

# Building our sustainability legacy

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Thomasine Kamerling, EVP Sustainability and Communications

November 9, 2020

**Huhtamaki**



# We serve food-on-the-go and food-on-the-shelf

Markets  
&  
Customers

Food-on-the-go



QSR



Food Delivery

Food-on-the-shelf



FMCG



Retail

Products



Convenience



Food safety



Food availability



Food waste reduction



Technologies



Foodservice packaging



Molded fiber packaging



Flexible packaging

# We operate on a global scale

MANUFACTURING UNITS

81

OPERATING COUNTRIES

35

EMPLOYEES

18,598



*Figures for 2019*

**Huhtamaki**

*We believe in  
protecting food,  
people and the  
planet ...*

*enabling wellbeing  
and convenience  
for people around  
the world*

**Huhtamaki**



# Our 2030 Strategy

## Protecting food, people and the planet

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

**DELIVERING  
GROWTH**

**DRIVING  
COMPETITIVENESS**

**DEVELOPING  
TALENT**

**EMBEDDING SUSTAINABILITY IN EVERYTHING WE DO**

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

We are focused on creating value

Our ambition

# First choice in sustainable packaging solutions

Comparable growth

5+%

Adjusted EBIT margin

10+%

Net debt/Adjusted EBITDA

2-3

Dividend payout ratio

40-50%

100%

of products designed to be recyclable, compostable or reusable

>80%

renewable or recycled materials

100%

of fiber from recycled or certified sources

>90%

of non-hazardous waste recycled or composted

100%

renewable electricity

Carbon neutral production

and science-based emission target

# Our strategy builds on transformative trends impacting the future of packaging

- **The next billion consumers** will come from emerging markets
- **Future consumer** will require packaging to be innovative, individual and sustainable
- **Digitalization** will influence packaging and the way we do business
- **Sustainability** will drive innovation and collaboration



# How we define sustainability

## ENVIRONMENTAL

- Raw materials used
- Production process
- Product end-of-life

## SOCIAL

- Working conditions
- Human rights, fair living wage
- Local communities

## GOVERNANCE

- Global Code of Conduct
- Ethics and compliance
- Corporate governance and management policies



Huhtamaki



# Sustainability is complex and is still being defined

## Consumer perceptions around packaging

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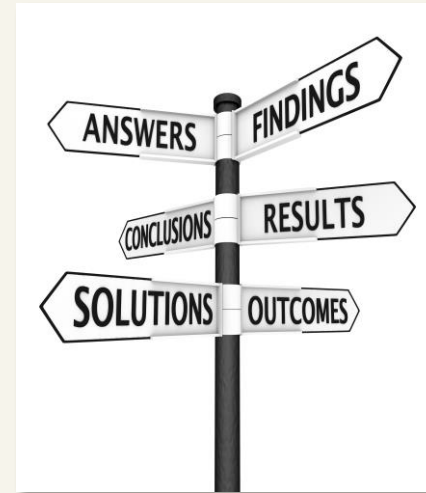


- Impact of **climate change**
- The **industry is seen as responsible** and must find solutions
- **Litter is a problem** – driving to the belief that the solution is a world without packaging
- Belief that viable **alternatives to plastics** exist

*There is truth in some... and also many misconceptions*

## An evolving regulatory agenda

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- Legislation emerging across all geographies
- Spearheaded by EU Green economy ambitions e.g. SUPD, CEAP
- Desire to limit packaging
- Significant focus on plastic substitution

*The right objective... but with unintended consequences*

We believe that the value of packaging is more than its impact on the planet ...



Food availability



Food safety and hygiene



Food waste prevention

*... and there is so much more packaging will do*

# Embedding sustainability in everything we do

Thomasine Kamerling, EVP Sustainability and Communications


November 9, 2020

**Huhtamaki**





Demand for food  
is increasing ...



