



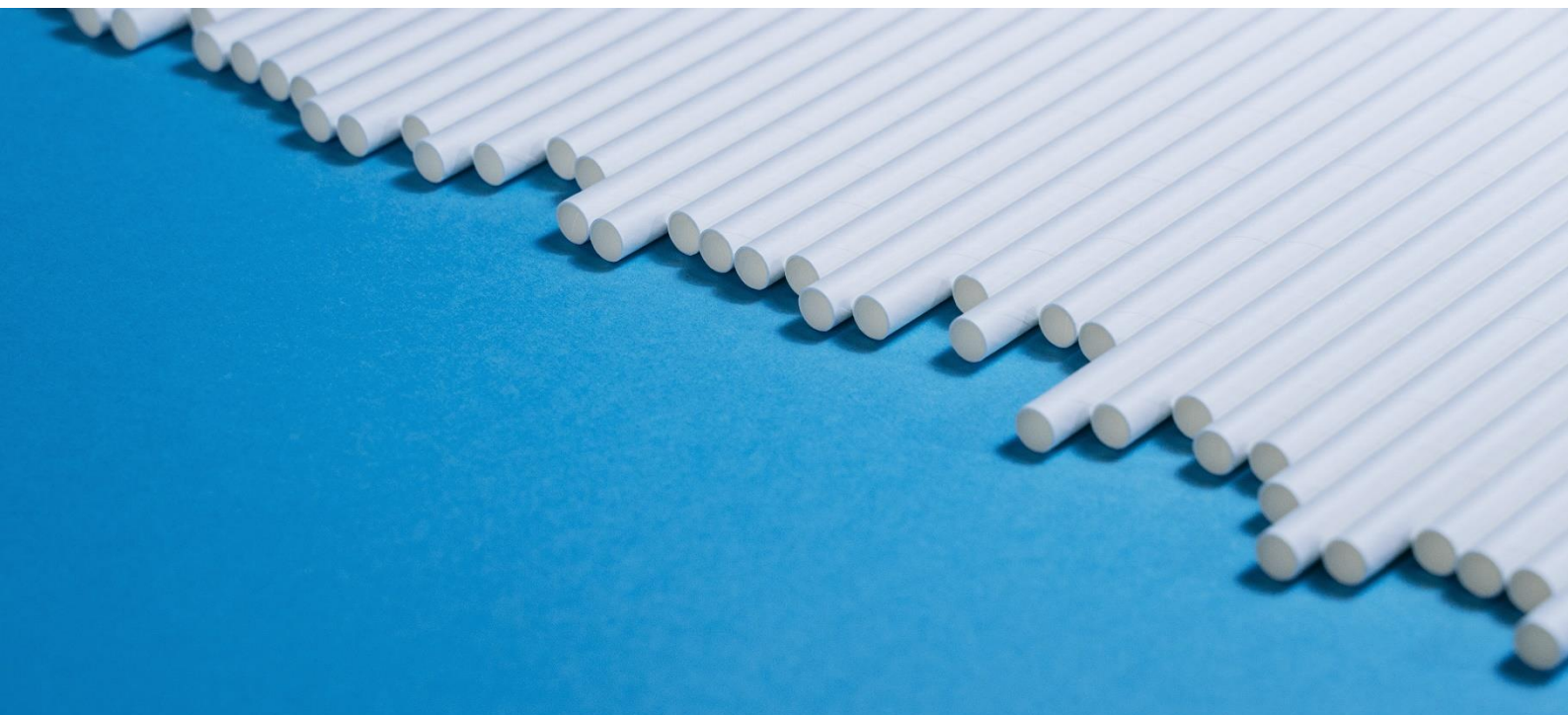
Huhtamaki

Sustainability-Linked Bond Framework

May 2022

Contents

Summary of the Huhtamaki Sustainability-Linked Bond Framework.....	3
1. Introduction	4
1.1. Huhtamaki – Leader in Sustainable Packaging Solutions.....	4
1.2. Huhtamaki’s Corporate Strategy – Protecting food, people and the planet.....	4
1.3. Huhtamaki’s Sustainability Strategy	5
<i>Context.....</i>	<i>5</i>
<i>The 2030 Sustainability Ambition</i>	<i>6</i>
<i>Delivering on our 2030 sustainability ambitions - Climate</i>	<i>7</i>
<i>Delivering on our 2030 sustainability ambitions - Circularity.....</i>	<i>10</i>
1.5. Huhtamaki Sustainability Strategy from external perspective	10
<i>Materiality.....</i>	<i>10</i>
<i>Alignment with international initiatives</i>	<i>11</i>
<i>Recognitions.....</i>	<i>12</i>
2. Sustainability-Linked Bond Framework	13
2.1. Selection of Key Performance Indicators (KPIs).....	13
2.2. Calibration of Sustainability Performance Targets (SPTs).....	15
2.3. Bond Characteristics	16
<i>Trigger Events</i>	<i>16</i>
<i>Fallback Mechanisms.....</i>	<i>17</i>
2.4. Reporting.....	17
2.5. Verification.....	19
2.6. Second Party Opinion.....	19



Summary of Huhtamaki Sustainability-Linked Bond Framework

Rationale for Sustainability-Linked Bond Financing

In this Framework, we have selected to focus on our climate commitments. While our sustainability strategy and ambitions cover a full Environment Social and Governance agenda, we have selected solely climate focused KPIs due to i) the importance of climate and emissions for our stakeholders, ii) this extra focus enhances our ability to make a material difference and drive change internally, in line with our science-based targets. Together this climate-focused SLB Framework and the circularity focused Revolving Credit Facility launched in 2021 provide a comprehensive view of the environmental aspects of our sustainability agenda.

