anti-Corruption Program launched in 2022 by organizing targeted trainings and communications. These efforts are designed to ensure that every Huhtamaki employee understands where corruption risks may occur and how to behave in such situations. In line with our Group Anti-corruption Policy, which is consistent with the United Nations Convention against Corruption, our employees are expected to exercise due care in situations where corruption risks may arise, such as when dealing with intermediaries and other similar third parties, accepting or providing gifts and hospitality, or when interacting with government officials.

As part of the Anti-Corruption Program's implementation, we also conducted an in-depth risk assessment to evaluate potential corruption risks and to validate their likelihood and severity for Huhtamaki's operating countries and global entities. Based on the results of the risk assessment and actual findings, we target additional measures in areas identified as higher-risk such as conflict of interest situations and cases where third party intermediaries are being used.

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. Huhtamaki acknowledges the potential negative impacts of corruption on the local communities affected by Huhtamaki's business and is committed to mitigating corruption risks to minimize adverse impacts on the upholding of human rights, especially in high-risk corruption countries.

Furthermore in 2023, we assessed ethics and compliance risks in more detail to support our ERM assessment. While the risk of corruption and bribery in general are considered to be 'medium-low' in the 2023 ERM assessment, corruption, together with potential trade sanctions violations, were identified to be the most severe compliance risks both from a financial impact and a reputational damage point of view.

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 to respond to any ethical dilemmas. Regular communication and training are a crucial part of raising awareness of our Ethics and Compliance program and our expectations for our employees and business partners. All Huhtamaki employees, including also part-time, temporary and fixed-term employees, are required to complete an annual Huhtamaki Code of Conduct online training 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 currently available in 26 languages. The Code of Conduct training was completed by 97.4% (2022: 94.5%) of employees globally in 2023.

In addition to the online training, an in-depth e-learning course on anti-trust and competition compliance is mandatory for employees who interact with third parties, such as customers or suppliers. Furthermore, an e-learning program on data privacy and information security is mandatory for selected employees working in EU countries. These online courses form part of the annual Ethics and Compliance training program. All line managers are asked to confirm, as part of the year-end HR review process, that their team members have completed all mandatory Ethics and Compliance trainings, including the Code of Conduct e-learning course. The year-end HR review process is a prerequisite for receiving a potential short-term incentive.

In 2023, we focused on raising awareness around integrity and ethical business conduct, as well as of critical program areas such as anti-corruption and trade sanctions compliance to our leadership teams and to local management team members. Additionally, employees in central positions, such as those working in sales, finance and procurement, were invited to discuss and review case examples of selected compliance topics. These included e.g., ethical business culture, anti-corruption, trade sanctions compliance, conflict of interest situations, and gifts and hospitality. These face-to-face compliance workshops were conducted in selected locations such as South Africa, the UAE, Australia, Italy, Luxembourg and Germany. Our risk assessments are always considered when designing our training programs and focus points.

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. For us, culture of open discussion is a key factor for preventing non-compliance and ensuring that appropriate actions can be taken if needed.

Huhtamaki maintains multiple channels for voicing concerns and speaking up when suspecting or observing non-compliance. These non-compliance instances include breaches of the Code of Conduct or other Huhtamaki policies and internally binding guidelines, or violations of applicable laws and regulations. In cases of suspected or observed non-compliance, employees can report to their manager, legal counsels, human resources representatives, or directly to the Global Ethics and Compliance team.

In cases where direct reporting is not possible or not preferred, employees can report any suspected or observed non-compliance also through the Huhtamaki Speak Up channel. This is a global, online whistleblowing system operated by an external service provider and managed by the Huhtamaki Global Ethics and Compliance team. Our Speak Up channel is available to all Huhtamaki employees, suppliers, customers and other stakeholders, and can be accessed by visiting the website at: https://report.whistleb.com/Huhtamaki. In some countries, reports can also be submitted via local reporting channels. Huhtamaki does not tolerate any form of retaliation against a person who reports noticed or suspected misconduct in good faith and is committed to making sure that they are protected from retaliation for their reports. However, making knowingly false accusations may lead to disciplinary actions being taken.