... our food systems  
already have a  
huge impact on the  
environment

Huhtamaki

**135 million**

*people still suffer  
from acute hunger*

*By 2050 the world population  
will surpass*

**9 billion**

*By then, food production  
must be increased by*

**70%**

*to meet the demand*

**25%**

*of global greenhouse gas  
emissions today  
come from food systems*

**1/3**

*of all food produced is wasted*

**70%**

*of the world's fresh water  
withdrawal is used to produce food*

# Packaging helps ...

A close-up, high-angle shot of a dark-colored shopping basket. Inside the basket, there are two cartons of Huhtamaki TOUGH Free Range Eggs and a bunch of ripe yellow bananas. The cartons are white with green and orange accents, featuring the brand name 'Huhtamaki' and 'TOUGH FREE RANGE EGGS' along with a recycling symbol. The bananas are bright yellow with some green at the stems. The basket's metal frame and a black plastic handle are visible in the foreground.

Keeps food **safe from spoilage** and preserves its original properties

Delivers hygiene and safety... helps **prevent the spread of disease**

Ensures food **availability globally** and allows food to be **transported affordably**

**Preserves food** in edible condition, longer

... but clearly comes  
with its own challenges

**8 million tons**  
*of plastic end up in oceans  
every year*

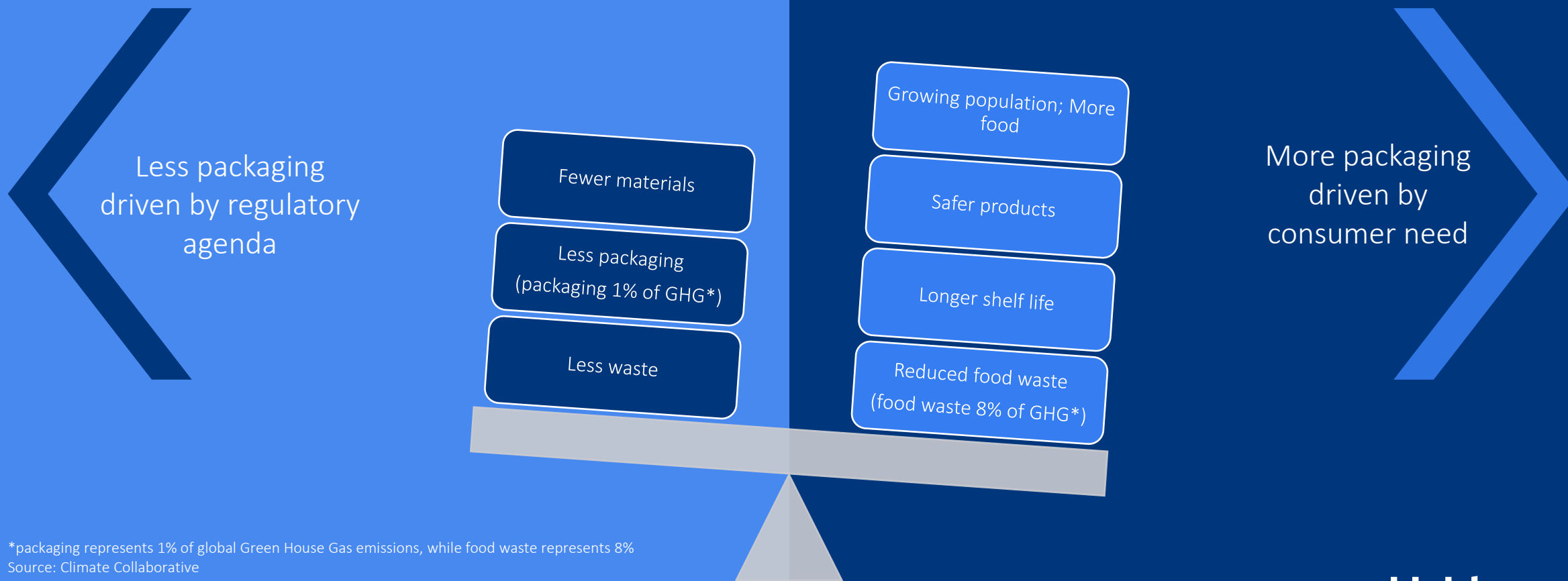
**1/3 people worldwide**  
*have to dump or burn their  
waste, causing the spread of  
disease, polluting the oceans and  
adding to the climate crisis*

Source: International Union for Conservation of nature; Waste aid



**Huhtamaki**

# We are facing a progress paradox within packaging ...



\*packaging represents 1% of global Green House Gas emissions, while food waste represents 8%  
Source: Climate Collaborative



The debate  
shouldn't be about  
more or less ...