Selection of Key Performance Indicators (KPIs)

KPI 1: Percentage of renewable electricity (%)

KPI 2: Reduction of absolute Scope 1 and 2 GHG emissions



Calibration of Sustainability Performance Targets (SPTs)

SPT 1: Increase the share of renewable electricity to 100% by 2030



Year	2022	2023	2024	2025	2026	2027	2028	2029	2030
SPT 1 – share of renewable electricity in %	20.0%	23.5%	25.0%	27.0%	40.0%	60.0%	80.0%	90.0%	100.0%

The above SPT Trajectory of SPT 1 illustrates the annual SPTs available for securities issued under this Framework. For SPT 1 target setting purposes, 2019 is considered the baseline, in line with SPT 2.

SPT 2: Reduction of absolute Scope 1 and Scope 2 CO₂ emissions by 27.5% by 2030 from 2019 baseline (SBTi verified)

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030
SPT 2 – absolute emission target metric tonnes CO ₂ e	707 000	688 000	669 000	650 000	631 000	611 000	592 000	573 000	554 000
SBTi Target – reduction in %	7.5 %	9.9 %	12.4 %	14.9 %	17.4 %	20.0 %	22.5 %	25.0 %	27.5 %

The above SPT Trajectory of SPT 2 illustrates the annual SPTs available for securities issued under this Framework.

Bond Characteristics

Specific financial characteristics for each Sustainability-Linked Security will be detailed in the final terms of the respective security.

Reporting

The actual KPI performance will be reported in Huhtamaki’s Annual Report (the “Report”). KPI and SPT data, among other non-financial information in the Report, will be reviewed by a qualified independent third party, with relevant expertise as described in section “2.5 Verification”.

Verification

Huhtamaki will ensure an external and independent verification, in the form of a limited assurance, of the performance of the KPIs listed in this Framework, in their progression towards the respective SPTs, on an annual basis (“Verification Assurance Report”).

Second Party Opinion (SPO)

Huhtamaki has obtained a Second Party Opinion from ISS ESG. Amongst other things, it confirms the alignment of this Framework with the Sustainability-Linked Bond Principles June 2020 set out by ICMA.

1. Introduction

1.1. Huhtamaki – Leader in Sustainable Packaging Solutions

With 100 years of history and a solid Nordic heritage, today **Huhtamaki Group (“Huhtamaki”)** is a **key global player in food on-the-go and food on-the-shelf packaging solutions**. Our business model is to convert raw materials into safe, convenient, and fit-for-purpose food packaging for consumers, thereby supporting food availability and at the same time reducing food waste. Huhtamaki operates in 38 countries and 79 manufacturing sites around the world. Our 19,600 employees are working to deliver smart next generation packaging.

Our products offer consumers access to safe, hygienic, and affordable food, as well as convenience, and food waste reduction. **We use three key technologies and packaging types: paperboard conversion for food packaging, molded fiber packaging and flexible packaging.** Mastering three distinctive technologies that we split into three business segments, we develop and make packaging that helps great products reach people anywhere.

Figure 1: Huhtamaki “at a glance”



In 2021 Huhtamaki’s net sales totalled EUR 3.6 billion. Huhtamaki Group has its head office in Espoo, Finland and the parent company Huhtamaki Oyj is listed on Nasdaq Helsinki Ltd since 1959.

1.2. Huhtamaki’s Corporate Strategy – Protecting food, people and the planet

Figure 2: Huhtamaki strategy



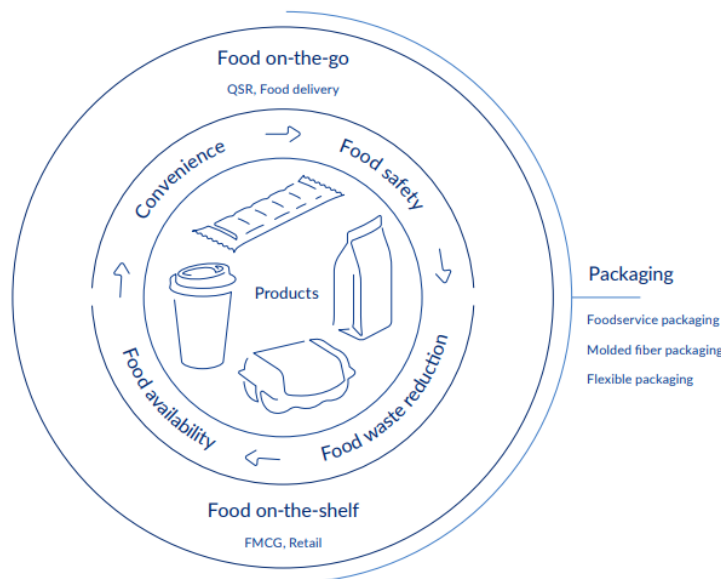
Our objective is to further expand our company globally and develop innovative transformative sustainable packaging with uncompromised quality. Our ambition is to become the first choice in sustainable packaging solutions. We will continue to grow by scaling up our core businesses, expanding in emerging markets, developing sustainable solutions and food delivery packaging, and by focusing on long-term innovation and venturing. Through this, we will become the most reliable solutions-focused partner for our customers. We will become more competitive by digitalizing all our operations, running our manufacturing more efficiently and simplifying the way we work globally to achieve world-class operational performance. We will develop and grow our talent by building strategic capabilities, nurturing our values and a high-performance culture. In this, we are guided everyday by our values: Care, Dare, Deliver.

Our Business Model

Today our customers, consumers, communities and the planet, need our sustainable packaging solutions more than ever before. This gives us a profound responsibility as a business to protect food, people and the planet.