Actions to address unethical business practices

During 2023, a total of 34 (2022: 41) cases of suspected misconduct were reported to the Global Ethics and Compliance team, either directly or through our whistleblowing channels. The majority of the investigated alleged non-compliances were related to conflict-of-interest situations, harassment or discrimination and health and safety concerns. Out of the 34 investigated non-compliance cases, seven cases were categorized as alleged core violations in accordance with internal classification criteria. Additionally, during 2023, a total of 30 local grievance cases were reported and managed through the relevant local grievance mechanisms. These mechanisms aim to ensure that, in addition to Group-level non-compliance investigations, we have effective local processes to address 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, brought to the attention of the Global Ethics and Compliance were, in accordance with the Group Speak Up and Investigations Policy, investigated and reported to the Ethics and Compliance Committee and the Audit Committee of Board of Directors. This Policy provides a framework 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 are taken as needed. Based on investigations, 55% of cases closed in 2023 were found to be either substantiated or partially substantiated. Out of the 34 alleged non-compliance cases investigated during the reporting period, there were two partially confirmed harassment or discrimination instances. In both cases, a formal investigation was conducted, and disciplinary actions were taken accordingly. There were no confirmed 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 all investigated non-compliances, four employment contracts and three business relationships were terminated. The Huhtamaki Ethics and Compliance Committee, the Audit Committee of the Board of Directors and members of the Global Executive Team 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 and detect potential misconduct early. We consider open discussion culture, a commitment to non-retaliation, and a clear process for handling investigations and possible violations being the foundations for building a culture where our employees feel comfortable in raising concerns.

Alleged compliance violations

	2023	2022
Harassment or discrimination	6	4
Inappropriate behavior	3	5
Human rights concern	2	1
Environment, health and safety concern	5	2
Conflict of interest	9	6
Unethical business practices	2	3
Misuse or misappropriation of assets	3	7
Financial concern, wrong accounting practices	2	6
Other violations	2	7
Total	**34**	**41**

Responsible Procurement

Targets	Performance in 2023
We are committed to working with responsible suppliers across all our operations	• 97.8% of our active, approved key suppliers have committed to the standards outlined in the Code of Conduct for Huhtamaki Suppliers • 22 third-party sustainability audits were reviewed in 2023

At Huhtamaki, our supplier networks consist of global key suppliers and a large number of local partners located close to our manufacturing units. We work with approximately 20,000 suppliers globally, who provide a range of goods and services that enable us to manufacture and deliver packaging solutions to our customers close to where they need them. The main materials we source are paperboard, recycled fiber, plastics and chemicals. We also source goods and services such as energy, secondary packaging and logistics services. Procurement is partially done centrally in each business segment and partially at the local manufacturing unit level. There have not been any significant changes to our supply chain in 2023.

We recognize that our business can have both positive and negative impacts on people and the planet, including through our supply chains. For example, there may be impacts on the human rights of workers in our suppliers' operations, or on the rights of potential vulnerable groups affected by our suppliers' operations. There also could be environmental impacts resulting from our suppliers' operations, or potential unethical business dealings occurring within our supply chains. We are committed to the continuous improvement of our supplier due diligence efforts, consistent with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and other guiding frameworks.

In 2023, we continued our core due diligence activities while strengthening the foundational elements of our approach, which involved updating our standards and implementing new policies and principles. We have also begun to design and implement a broader third-party ESG due diligence approach. This approach will systematically expand our screening, monitoring and remediation activities beyond our key suppliers, while still maintaining our current practices focused on our key suppliers, comprising about 80% of our supplier spend.

The following covers our general supply chain due diligence standards, policies and practices. Because fiber-based materials are the primary raw materials we purchase, we have more specific sourcing requirements for fiber sourcing, which are described in more detail on page 169.

We promote the following UN Sustainable Development Goals:

Information disclosed in this section

GRI standards:
308 Supplier environmental assessment
414 Supplier social assessments

Huhtamaki's policies for suppliers

In 2023, we set out to further articulate our due diligence approach by updating existing policies and introducing new global procurement policies and principles for our businesses.

Code of Conduct for Huhtamaki Suppliers

The Code of Conduct for Huhtamaki Suppliers sets out our expectations towards our business partners and standards regarding respect for human rights, working conditions, environmental sustainability and ethical business conduct, which our suppliers and other business partners are expected to adhere to. It is a foundational document upon which our due diligence approach is based. The code was updated in 2023, with the approval of the Global Executive Team. The document is publicly available on our company webpage.

Group Guiding Principles for Responsible Procurement

Huhtamaki also approved Group Guiding Principles for Responsible Procurement in 2023. Approved by the business presidents, these principles lay out our commitment to managing and addressing our upstream risks and impacts to people, societies and the environment, in line with international frameworks such as the UN Guiding Principles on Business and Human Rights.

Huhtamaki Group Procurement Policy

The Global Executive Team also approved a Group Procurement Policy in 2023. Having such a policy reaffirms our commitment to ethical procurement practices and leaves no room for doubt that this commitment spans all areas of our global business. The procurement policy lays out the principles, controls and behaviors that must be followed when conducting procurement activities or interacting with suppliers, with responsible procurement embedded within.