... it should be about  
smarter, better and  
more sustainable

# Smarter, better, more sustainable packaging is grounded in facts ...

Life Cycle Assessments are a critical tool for fact-based decision making

- Paper and fiber are renewable and recyclable
- In many cases, there is no viable alternative to polymers (with the same properties)
- Paperboard single-use products typically have a lower carbon footprint compared to multi-use systems

*... even if it may go against current consumer perceptions*



## We believe in ...

- Prioritizing renewable sources & recycling
- Innovation is the key to unlocking sustainability
- Digitalization is essential for collection and recycling
- Partnering to innovate, develop collection & recycling infrastructure will make the difference
- Consumer behavior change, through education and fact-based discussion, is necessary

*... to drive systemic change*



# We have an ambitious 2030 sustainability agenda

Our ambition

## First choice in sustainable packaging solutions

100%

of products designed to be recyclable, compostable or reusable

>80%

renewable or recycled materials

100%

of fiber from recycled or certified sources

>90%

of non-hazardous waste recycled or composted

100%

renewable electricity

Carbon neutral production

and science-based emission target

We offer the most **engaging, motivating and safest** workplace for our people

We ensure **human rights are respected** throughout our value chain

We support **UN Global Compact** and **UN Sustainable Development Goals**



# We select the best raw materials from suppliers we trust

## Our 2030 ambition

**>80%**  
*(~67% today)*

Renewable or recycled material

**100%**  
*(~98% today)*

Fiber certified or recycled

**100%**  
*(~85% today)*

Due diligence applied to all key suppliers by 2021

## How we deliver on our ambition

### Materials

- Continuous product innovation, with special effort on plastic substitution
- R&D to improve the composition of our products



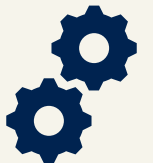
### Certified fiber

- Most sites already at 100%
- Case-specific action plans for the handful of sites with longer way to go



### Supplier due diligence

- Today, our supply chain due diligence process covers ethical, social and environmental criteria
- Expand reach beyond key suppliers
- Supplier audits



# We strive to reduce resource consumption and use renewable energy

## Our 2030 ambition

100%  
(~5% today)

Renewable electricity

0

Emissions

81  
(2 today)

Water management  
plans in place by 2023

## How we deliver on our ambition

### Energy

- Shift to renewable energy sources and reach carbon neutral production
- Taking a **holistic approach**: avoid emissions, reduce emissions, replace sources
- First **company-wide VPPA** in development
- **Solar installations** already in South Africa and India; further work on-going to evaluate solar potential on other sites, e.g., Thailand, Australia ...



### Water

- Our objective is to **improve water availability, quality and accessibility**
- **Implement site-specific water management plans**
  - Water **consumption benchmarking**, KPIs and targets
  - Water **intensity reduction roadmap**
  - View on **water neutrality**



# We work relentlessly to ensure a safe working environment and respect for human rights, throughout our value chain

## Our 2030 ambition

Zero

Accident culture

0

(~1.6 today)

Lost Time Incident  
Frequency Rate (12m roll.)