Huhtamaki’s business model is to convert raw materials into safe, convenient and fit-for-purpose food packaging for consumers, thereby supporting food availability and at the same time reducing food waste. The main raw materials used are paperboard, recycled fiber and plastic resins. **Of all the raw materials we use in manufacturing our products, 66 percent are renewable and 98 percent of all our fiber is either recycled or from sustainably managed sources.** The main conversion technologies include cup forming, folded carton, extrusion and lamination, molded fiber, and plastic thermoforming.

Figure 3: Our business model



1.3. Huhtamaki’s Sustainability Strategy

Context

Today’s food ecosystem faces serious challenges. 25 percent¹ of global greenhouse gas emissions come from food systems and one-third² of food produced is lost or wasted. This is where well-designed

¹ Poore and Nemeck (2018)

² UN Environment Programme

packaging can help, by preserving food for longer, preventing food waste and improving food safety. Packaging has a fundamental role in building sustainable and resilient food systems globally. But just as with all innovations, there are challenges to be dealt with. Each year over eight million tons of plastic packaging enters our oceans³ and recycling rates across the globe remain pitifully low.

There is the paradox. On the one hand, society wants to see fewer materials used, less packaging waste and less litter. On the other hand, it also wants safer products, less food waste and a longer shelf life. The debate should not be about more or less packaging. It should be about how we make packaging smarter and more sustainable with better end-of-life management; packaging that considers the full environmental, social and governance impacts. We believe that the value of packaging is more than its impact on the planet and that we can make a difference in the food system value chain in several ways.

Figure 4: How we define sustainability in Huhtamaki

	<p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Raw materials used • Production process • Product end-of-life 	<p>We are driving the transition to a carbon-neutral and circular economy by: using renewable, natural resources, focusing on waste management, ensuring our products are recyclable, compostable or re-useable, and minimizing our environmental footprint across the value chain by designing for circularity and promoting sustainable end-of-use for packaging</p>
	<p>SOCIAL</p> <ul style="list-style-type: none"> • Working conditions • Human rights, fair living wage • Local communities 	<p>Our social responsibility focus is on securing good working conditions across all our operations globally, safeguarding human rights across the entire value chain, paying fair compensation and supporting local communities through donations, volunteering and sponsorships</p>
	<p>GOVERNANCE</p> <ul style="list-style-type: none"> • Global code of conduct • Ethics and compliance • Corporate governance and management policies 	<p>Our global good governance initiatives include ethics and compliance encapsulated on our mandatory Huhtamaki Code of Conduct. The code of conduct sets the framework for how we operate across the world and ensures we implement compliance in everything we do</p>

Our 2030 Sustainability Ambition

Sustainability is key to our 2030 strategy and a key differentiator and accelerator for us at Huhtamaki – we embed sustainability in everything we do. We have outlined several key KPIs which we follow regularly through our sustainability dashboard. While the full extent of our sustainability strategy is significantly broader, **we often summarize our main priorities using six key metrics, focused on climate and circularity.**

³ International Union for Conservation of nature

Figure 5: Sustainability ambition



Huhtamaki science-based targets:



SCIENCE
BASED
TARGETS

Huhtamaki’s Science-based emissions reduction targets were reviewed and validated by the Science-Based Targets initiative (SBTi) in August 2021. They cover one combined target for scope 1 and 2 emissions, and two targets for scope 3 emissions. The targets set are in line with the Paris Agreement with the objective of keeping global warming well

below a 2°C scenario.

Our SBTi approved targets: *“Huhtamaki commits to reduce absolute scope 1 and 2 GHG emissions by 27.5% by 2030 from a 2019 base year. Huhtamaki also commits to reduce absolute scope 3 GHG emissions from end-of-life treatment of sold products by 13.5% within the same timeframe. Huhtamaki commits that 70% of its suppliers by spend covering purchased good and services will have science-based targets by 2026.”*

Delivering on our 2030 sustainability ambitions - Climate

Huhtamaki GHG inventory today

Huhtamaki’s greenhouse gas inventory consists of emissions that are directly attributable to own operations (scope 1 and 2) and those arising from the value chain (scope 3). Today, our own operations account for 20% of total emissions, while 80% arise from other parts in the value chain. Majority of our scope 3 emissions – those arising in the value chain and thus representing scope 1 and 2 for other value chain participants – come from 2 categories: purchased goods and services and product end-of life. Huhtamaki has set clear targets and strategies to address all emissions: those it directly controls (scope 1 and 2) and those where its influence is indirect (scope 3).

Strategy to deliver on ambitions - scope 1

As described above, scope 1 emissions arise from the use of natural gas as well as other fuels used in our production process. To reduce these emissions, Huhtamaki has identified the following main levers:

- 1) Improve energy efficiency:** Huhtamaki has high growth ambitions (5% p.a., as outlined in its 2030 strategy), which will make delivering an absolute emissions reduction challenging. Improving energy efficiency thus becomes a critical component of emissions reduction strategy. Historically, Huhtamaki has delivered ~1% efficiency gains annually. To meet the absolute reduction targets, we estimate that the efficiency gains needed are 2-3x higher. A

mix of several levers is required, including for example consistent focus from management to machine operators, energy treasure hunts, best practice sharing across sites, and targeted investments.

- 2) **Switch to alternative fuels, incl. biogas:** Another means to reduce scope 1 emissions is to switch to alternative fuels such as biogas. Given the limited availability across a widely dispersed geographic footprint, opportunity to switch will be assessed on a case-by-case basis.
- 3) **Electrification of systems:** Another lever is the electrification of our processes. While this offers a good alternative, for it to be an environmentally sound strategy, it requires access to renewable electricity. Therefore, such decisions will be taken on a case-by-case basis.
- 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 relentlessly to dramatically lower the resource consumption of our machines. As with any technology development, it is not possible to predict exactly how much and when the impact will be visible.

Decarbonizing our operations around scope 1 will be a combination of at least the above levers.