Supply chain due diligence

Our suppliers are expected to abide by the standards set out in the Code of Conduct for Huhtamaki Suppliers. In turn, suppliers are also responsible for their own suppliers' compliance with these requirements.

Our current supply chain due diligence processes are based on the following key elements:

- Communicating the Code of Conduct for Huhtamaki Suppliers
- Initial risk assessment
- Ongoing screening and monitoring
- Supplier assessments

Our focus in 2023 has been on strengthening our foundation so that we have a clear understanding and vision of appropriate third party ESG due diligence, which is grounded in the UN Guiding Principles.

This work has primarily been guided by a working group comprising representatives from our Sustainability, Sourcing and Global Ethics and Compliance teams. The group met regularly throughout 2023 to focus on improvements to our current due diligence practices. The group led the development of Guiding Principles for Responsible Procurement, a new Group Procurement Policy, an update to the Code of Conduct for Huhtamaki Suppliers, and the harmonization of how we communicate the Code to suppliers. The group also launched a supplier engagement campaign around science-based targets (see page 163 for more information).

In addition, we have maintained our existing supply chain due diligence processes while working to update and expand our efforts beyond our key suppliers. In 2024, we plan to take steps to further strengthen our third-party due diligence governance, including formalizing our escalation procedure in the event that a supplier is involved in a potential high-risk impact that requires high-level remediation or mitigation actions.

Supplier-related actions

Communicating the Code of Conduct for Huhtamaki Suppliers

Communicating the Code of Conduct for Huhtamaki Suppliers is of the utmost importance, so that our expectations of them are understood. We take multiple steps to communicate our standards and are continuously working to broaden our efforts, using a risk-based approach.

The code has been published on our website in 15 languages and dialects. It is incorporated in our General Terms and Conditions for Purchasing and into various steps of our procurement processes. While individual business units track the bulk of suppliers' acceptance of the standards, we also centrally monitor our key suppliers' acceptance of the standards through an online tool.

In 2023, 97.8% of active, approved key suppliers have accepted the standards, either by accepting our code or demonstrating they have equivalent standards already in place. The remaining suppliers were exempted from the supplier code acknowledgement requirement, due to the nature of their business with Huhtamaki. With those suppliers, we do review their standards and policies against Huhtamaki standards and conduct ongoing monitoring as described below. We also embarked on cross-departmental efforts to further harmonize our efforts to communicate the code to suppliers which will continue into 2024.

Initial risk assessment

Because of our large number of suppliers and the complexity of our operations, we have historically assessed our suppliers by size of spend, strategic importance, location and supplier type as a first filter for understanding our suppliers' potential impacts on people and the environment, as well as business risk. We label this group "key" suppliers, and they comprise about 80% of Huhtamaki's spend. Based on this initial assessment, key supplier due diligence is managed centrally using a tiered due diligence approach that focuses more time and resources on areas where the risks are deemed greater.

In 2023, this approach continued to develop in line with practices consistent with the UNGPs. To identify and focus on areas where we understand our risks to people and the environment are greatest, we expanded our established risk criteria based on location, supplier type and size of supplier, deprioritizing the size of supplier spend. Our intention is for a greater number of higher-risk suppliers to be directed into our centrally managed, tiered due diligence program. We will pilot this new approach in 2024.

Ongoing screening and monitoring

A central part of Huhtamaki's due diligence process involves supplier screenings. Currently, key suppliers undergo ongoing screening and monitoring 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, the tool 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.

During 2023, we received 140 alerts covering 54 active suppliers, including eight false positives. The alerts spanned topics including trade disputes, litigation alleging adverse human rights or environmental impacts, and government enforcement actions. Our sourcing teams and experts discussed the cases. If these were linked to Huhtamaki operations, they were brought up with the identified suppliers to request further clarification or mitigating actions. We evaluated supplier responses internally and documented our decisions. Eight alerts involving four suppliers were still under review at the end of 2023. The remaining supplier responses were deemed sufficient, and no business relationships were terminated. Moving forward, our ongoing screening and monitoring is expected to expand beyond our key suppliers.

Supplier assessments and audits

In addition to the above measures, we request additional information or assurances from suppliers based on their profile risk level, calculated through our third party ESG due diligence tool. This is most often conducted through questionnaires, self-assessments, or third-party ethical audits. These are reviewed and tracked for follow up if remediation or corrective actions are necessary.

Currently these measures focus on key suppliers. In 2023, we also took steps toward broadening the scope to include additional higher-risk suppliers, which we plan to begin implementing in 2024.