0

Total Recordable Injury  
Rate



Human Rights Impact  
Assessment by 2021

## How we deliver on our ambition

### Occupational Health and Safety

- Provide the **most engaging, motivating and safest workplace** for our people
- Raise our standards even more through a **project approach focused on key themes**, e.g., machine and chemicals risks
- **Continuously improve capability and competency** across the OHS and leadership communities; **simplify and standardize** ways of working



### Human Rights

- Ensure **human rights are respected** throughout our value chain
- Use **Human Rights Impact Assessments**, incl. fair employment conditions
- Human rights covered in the **Huhtamaki Code of Conduct** for Suppliers
- **Supplier audits**



# We minimize and recycle our production waste

## Our 2030 ambition

**>90%**  
(~71% today)

Of non-hazardous waste recycled

**0%**  
(~18% today)

Waste to landfill

## How we deliver our ambition

### Minimize production waste

- **Measure precisely** material waste generated; report and classify
- Analyze and **identify root causes** for waste modes, targeting eradication
- **Continuously benchmark production sites** to copy-paste good practices
- **Implement process control systems** to hold the gains



### Increase recycling and avoid landfill

- Maximize share of production waste that is **re-used in own production** (paper cups as input to fiber products)
- Move towards **more harmonized waste recycling**; regional, rather than site approach; **build relationships with recycling companies**
- **Systematically address landfill**, identifying largest categories and tackling "unnecessary landfill", e.g., through increased training and monitoring





# Our products are designed for the circular economy

## Our 2030 ambition

100%

Products designed to be recyclable, compostable, re-usable

## How we deliver on our ambition

### Product design

- Formalize the Huhtamaki **design guide** for circularity
  - Key definitions
  - Guiding principles for product development
  - Material guidelines
- Incorporate design guide into **new product development process**



### Partnerships

- **Collaborate across the value chain** in developing circular economy through advocacy, thought leadership and product development



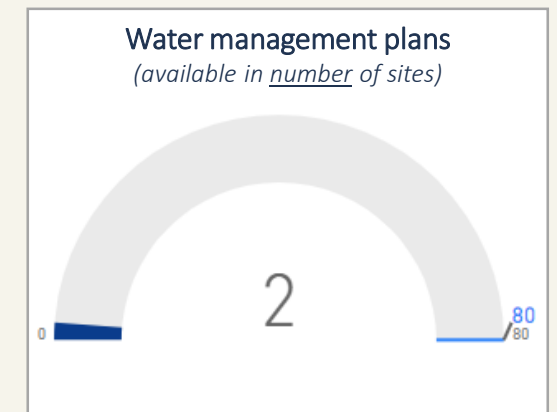
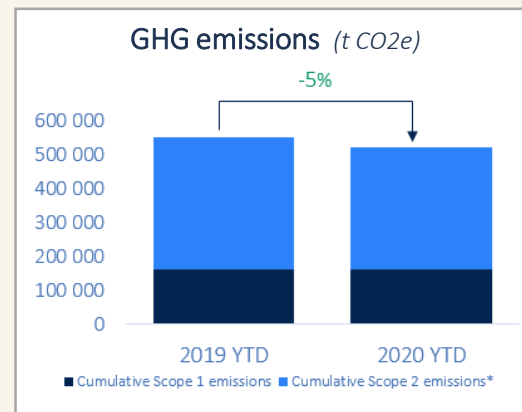
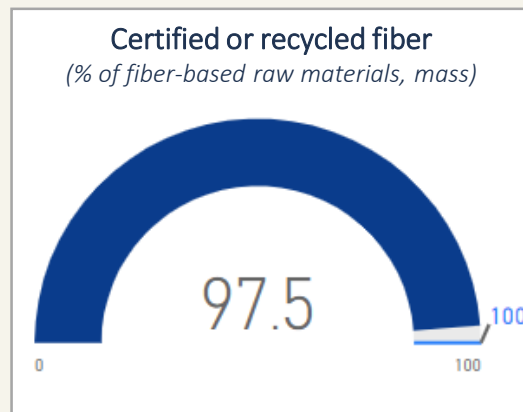
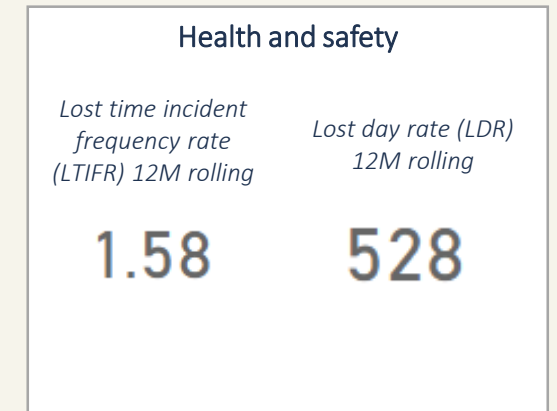
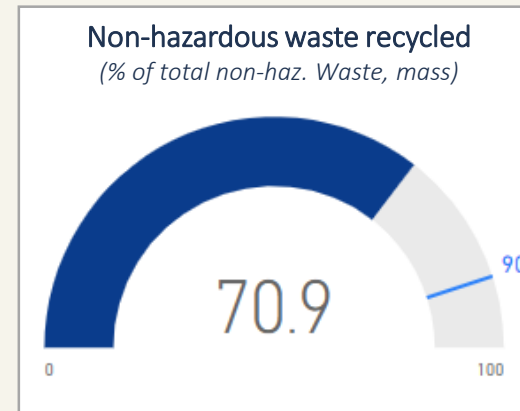
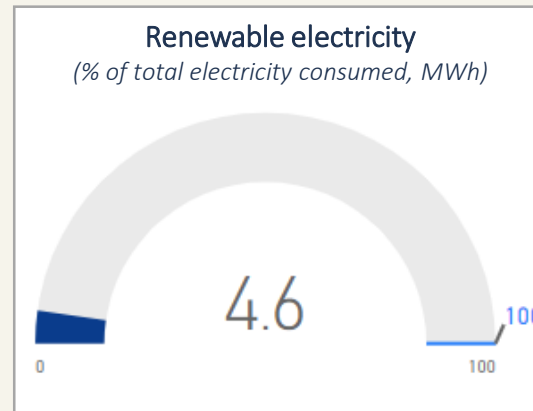
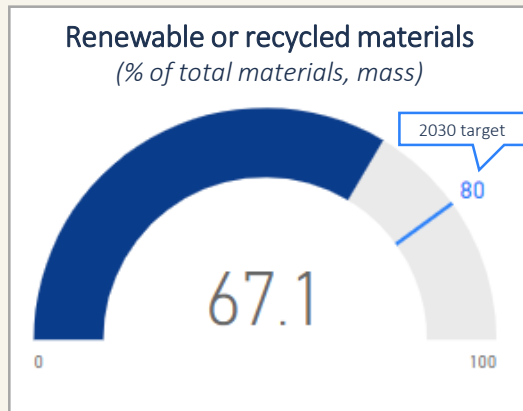
### Innovation