Strategy to deliver on ambitions - Scope 2

Scope 2 emissions arise from the use of secondary energy, which in our case is 99% purchased electricity. One of the key levers to reduce scope 2 emissions is switching to renewable electricity, thus the ambition of achieving 100% renewable electricity and science-based targets overlap. Huhtamaki has identified the following levers to reduce its scope 2 emissions (and switch to renewable electricity):

- 1) **Improve energy efficiency:** As for primary energy, finding efficiencies will be key in reducing scope 2 emissions. The same levers including focus, energy treasure hunts, best practice sharing, and targeted investments will be critical to achieving the required efficiencies to compensate for growth.
- 2) **Switch to renewable electricity:** There are several ways to increase the share of renewable electricity. At least the following are critical levers:
 - a. **Power Purchase Agreements (~50-60%):** Corporate Power Purchase Agreements offer companies a great way to make progress on renewable electricity commitments, as they provide scale and additionality*. While we at Huhtamaki see this is an important means for us to reach our goal, it is important to note that such deals should be market-specific and require certain scale for them to be interesting for a renewable energy developer. As such, Huhtamaki sees PPAs as critical lever to increase share of renewables in markets where we have sufficient scale.
 - b. **On-site solar installations or other on-site generation (~5-10%):** Installing solar panels or establishing other means to generate power from renewable sources on site is another important lever for achieving our target. It is important to note that such installations are limited by factors, including for example space/capacity (typically a roof full of solar panels will generate 5-7% of a factory's demand), building ownership structure (owned vs. leased), roof's ability to carry additional load, and local regulation which might be restrictive in some cases. Thus, while such installations are critical to the strategy, they will need to be complemented by other means.
 - c. **Other means, e.g., creative local solutions (<5%):** Where possible, Huhtamaki wants to incentivize collaboration and participate in local schemes to drive local

development of renewable electricity. A good example is e.g., a governmental program run in Maine, where the local utility acts as a broker between corporate investors and local producers of renewables. With corporate-backed funding, small scale producers can obtain necessary bank loans to build new capacity. Huhtamaki strives to support such initiatives where relevant.

- d. **Purchase of green electricity from the grid (~20-30%):** Another means to increase the share of renewables is to purchase renewable electricity directly from the supplier.
- e. **Purchase of certificates (~5-10%):** Finally, Huhtamaki has the option of buying renewable electricity certificates (GO/REC/iREC) from the market. While not the preferred method, we recognize that this will form part of our strategy to achieve 100% - the final means to bridge the gap between what we have been able to achieve otherwise, and the target of 100%. How much this will constitute of the decarbonization of scope 2 is highly dependent on how the markets in the 38 countries we operate in evolve, and thus what is possible to achieve via other means.

Percentages in brackets are an estimation of what share of renewable electricity is likely to come from the different sources. These are estimates and may change as the markets mature and potentially new means of converting to renewable electricity become available.

*Additionality: Whenever possible, Huhtamaki strives to ensure its renewable energy strategy is linked to additionality – i.e., there being more renewable electricity in the world as a result of direct involvement of Huhtamaki. In today's world where the share of renewable electricity is low, striving for additionality will contribute towards shifting the global mix away from relying on fossil fuels. However, in the future as markets evolve, this may no longer be the most important factor. Other aspects might be more important, like for example funnelling investment into refurbishing existing solar or wind farms or focus on local sourcing. Huhtamaki will consider all these aspects in decision making.

Strategy to deliver on ambitions - Scope 3

Scope 3 emissions arise from the value chain, and for Huhtamaki consist largely of two categories – purchased goods and services and product end-of life. Huhtamaki has defined the following strategies to address those emissions:

1) Emissions: Purchased goods and services (~60% of scope 3 emissions)

➔ Mitigation strategy: Supplier engagement

Majority of scope 3 emissions originate from the operations of our suppliers: pulp & paper companies or polymer film and resin suppliers, globally. To lower these emissions, we are committed to engaging with our suppliers to encourage them to set science-based targets. While some of our suppliers are already advanced in their climate efforts, many are just starting. Our role, especially in the beginning, will be to educate our suppliers about the importance of climate action. As knowledge levels among suppliers increase, we can demand more and direct our purchasing to consider climate efforts as a key input to decision making. Today, our supplier-base is fragmented and widely spread across geographies, so much of this work will be tailored to specific markets and will be run locally.

2) Product end-of-life (~30% of scope 3 emissions)

➔ Mitigation strategy: Driving systemic change and building efficient recycling systems

Addressing the other key component of our scope 3 emissions, product end-of-life, requires the entire industry, as well as policy-makers, to come together. Collectively, we need to identify gaps in current infrastructure related to circularity – such as waste labelling and collection, and end-of-life management – and then introduce policies and mechanisms to bridge these gaps. We need to encourage and incentivize transformative innovation, and incentivize consumers to reuse, repair and recycle all products. To facilitate collaboration and fact-based conversation, we at Huhtamaki have launched ThinkCircle, a platform for open discussion to address these issues where collaboration is the key to success.

Delivering on our 2030 sustainability ambitions - Circularity

Our efforts in circularity are multi-faceted and cover the full life-cycle of the product.

Strategy to deliver on ambitions - Our products:

We work relentlessly to maximize the share of renewable or recycled content in our products to 80%. Here innovation is key – our innovation team is collaborating with customers to test new sustainable solutions and alternatives to some traditional packaging solutions. In addition to that, our ambition is to ensure that our products are designed to be recyclable, compostable or re-usable. This is done through our company-wide design guide which ensures that sustainable design principles are consistently implemented in new product design.