Supplier questionnaires

The tool mentioned in the above sections is also used for deploying an ESG questionnaire based on the supplier's risk categorization. Supplier responses to the questionnaire are reviewed internally when a flag is raised, and further due diligence is conducted when deemed necessary.

Currently, 94.4% of our key suppliers representing approximately 80% of our main procurement spend, have completed this process. Of those, 2.9% are exempt, with the remaining still in process. While our supply base is largely stable with little fluctuation, 7.6% of screened and monitored suppliers were newly added to the due diligence tool in 2023. In aggregate, the initial profile risks of our key suppliers were: 1.5% high risk, 64.6% medium risk, 33.9% low risk.

In 2023, we updated the ESG due diligence questionnaires to include additional questions focusing on social and environmental due diligence. The updated questionnaires will be piloted in 2024 as part of our phased expansion of our due diligence scope beyond key suppliers.

Supplier self-assessments and visits

In addition to ESG questionnaires, we audit our suppliers' sites regularly. Our supplier audits primarily focus on matters of quality, but we also use different approaches to understand our suppliers' environmental, social and governance performance.

Our main approach is to request detailed self-assessments and third-party sustainability audits from selected higher-risk suppliers. We do this to better assess our suppliers' manufacturing sites against labor standards, health and safety, environmental and business ethics criteria. This occurs primarily through Sedex, a responsible sourcing platform where suppliers and customers can share and analyze audit findings and Self-Assessment Questionnaires (SAQs), as well as track corrective actions and other improvements.

Our 2023 sustainability audits focused on key raw material and traded good suppliers in China, with additional higher-risk suppliers in India, Indonesia, Malaysia and South Africa. Altogether, we assessed 22 supplier third-party audit results in 2023, up from 13 in 2022.

Some of the main instances of non-compliances found in 2023 were inadequate health and safety measures and the excessive use of overtime. In China, inconsistencies regarding payments into legally mandated social insurance programs also surfaced. Over the course of the year, we have been in contact with the suppliers, checking the status of their corrective action plans to address these findings. We continue to monitor our suppliers' efforts and have discussed the findings internally with the relevant sustainability and procurement teams.

For smaller suppliers and others that may not be familiar with Sedex, we have also developed an ESG supplier visit form, which we have piloted in Egypt. It provides a concrete checklist to note observations and communicate corrective actions during supplier visits and is primarily intended to assist in starting a dialogue with the supplier on the importance of the standards outlined in the Code of Conduct for Huhtamaki Suppliers.

In the future, we aim to further incorporate supplier self-assessments and visits, including the selective use of human rights impact assessments when appropriate into our overall risk mitigation approach.

Read more about our approach to human rights due diligence and related processes on pages 183–185.

Economic responsibility

Huhtamaki's ambition is to be the first choice in sustainable packaging solutions, driven by innovation and operational performance. With our 2030 strategy, focused on scaling up profitable core businesses, developing blueloop™ sustainable innovation in partnership with customers and driving world-class competitiveness, we aim to deliver sustainable, profitable growth. Huhtamaki has several long-term financial ambitions. We aim for 5–6% comparable growth and a 10–12% Adjusted EBIT margin. In addition, our ambition is to maintain a Net debt/Adjusted EBITDA ratio of 2–3 and to pay a dividend equivalent to 40–50% of our profit.

In 2023, the economic value generated by the Group was EUR 1,539 million (EUR 1,511 million) of which EUR 1,107 million (EUR 1,038 million) was distributed to stakeholders and EUR 432 million (EUR 473 million) was retained in the Group for operational development and further growth. The Group achieved -2% organic and no acquisitive growth. Adjusted EBIT margin, excluding items affecting comparability (IAC) of EUR -11.7 million, was 9.4%. Dividends paid to shareholders correspond to a 40% payout ratio (of 2022 profits).

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 the tax deductions enabled by local tax regulations. The Group's tax expenses in 2023 increased to 87 EUR million (EUR 67 million) and paid taxes amounted to EUR 84 million (EUR 71 million). The corresponding tax rate was 28% (19%).

In intercompany business transactions, we comply with OECD guidelines on transfer pricing. Intersegment net sales were EUR 10 million (EUR 21 million), corresponding to 0.2% of the Group's net sales. Our business decisions are made with our strategy, financial ambitions, sustainability and commercial environment in mind, all while striving to better serve our customers. While taxation is one factor to be considered, it is not a dominant factor.