- Enable incremental and breakthrough innovation
- **Joint development** with customers and suppliers



# Our Global Sustainability Dashboard - Q3 2020

## Our Global Sustainability Dashboard - Q3 2020



Targets displayed in the graphs are Huhtamaki group's 2030 targets; GHG = greenhouse gas

After Q2 update several errors in data inputs were discovered. Corrected data in Q2 indicated share of renewables was 4.6%. Q3 figure skewed down due to missing data entry from a site that uses 100% renewable electricity

\*Scope 2 emissions are calculated using location-based calculation method. Market based calculation method to be taken into use later this year.

We partner across the value chain to address challenges and create a common understanding



Advocacy

*Facilitate fact-based discussion between packaging industry and regulators to create a favorable environment for innovation*



Thought leadership

*Develop the vision for a circular economy and drive alignment*

# Delivering incremental innovation for our customers every day ...

## PICADELI SAVES 42 000 KG OF PLASTIC EVERY YEAR



- Reduced PE coating by 50%, from 2 layers to just 1 layer
- Uses renewable materials and 30% recycled fiber
- Manufactured by Huhtamaki

Huhtamaki



100% renewable FutureSmart product line, made from 100% plant-based renewable materials

... and developing new sustainable and transformative products

### Blueloop technology



Paper straws

### Fresh



Fiber lids  
and other products

**Mars, with SABIC and Huhtamaki,  
Introduces Recycled Content into  
Petfood Packaging to Support a  
Circular Economy**