Strategy to deliver on ambitions - Production waste:

With current production methods, there is always a small proportion of waste being generated as a by-product. We at Huhtamaki have established a waste hierarchy in which our number one priority is to reduce the total amount of waste generated. For the waste that still materializes, our preferred disposal method is recycling, followed by incineration. We are constantly looking for new ways to recycle as much of the waste as possible. For example, we have established a system by which waste from our Foodservice operations can be used as raw material in our production of fiber-based products. The KPIs we have in place enable us to measure our progress against the established waste hierarchy.

Strategy to deliver on ambitions - Product end-of-life:

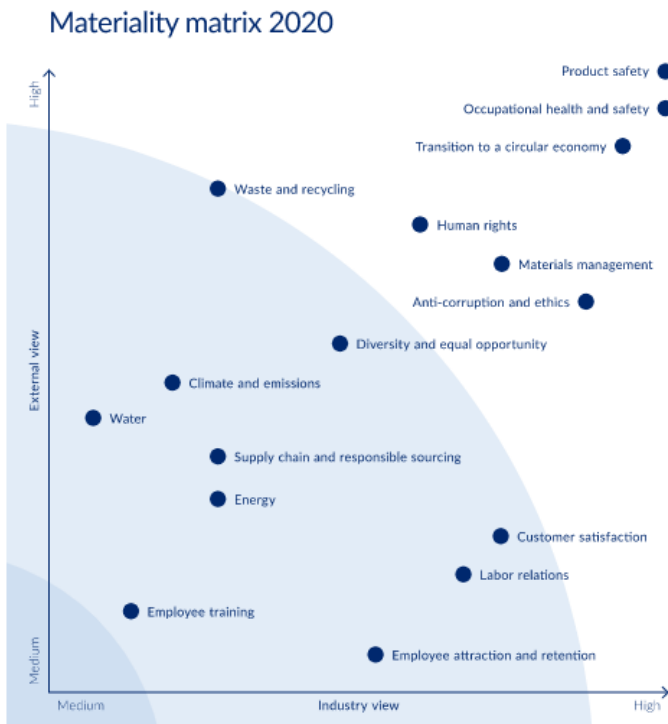
One of the largest challenges facing the packaging industry at the moment is the inadequate recycling systems that exist today. As highlighted also under scope 3 emissions, Huhtamaki is committed to working with stakeholders across the value chain to drive systemic change to address recycling. We believe technology and innovation are key enablers for better recycling systems, including smart packaging and digital watermarking and we participate in industry-wide efforts to advance such systems. Additionally, we work with our customers on more customer-specific recycling pilots, aiming to close to loop and ensure the high-quality packaging waste gets a new life.

1.5. Huhtamaki Sustainability Strategy from an external perspective

Materiality

To ensure that our sustainability work concentrates on the most material topics, we update our materiality assessment regularly. In 2018, we made a substantial update by applying a new data-driven approach. We included in the assessment news, hard law and soft law, tweets, corporate reports of 40 companies identified as main peers, customers and suppliers, and sustainability-related standards chosen according to their relevance for Huhtamaki's business sector. We also sent surveys to relevant external and internal stakeholders to supplement the assessment.

Figure 6: Materiality matrix 2020



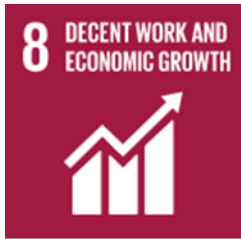
In 2019 and 2020, updates to the assessment showed that the material topics for Huhtamaki have remained largely the same over the years. The assessment reaffirmed that our sustainability ambitions cover the most material topics for us and our stakeholders. The effects of the COVID-19 pandemic could be seen through clearly increased emphasis on product safety as well as occupational health and safety. Managing product safety is essential in our business when delivering material that will be in contact with food. We continue ensuring that our global Quality and Food Safety fundamentals are implemented through our local quality management systems. Also, the health and safety of our employees continues to be a top priority for us. We are committed to safeguarding our people’s health and safety and are building a safety culture for everyone, everywhere. Safety is indeed one of our KPI’s on our sustainability dashboard.

Alignment with international initiatives

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) set out a holistic approach and areas of focus. We recognize their value ensuring a sustainable, resilient and inclusive future in which no one is left behind. In 2020 we reviewed our contribution to the SDGs and identified the areas within the 17 SDGs most relevant to what we do. This resulted in the alignment with three main goals and two supporting goals which also serves as a basis for our 2030 sustainability ambition.

We at Huhtamaki have defined three main SDGs by i) assessing the relevance and importance of the issue to our value chain and our stakeholders, ii) identifying our potential to drive positive change and mitigate possible negative impacts together with our stakeholders across the value chain and iii) By outlining key actions which we can implement directly to make a difference and drive change.



SDG 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.



SDG 12: Responsible consumption and production

We are material positive; making the best viable choices to ensure safe, fit-for-purpose and circular packaging. We ensure the responsible use of natural resources in our products and processes.



SDG 13: Climate action

Packaging that reduces waste and enables efficient recycling makes a great contribution to climate action. We have set ambitious science-based targets for emissions reductions and our ambition is to achieve carbon neutral production by 2030.

Our two supporting SDGs include **SDG 6: clean water and sanitation** and **SDG 15: life on land**.

Other international initiatives

To achieve our ambitions, we collaborate with key stakeholders – we believe that no one organization can address the challenges of sustainability alone. Together, we must build a common understanding of sustainable development that considers the balance between environmental, social and economic factors, and is based on fact-based conversations. We support the UN Global Compact and participate in several cross-value chain initiatives including: CEFLEX, The Consumer Goods Forum, 4ever green, and Redcycle.

In 2020, Huhtamaki stepped up its stakeholder engagement. We launched the Think Circle initiative, a platform that brings together key stakeholders from across the global food value chain to openly address issues we face as we design for packaging circularity. This platform reflects differing viewpoints from a range of contributors, such as leaders from academia, business, NGOs and other key institutions. Its aim is to move the circularity dialogue forward, contribute to a common understanding and arrive at breakthroughs that deliver significant progress.