Direct economic value generated and distributed

EUR million	2023	2022	2021
Customer			
Net sales	4,169	4,479	3,575
Suppliers			
Purchases	2,630	2,968	2,305
Economic value generated	1,539	1,511	1,270
Personnel			
Personnel expenses	846	820	710
Shareholders			
Dividends	105	98	96
Debt investors			
Financial expenses	69	53	33
Public sector			
Taxes	87	67	60
Economic value distributed	1,107	1,038	899
Economic value retained in the Group	432	473	371

Information disclosed in this section

GRI standards:
201 Economic performance

Appendices

Reporting principles and scope

This 2023 Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, as well as the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry.

This Sustainability Report also describes our progress in 2023 on the ten principles of the UN Global Compact in the areas of human rights, labor rights, the environment and anti-corruption principles, and with UN Sustainable Development Goals.

The adjacent table on the right lists the relevant GRI and SASB standards for each material topic.

The report contains information on Huhtamaki's sustainability performance in the period January 1–December 31, 2023. Some indicators also include historical data. The previous Sustainability Report 2022 was published on the 1st of March 2023. The Sustainability Report and financial statements follow the same reporting timeline and are published annually by calendar year.

PwC, an independent third party, has provided limited assurance on selected KPIs that we report and on the compliance status 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 205.

This Sustainability Report follows the same consolidation principles as Huhtamaki Financial Statements 2023 and covers all four reporting business segments. 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.

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 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	Employee development	GRI 401 Employment GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity
	Food safety, availability and affordability	GRI 416: Customer Health and Safety 2016
	Health and safety	GRI 403: Occupational Health and Safety 2018
	Human rights	GRI General Disclosures 2-23, 2-24, 2-30
	Local communities	GRI 413: Local Communities
Ethics and governance	Economic prosperity	GRI 201: Economic Performance
	Unethical business, including corruption	GRI 205 Anti-corruption GRI 406 Non-discrimination

All our manufacturing locations (77) are included in our sustainability reporting. At the end of 2023, we manufactured the Foodservice E-A-O segment's products in 24 locations, the Fiber Packaging segment's products in 11 locations, the Flexible Packaging segment's products in 24 locations and the North America segment's products in 18 locations. Several technologies can be manufactured at a single location. In our health and safety reporting, we also include our three fiber supply units, nine distribution centers, 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 2023, one new manufacturing unit was opened and five units were closed in India. Two existing units (in the US and South Africa) ramped up their reporting capabilities and started reporting on environmental KPIs.

Data collection and measurement

In this report, metric tons are used as the mass unit. The 2023 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 that do not produce food contact materials.

The data on our supply chain is based on key suppliers – the definition of key supplier can be found on page 196. 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 this purpose. Financial information originates from our financial reporting processes.

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. 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 global HR information system, which is used by all Huhtamaki countries. Employee and other HR data in this report is disclosed as end-of-year figures unless stated otherwise.

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 v19 (04/2023) - eGRID2021 library. In the reported Scope 2 emissions, the emissions from steam, district heating and cooling were calculated using the emission factors of GaBi v16 (10/2023) library. To calculate Scope 2 emissions from purchased electricity, two methods were used. The emission factors of GHG Protocol/IEA v19 (04/2023) - eGRID2021 were used in calculating the location-based emissions. To calculate market-based emissions, supplier-specific emission factors were used for the sites where those were available, and the emission factors of Residual Mixes 11.0 (09/2023) and GHG Protocol/IEA v19 (04/2023) - eGRID2021 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 2022 Annual Report.

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 of 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 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, will continue in 2024.

Huhtamaki has excluded from Scope 3 calculation categories 8, 10, 11, 13, 14 and 15. Huhtamaki operates a small amount of leased electric trucks as well as leased cars. The emissions related to factory space are included in scopes 1 and 2. Also the emissions related to office spaces are mostly captured in scopes 1 and 2. Hence, the emissions of category 8 have been estimated to be insignificant compared to overall emissions in the reporting year. Category 10 has been assessed as not relevant as Huhtamaki only sells finished products, not intermediate. Category 11 is assessed to be not relevant, as the use of Huhtamaki's products doesn't cause any direct emissions. Category 13 is assessed as not relevant, as Huhtamaki owns no leased assets operated by other entities in the reporting year. Category 14 has been assessed as not relevant, as Huhtamaki has no franchising business in the reporting year. Category 15 has been assessed as not relevant, as emissions of investments made by Huhtamaki are included in scopes 1 and 2.