Recognition

Huhtamaki has been rated by Sustainalytics with an ESG Risk Rating of 16.3, indicating low ESG risk, and The S&P Global Corporate Sustainability Assessment (previously known as SAM) with a Company Score of 68. In addition, Huhtamaki has been awarded the Gold medal by EcoVadis for performance in sustainability in 2022 and has an MSCI rating of BBB. We also report through CDP on Climate, Forest and Water questionnaires and achieved a score B on each in 2021.



2. Sustainability-Linked Bond Framework

This Sustainability-Linked Bond Framework (“Framework”) has been established to support the future issuance of Sustainability-Linked Bonds. With this Framework Huhtamaki will further enable the alignment of our sustainability agenda, commitments and values with our financing. Furthermore, this Framework serves as a natural continuum of the ambitious work already taking place as part of our sustainability ambition. The Framework serves as a stronger communication of our commitment within ESG and enables us to yet take another step in embedding sustainability in everything we do.

In this framework, we have selected to focus on our climate commitments. While our sustainability strategy and ambitions are broader, we have selected solely climate focused KPIs for the following reasons:

- **Important topic for our stakeholders:** Climate and emissions are increasingly top of the agenda for decision makers. Our materiality assessment as well as conversations with our investors and customers all highlight the importance of the topic among our stakeholders.
- **Ability to further emphasize the importance and drive change internally:** To reach our climate ambitions, we need each of our 79 manufacturing sites to be part of the journey. This helps us further emphasize the need to deliver on our ambitions, which will require significant efforts from every single site.
- **Complementary with our Sustainability-Linked Revolving Credit Facility (RCF)⁴:** In 2021, Huhtamaki launched a sustainability-linked RCF. The KPIs selected for the RCF were focused on circularity. Together this climate-focused SLB framework and the circularity focused RCF provide a comprehensive view of our sustainability agenda.

This Framework is aligned with the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) in June 2020.

The five core components of the Sustainability-Linked Bond Principles are:


1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Bond characteristics
4. Reporting
5. Verification

Huhtamaki may under this Framework issue Sustainability-Linked Bonds (“Sustainability-Linked Securities”).

2.1. Selection of Key Performance Indicators (KPIs)

Huhtamaki has selected the following KPIs linked to its environmental objectives with a focus on climate action. The KPIs have been selected based on their materiality and relevance for the sustainability challenges both on an industry and company level and will measure the future sustainability improvements of the Group. They have also been selected to align with Huhtamaki’s Sustainability Strategy and drive the transition towards a carbon neutral economy.

⁴ Link to [RCF press release](#)

KPI 1	Percentage of renewable electricity (%)																			
Definition	Renewable energy sources include biomass, hydropower, geothermal power, wind energy, and solar energy turned into electricity																			
Scope	Electricity used in all manufacturing operations, globally																			
Calculation method	Electricity consumed that comes from renewable sources (GWh) / total electricity consumed (GWh)																			
Historical performance	<table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Total electricity consumption (GWh)</td> <td>1 181</td> <td>1 094</td> <td>1 175</td> </tr> <tr> <td>Renewable electricity consumption (GWh)</td> <td>18</td> <td>42</td> <td>212</td> </tr> <tr> <td>Share of renewable electricity (%)</td> <td>2 %</td> <td>4 %</td> <td>18 %</td> </tr> </tbody> </table>					2019	2020	2021	Total electricity consumption (GWh)	1 181	1 094	1 175	Renewable electricity consumption (GWh)	18	42	212	Share of renewable electricity (%)	2 %	4 %	18 %
		2019	2020	2021																
Total electricity consumption (GWh)	1 181	1 094	1 175																	
Renewable electricity consumption (GWh)	18	42	212																	
Share of renewable electricity (%)	2 %	4 %	18 %																	
	<p>Historically the share of renewable electricity at Huhtamaki has been low, accounting for 2% in 2019 and 4% in 2020. 2021 saw a large jump to 18%. While a part of this increase was due to installation of solar panels and purchase of renewable electricity from the grid, another part of it came from starting to account for the share of renewable electricity which is sourced under the US Renewable Portfolio Standard (RPS). The US RPS is a regulation that requires the increased production of energy from renewable sources wind, solar, biomass, and geothermal, which have been adopted in 38 of 50 U.S. states and the District of Columbia. The updated accounting treatment for electricity sourced under RPS is now in line with CDP guidance, and accurately reflects the current share of renewable electricity in the Huhtamaki mix.</p>																			
Contribution to SDG																				

KPI 2	Reduction of absolute Scope 1 and 2 GHG emissions																			
Definition	Reduction in total scope 1 and 2 emissions as verified by the Science-Based Targets initiative. Unit of weight used is metric tonne (Mt).																			
Scope	Scope 1 and 2 GHG emissions. Scope 1 being GHG emissions from Huhtamaki's own operations, and Scope 2 being indirect GHG emissions from consumption of purchased electricity, heat, steam and cooling used in our own operations. Huhtamaki's definitions are aligned with the GHG Protocol. These emissions are modelled using the Absolute Contraction Approach (ACA) Well Below 2°C (WB2) scenario.																			
Calculation method	Scope 1 and 2 GHG emissions. Emissions calculated using the market-based emissions methodology. For more information on this please refer to Chapter 4 "Scope 2 Accounting Methods" of the GHG Protocol Scope 2 Guidance .																			
Historical performance	<table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Scope 1 emissions (Mt CO2e)</td> <td>220 000</td> <td>216 000</td> <td>221 000</td> </tr> <tr> <td>Scope 2 emissions (Mt CO2e)</td> <td>544 000</td> <td>493 000</td> <td>484 000</td> </tr> <tr> <td>Scope 1 + 2 emissions (Mt CO2e)</td> <td>764 000</td> <td>709 000</td> <td>705 000</td> </tr> </tbody> </table>					2019	2020	2021	Scope 1 emissions (Mt CO2e)	220 000	216 000	221 000	Scope 2 emissions (Mt CO2e)	544 000	493 000	484 000	Scope 1 + 2 emissions (Mt CO2e)	764 000	709 000	705 000
		2019	2020	2021																
Scope 1 emissions (Mt CO2e)	220 000	216 000	221 000																	
Scope 2 emissions (Mt CO2e)	544 000	493 000	484 000																	
Scope 1 + 2 emissions (Mt CO2e)	764 000	709 000	705 000																	