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

Site information				Biodiversity value characterization		
Country	Site name	Coordinates (Lat, Long)	Site area (m^2)	Position in relation to the high biodiversity value area	Biodiversity area classification: key biodiversity area (KBA) or protected area (PA)	Ecosystem of PA or KBA
Australia	Windsor	-33.620671 150.809905	52,000	In the area	KBA (1 area)	Terrestrial
				Adjacent to*	PA: National (1 area)	Terrestrial Freshwater
Brazil	Natal	-25.3832 -49.806	21,083	Adjacent to	PA: National (1 area)	Terrestrial
	Palmeira	-25.335203 -49.926301	15,000	In the area	PA: National (1 area)	Terrestrial Freshwater
Czech Republic	Okrisky	49.256995 15.7799	15,000	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
	Prague	50.102518 14.526931	6,826	Adjacent to	PA: National (2 areas)	Terrestrial Freshwater
Finland	Hämeenlinna	60.972299 24.528853	67,517	Adjacent to	PA: National (13 areas), Natura 2000 (2 areas)	Terrestrial Freshwater
France	La Rochelle	46.323777 -0.949894	34,180	In the area	PA: National (1 area) KBA (1 area)	Terrestrial, Marine
				Adjacent to	PA: Natura 2000 (1 area)	Marine
Germany	Alf	50.058787 7.104046	30,000	In the area	PA: National (1 area), Natura 2000 (1 area) KBA (1 area)	Terrestrial
				Adjacent to	KBA (1 area)	Terrestrial
India	Sikkim (label)	27.188797 88.503788	1,394	Adjacent to	KBA (1 area)	Terrestrial
Ireland	Ennis (Cupprint)	52.875 -8.913585	7,432	Adjacent to	PA: Natura 2000 (3 areas), Ramsar site (1 area) KBA (1 area)	Terrestrial, Freshwater, Marine
Italy	Tortona	44.854002 8.855694	38,000	Adjacent to	PA: Natura 2000 (1 area)	Terrestrial Freshwater
Mexico	Tultitlan	19.645693 -99.155857	33,492	Adjacent to	PA: National (1 area)	Terrestrial Freshwater

*Adjacent to (within 4 km)
GRI disclosure 304-1 a. ii. is not disclosed as it is not relevant
GRI disclosure 304-1 a. iv.: Type of operations. All sites in the list are manufacturing sites.

Site information				Biodiversity value characterization		
Country	Site name	Coordinates (Lat, Long)	Site area (m²)	Position in relation to the high biodiversity value area	Biodiversity area classification: key biodiversity area (KBA) or protected area (PA)	Ecosystem of PA or KBA
Netherlands	Leeuwarden	53.194133 5.849975	9,200	Adjacent to	PA: National (2 areas), Natura 2000 (1 area) KBA (2 areas)	Terrestrial Freshwater Marine
New Zealand	Otahuhu	-36.958918 174.860789	29,500	Adjacent to	KBA (3 areas)	Terrestrial, Marine
Poland	Czeladz	50.315974 19.100283	36,200	Adjacent to	PA: National (3 areas)	Terrestrial Freshwater
Saudi Arabia	Dammam (Appco)	26.395435 50.147206	31,500	Adjacent to	PA: National (1 area) KBA (1 area)	Terrestrial, Marine
South Africa	South Africa (Verulam, Durban)	-29.650483 31.046815	17,900	Adjacent to	KBA (2 areas)	Terrestrial
	South Africa (Verulam, Durban - Gravure)	-29.629077 31.050923	5,500	In the area	KBA (1 area)	Terrestrial
				Adjacent to	KBA (1 area)	Terrestrial
	Verulam Fiber	-29.6289 31.04953	17,830	In the area	KBA (1 area)	Terrestrial
				Adjacent to	KBA (1 area)	Terrestrial
	South Africa (Verulam, Durban - Prepress)	-29.627794 31.050671	662	In the area	KBA (1 area)	Terrestrial
				Adjacent to	KBA (1 area)	Terrestrial
	Atlantis	-33.591404 18.479801	40,846	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
Spain	Nules	39.840802 -0.160112	63,061	Adjacent to	PA: National (1 area), Natura 2000 (1 area) KBA	Terrestrial Freshwater
Thailand	Samutsakorn	13.558779 100.232183	48,421	In the area	KBA (1 area)	Terrestrial Freshwater
	New Samutsakorn	13.548698 100.2304	30,040	In the area	KBA (1 area)	Terrestrial Freshwater
Turkey	Istanbul	41.076451 28.647907	5,924	Adjacent to	KBA (1 area)	Terrestrial, Marine
	Istanbul	41.046951 28.634471	116,500	Adjacent to	KBA (1 area)	Terrestrial, Marine

*Adjacent to (within 4 km)
GRI disclosure 304-1 a. ii. is not disclosed as it is not relevant
GRI disclosure 304-1 a. iv.: Type of operations. All sites in the list are manufacturing sites.