	2019	2020	2021
Sales (€, M)	3 399	3 302	3 575
Emissions per € sold	224.8	214.7	197.2

The absolute scope 1 and 2 emissions have been in decline compared to a 2019 baseline. Drop in emissions from 2019 to 2020 is significant and partially reflective of impact of COVID – overall sales in 2020 were down 3% meaning there was less production, energy use and hence emissions. To get a more accurate view on historical emissions reduction, it is therefore useful to look at relative metrics such as emissions per euro sold (provided above) or emissions per ton of product.

Please note that market-based emissions constantly evolve as data accuracy improves and more and more suppliers report accurate emission factors. It is typical for supplier to provide accurate factors with a delay, e.g., 2019 factors published in 2020. It is therefore not uncommon to have to slightly re-state emissions.

When supplier-specific data is not available, latest Global emission factor libraries are used (RE-DISS (12/2020) v8.1, GHG Protocol/IEA v14 (11/2020) – IEA 2020)

Contribution to SDG



2.2 Calibration of Sustainability Performance Targets (SPTs)

SPT 1: Increase the share of renewable electricity to 100% by 2030

Historical performance and proposed target

Renewable electricity became a key focus for Huhtamaki as part of its 2030 strategy. Historically the level of renewables has hovered around 2-4%. We are aiming for a significant step-up over the next years, but the transition is expected to be slower in the beginning, with a faster ramp-up towards the 2030 deadline. Uptick in the early years is primarily due to on-site renewable installations and purchasing of renewable electricity from the grid. A significant increase will be visible near 2025 due to company-wide power purchase agreements amongst other initiatives.

SPT 1 Trajectory for the increased share of renewable electricity

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030
SPT 1 – share of renewable electricity in %	20.0%	23.5%	25.0%	27.0%	40.0%	60.0%	80.0%	90.0%	100.0%

The above SPT Trajectory of SPT 1 illustrates the annual SPTs available for securities issued under this Framework.

For SPT 1 target setting purposes, 2019 is considered the baseline, in line with SPT 2.

Strategy to achieve the target

The strategy to achieve SPT 1 consists primarily of corporate power purchase agreements, on-site generation of renewable electricity, and purchase of renewable electricity from the grid. Other local solutions will be considered where applicable. Finally, purchase of certificates (GO/REC/iREC) will

serve as the final means to address any gaps that we have not been able to tackle otherwise. Whenever possible, Huhtamaki will strive to ensure additionality.

SPT 2: Reduction of absolute Scope 1 and Scope 2 CO2 emissions by 27.5% by 2030 from 2019 baseline (SBTi verified)

Historical performance and proposed target

To stay in our Science-Based Targets initiative commitment projections, we will need to reduce our Scope 1 and 2 GHG emissions by 27.5% by 2030 (554 000 metric tonnes CO2), from a 2019 baseline (764 000 metric tonnes CO2e).

SPT 2 Trajectory for reduction of absolute Scope 1 and Scope 2 emissions

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030
SPT 2 – absolute emission target metric tonnes (Mt) CO2e	707 000	688 000	669 000	650 000	631 000	611 000	592 000	573 000	554 000
SBTi Target – reduction in %	7.5 %	9.9 %	12.4 %	14.9 %	17.4 %	20.0 %	22.5 %	25.0 %	27.5 %

The above SPT Trajectory of SPT 2 illustrates the annual SPTs available for securities issued under this Framework.

Strategy to achieve the target

The strategy to achieve SPT 2 includes energy efficiency improvements, shift to increased renewable electricity, shift to alternative fuels and other means to reduce primary energy usage, incl. thermal heating, electrification of systems, technology development.

2.3. Bond Characteristics

Characteristics outlined in this Framework are applicable to all Sustainability-Linked Securities issued under it. The financial characteristics of the security issued under this Framework will be impacted depending on the achievement of the SPTs indicated in this Framework. Huhtamaki may choose to include one or more KPIs and respective SPTs for each security to be issued.

Specific financial characteristics for each security will be detailed in the final terms of the respective security. Furthermore, characteristics specific to any single Sustainability-Linked Security issued under this Framework, such as the Target Observation Date(s)⁵, and the corresponding SPT(s) based on the SPT Trajectory, will be included in its security-specific documentation.

Trigger Events

Should Huhtamaki fail to provide due support for it having achieved the applicable SPT(s) (referring to sections 2.4 Reporting and 2.5 Verification for details) for the applicable Target Observation Date(s) as set out in the security specific documentation (“Trigger Event”), the financial characteristics of the Sustainability-Linked Security will change as outlined in the security specific documentation. This may include, but is not limited to, a pre-determined coupon adjustment or re-payment amount adjustment as will always be stated in security-specific documentation for each Sustainability-Linked Security.

⁵ Target Observation Date(s) being the dates on which progress versus the SPT(s) will be measured and further specified in the security specific documentation

For the avoidance of doubt, the Trigger Event is the result of an observation as to whether, or not, each of the KPIs individually have achieved their respective SPTs and is defined as any of the following events.