Site information				Biodiversity value characterization		
Country	Site name	Coordinates (Lat, Long)	Site area (m²)	Position in relation to the high biodiversity value area	Biodiversity area classification: key biodiversity area (KBA) or protected area (PA)	Ecosystem of PA or KBA
UK (England)	Gosport	50.813628 -1.158772	106,500	Adjacent to	PA: National (5 areas), Natura 2000 (1 area), Ramsar site (2 areas) KBA (2 areas)	Terrestrial, Freshwater, Marine
	Blackburn	53.734815 -2.44822	32,000	Adjacent to	PA: National (1 area)	Terrestrial, Freshwater
UK (Northern Ireland)	Antrim	54.733519 -6.238634	47,106	Adjacent to	PA: Ramsar Site (1 area) KBA (1 area)	Terrestrial, Freshwater
	Belfast	54.578927 -5.974854	35,410	Adjacent to	PA: National (9 areas), Ramsar Site (1 area) KBA (1 area)	Terrestrial, Marine, Freshwater
United States of America	De Soto	38.96295 -94.9722	263,046	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
	Franklin	39.574575 -84.263222	101,062	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
	Fulton	43.315293 -76.412229	91,094	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
	Goodyear	33.408165 -112.431115	352,077	Adjacent to	PA: National (1 area) KBA (1 area)	Terrestrial, Freshwater
	Hammond	41.593313 -87.479465	131,129	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
	Lewiston	44.142686 -70.163452	47,145	Adjacent to	PA: National (1 area)	Terrestrial Freshwater
	New Vienna	39.321283, 83.684616	161,874	Adjacent to	PA: National (1 area)	Terrestrial, Freshwater
	Paris	33.678787 -95.56346	222,577	Adjacent to	PA: National (1 area)	Terrestrial, Freshwater

*Adjacent to (within 4 km)
GRI disclosure 304-1 a. ii. is not disclosed as it is not relevant
GRI disclosure 304-1 a. iv.: Type of operations. All sites in the list are manufacturing sites.

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 2023 to 31 December 2023, disclosed in the Huhtamaki Annual Report 2023 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 Index, which are included in the Sustainability section in the Company’s Annual Report 2023.

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 2023 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 and quality management

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 Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 two remote site visits with Palmeira site in Brazil and Coleman site in US and an on-site visit to Tortona site in Italy.
- 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 2023 to 31 December 2023 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, 7 February 2024
PricewaterhouseCoopers Oy

Mikael Niskala
Partner
ESG Reporting & Assurance

GRI content index

Statement of use		Huhtamaki Group has reported in accordance with the GRI Standards for the period 1.1.2023–31.12.2023.			
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	p. 45			
	2-2 Entities included in the organization's sustainability reporting	pp. 45, 200–201	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	pp. 200–201	This report was published on February 27, 2024.		
	2-4 Restatements of information	p. 200	Restatements are mainly reported as footnotes to the relevant data tables.		
	2-5 External assurance	p. 205			
	2-6 Activities, value chain and other business relationships	pp. 5, 9–12, 39, 146, 188–189, 195–197	There have been no significant changes to Huhtamaki's activities or value chain in 2023.		
	2-7 Employees	pp. 175–176, 201	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	p. 176			●
	2-9 Governance structure and composition	pp. 113, 115–121			
	2-10 Nomination and selection of the highest governance body	p. 114			
	2-11 Chair of the highest governance body	p. 115			
	2-12 Role of the highest governance body in overseeing the management of impacts	pp. 120–121, 142			
	2-13 Delegation of responsibility for managing impacts	pp. 121, 142			
	2-14 Role of the highest governance body in sustainability reporting	pp. 120–121, 142			
	2-15 Conflicts of interest	p. 119			
	2-16 Communication of critical concerns	p. 194			
	2-17 Collective knowledge of the highest governance body	pp. 120, 142			
	2-18 Evaluation of the performance of the highest governance body	p. 120			

GRI standard/Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
	2-19 Remuneration policies	pp. 129, 132			
	2-20 Process to determine remuneration	pp. 129–130			
	2-21 Annual total compensation ratio	p. 130	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	p. 4			
	2-23 Policy commitments	p. 143			
	2-24 Embedding policy commitments	pp. 143, 161, 168, 170, 177, 183, 186, 191, 196			
	2-25 Processes to remediate negative impacts	pp. 143, 185, 191–194			
	2-26 Mechanisms for seeking advice and raising concerns	pp. 193–194			
	2-27 Compliance with laws and regulations	p. 194			
	2-28 Membership associations	p. 147			
	2-29 Approach to stakeholder engagement	pp. 146–147			
	2-30 Collective bargaining agreements	p. 178			●
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 144			●
	3-2 List of material topics	pp. 144–145			●
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 198			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 198		8	
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 191–194			●
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 193			●
	205-2 Communication and training about anti-corruption policies and procedures	p. 193			●
	205-3 Confirmed incidents of corruption and actions taken	p. 194			●
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 149–155		8, 12, 15	●
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 151		8, 12, 15	●
	301-2 Recycled input materials used	p. 151		8, 12, 15	●