- A KPI included in a security issued under this Framework has not achieved the SPT on the Target Observation Date as stipulated by the security specific documentation, or
- The reporting for an individual Sustainability-Linked Security issued under this Framework does not meet the requirements as set out in the Reporting section 2.4 of this Framework and security specific documentation, or
- The verification (as per the Verification section 2.5 of this Framework and security specific documentation) of the SPTs has not been provided and made publicly available within the timeframe described in the section 2.5 Verification.

Fallback Mechanisms

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to Huhtamaki's sustainability strategy. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards.

Any significant or structural changes to the Group and/or company structure, methodology for calculating the Group's absolute greenhouse gas emissions, material acquisitions or disposals or any discovery of significant errors, which results in an increase or decrease to the value of the Scope 1 and 2 Emissions Amount by at least 5 per cent., may result in a recalculation of the Baseline of Scope 1 and 2 Emissions and the targets set for the absolute greenhouse gas emissions for the Scope 1 and 2 Emissions. Any recalculations of Baseline of Scope 1 and 2 Emissions and the targets set for the absolute greenhouse gas emissions for the Scope 1 and 2 Emissions should be reported in the Company's Annual Report and be verified by a qualified independent third party, with relevant expertise as described in section "Verification". Recalculated levels of CO₂e emissions for KPI 2 shall be reported to Science Based Targets initiative.

Any new or updated Sustainability-Linked Bond Framework, in relation with any subsequent securities issuance, shall not have any implications on the Sustainability-Linked Securities issued under this Framework.

2.4. Reporting

Reporting of the Sustainability-Linked Securities will be published publicly at least on an annual basis. Huhtamaki will ensure that it will publish, keep readily available and easily accessible up-to-date information on the performance of the selected KPI(s), including baselines. The actual KPI performance will be reported in Huhtamaki's Annual Report (the "Report"). KPI and SPT data, among other non-financial information in the Report, will be reviewed by a qualified independent third party, with relevant expertise as described in section "2.5 Verification". The Report will be published on Huhtamaki's web page no later than 120 days after the end of each financial year to ensure investors and other stakeholders have updated and adequate information about Huhtamaki's sustainability strategy and the progress on the KPIs towards the respective SPTs.

The Report, together with the external verification, will form the basis for evaluating the impact on respective security characteristics as outlined in the section "Bond Characteristics" as well as in the respective security specific documentation. These reports together will include relevant information

needed to assess the potential need for variation of the security characteristics. The Annual Report may include the following items:

- The performance of the KPI, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines when relevant,
- Information about potential recalculations of baselines and respective SPT levels, alongside circumstances leading to any such recalculation,
- External verification related to the KPIs and SPTs,
- Information on any updates to Huhtamaki's sustainability strategy and/or governance with an impact on the KPI and SPT.

Where feasible and possible, Huhtamaki's Annual Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the performance on the KPI on an annual basis,
- Illustration of the positive sustainability impacts of the performance improvement
- Any re-assessments of the KPI and/or restatement of the SPT and/or proforma adjustments of baselines or KPI scope,
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

Notwithstanding the above, in situations where the financial characteristics of Huhtamaki's outstanding Sustainability-Linked Securities may need to be amended in less than 120 days from the end of the relevant financial year related to the Target Observation Date, Huhtamaki will undertake to make the Reporting related to the period including the Target Observation Date available in a shorter timeline, as shall be described in the security specific documentation. This can include, but is not limited to, a separate reporting outside of the Annual Report to be delivered to the holders of the Sustainability-Linked Security in question.

2.5. Verification

Huhtamaki will ensure an external and independent verification, in the form of a limited assurance, of the performance of the KPIs listed in this Framework, in their progression towards the respective SPTs, on an annual basis (“Verification Assurance Report”). The Verification Assurance Report shall be conducted by an external, independent third-party reviewer with relevant expertise and qualifications, such as an auditor or an environmental consultant. The Verification Assurance Report, either as part of Huhtamaki’s Annual Report or being provided as a separate report, shall be made public no later than 120 days after the end of each of its financial year as outlined in section “2.3 Bond Characteristics” as well as specified in the security specific documentation. The Verification Assurance Report may, at the discretion of Huhtamaki, also include review of other non-financial information as may be subject to the agreed scope of work with the independent third-party performing the task.

Failure to provide the above-mentioned ex-post verification before the Reporting End Date⁶ shall result in an automatic adjustment in the financial characteristics as outlined in the security specific documentation.

2.6. Second Party Opinion

Huhtamaki has obtained a Second Party Opinion from ISS ESG. Amongst other things, it confirms the alignment of this Framework with the Sustainability-Linked Bond Principles June 2020 set out by ICMA. The Second Party Opinion concludes that the KPI selection for both KPIs under this Framework is relevant, core and material to Huhtamaki’s direct operations, and that the calibration of the SPTs shows that the SPT 1 is ambitious against Huhtamaki’s past performance and sectorial peer group and the SPT 2 is ambitious against Huhtamaki’s sectorial peer group and against the Paris Climate Goals. Finally, the Second Party Opinion states that this Framework, and debt issuances under the Framework, contribute to Huhtamaki’s sustainability strategy.

The Second Party Opinion as well as this Sustainability-Linked Bond Framework will be made publicly available on Huhtamaki’s website.

⁶ Reporting End Date being the date falling 120 days after the end of the relevant financial year related to the Target Observation Date. Reporting End Date may have shorter timeframe, as defined in security specific documentation in situations where any changes to the financial characteristics after the Target Observation Date need to be completed in less than 120 days from the end of the relevant financial year. In such cases Huhtamaki may deliver the Verification Assurance Report as a separate report to the holders of the Sustainability-Linked Security in question.