GRI standard/Other source	Disclosure	Location	Comments and omissions	Relevant SDGs	Assurance
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 160–167		8, 12, 13	●
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pp. 166–167		8, 12, 13	●
	302-3 Energy intensity	pp. 166–168		8, 12, 13	●
	302-4 Reduction of energy consumption	pp. 166–169		8, 12, 13	●
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 170–172		6, 12	●
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pp. 170–173		6, 12	●
	303-2 Management of water discharge-related impacts	pp. 170–174		6, 12	●
	303-3 Water withdrawal	p. 172		6, 12	●
	303-4 Water discharge	p. 172		6, 12	●
	303-5 Water consumption	p. 172		6, 12	●
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 168–169		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	pp. 202–204		6, 15	●
	304-2 Significant impacts of activities, products and services on biodiversity	pp. 168–169		6, 15	●
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 160–167		12, 13, 15	●
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 165		12, 13, 15	●
	305-2 Energy indirect (Scope 2) GHG emissions	p. 165		12, 13, 15	●
	305-3 Other indirect (Scope 3) GHG emissions	p. 165		12, 13, 15	●
	305-4 GHG emissions intensity	p. 164		12, 13, 15	●
	305-5 Reduction of GHG emissions	pp. 163–165		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	pp. 152–153, 156, 158–159		12, 13, 15	●
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 152–153		12, 13, 15	●
	306-2 Management of significant waste-related impacts	pp. 152–153, 156, 158–159		12, 13, 15	●
	306-3 Waste generated	p. 156		12, 13, 15	●
	306-4 Waste diverted from disposal	p. 156		12, 13, 15	●
	306-5 Waste directed to disposal	p. 156		12, 13, 15	●
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 195–197		6, 12, 13, 15	●
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	pp. 196–197	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	pp. 168–169		6, 12, 13, 15	●
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 174–181		8	●
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pp. 174–175		8	●
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 174, 179–180, 182		8	●
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pp. 179–180		8	●
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 179–180		8	●
	403-3 Occupational health services	pp. 179–180		8	●
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 179–180		8	●
	403-5 Worker training on occupational health and safety	pp. 179–180		8	●
	403-6 Promotion of worker health	pp. 179–180		8	●
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 179–180		8	●
	403-8 Workers covered by an occupational health and safety management system	p. 187		8	●
	403-9 Work-related injuries	p. 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	pp. 178–179		8	●
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	p. 179		8	●
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 175–177, 181		8	●
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 176		8	●
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 191–194		8	●
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 194		8	●
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 188–189		8	●
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 195–197		8	●
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	pp. 196–197	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	pp. 186–187		12	●
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	pp. 186–187		12	●
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	pp. 186–187		12	●
Huhtamaki's own KPI's	Zero food contact compliance related claims reported	p. 186		12	●
	All our products comply with Huhtamaki's Global Food Safety Policy	p. 186		12	

SASB index

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	pp. 163, 165	●
	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.	pp. 160–164	●
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 164. 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	pp. 166–167	●
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 172. 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	pp. 170–172	●
	RT-CP-140a.3	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	p. 172	●
Waste management	RT-CP-150a.1	Amount of hazardous waste generated, percentage recycled	p. 156	●
Product safety	RT-CP-250a.1	Number of recalls issued, total units recalled	There were no product recalls in 2023.	●
	RT-CP-250a.2	Discussion of process to identify and manage emerging materials and chemicals of concern	pp. 186–187	●
Product lifecycle management	RT-CP-410a.1	Percentage of raw materials from: (1) recycled content, (2) renewable resources, and (3) renewable and recycled content	p. 151	●
	RT-CP-410a.2	Revenue from products that are reusable, recyclable, and/or compostable	p. 151	●
	RT-CP-410a.3	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	pp. 149–159	●
Supply chain management	RT-CP-430a.1	Total wood fiber procured, percentage from certified sources	p. 151	●
	RT-CP-430a.2	Total aluminum purchased, percentage from certified sources	p. 151	●
Activity metrics	RT-CP-000.A	Amount of production, by substrate	Page 151. 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	p. 151	●
	RT-CP-000.C	Number of employees	p. 176	●

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