**MARS**

Huhtamaki

سابك  
sabic

Fully commercialized

Recently launched

# We also partner to spearhead change through pilot projects



Acting today

- Donation of 0.6 MEUR to **clean plastic waste** from the Mithi river in Mumbai, India and to **prevent the waste entering the ocean**
  - **Installing innovative cleaning equipment** to lift and sort the waste for recycling
  - **Running awareness campaigns** and waste management **trainings**
  - **Waste analysis** to support the development of ways to valorize waste
- Recipient: partnership by UNTIL, VTT, RiverRecycle and Earth5R



Educating for tomorrow

- Donation of 0.9 MEUR to **provide education and training on waste management and circular systems**
  - 2-year program in India, Vietnam and South Africa
  - Support to development of local **circular economy networks** of key stakeholders and local entrepreneurs in each hub
- Recipient: WasteAid



Innovating for the future

- Donation of 1 MEUR to run a **start-up accelerator program** to support the development of **8 early-stage circular economy innovations**
  - Provide **mentorship, support, funding, and networking opportunities**
- The startups **provide innovative solutions in variety of areas** incl. surplus & waste mgmt., agtech, upcycling, sustainable packaging & materials
- Recipient: Food System 6, non-profit business accelerator

# Our ESG focus has been recognized externally



Climate aware

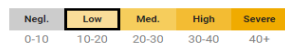


- Huhtamaki achieved a rating of "A" in the MSCI ESG rating (Aug 2020)
  - Rating upgraded from "BBB", where it has been last 4 years
  - A-rating places us in industry top 3
- Although the result is good, **there is significant improvement potential**
  - **Water stress:** Implement water management plans at all sites; then proceed to make plans on water intensity reduction
  - **Carbon emissions:** Continue efforts towards renewable energy



ESG Risk Rating

15.6 Low Risk



Last Update: Jun 20, 2020



Company Score

51

Percentile Ranking

74

Our Social and Governance initiatives do well - Environment needs more focus

# Looking to the Future





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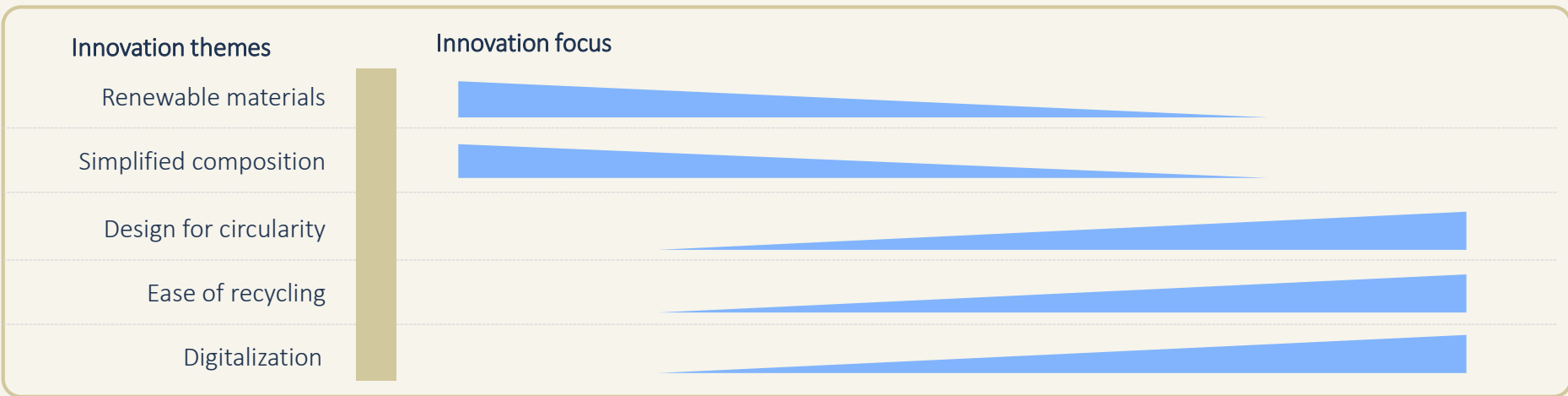
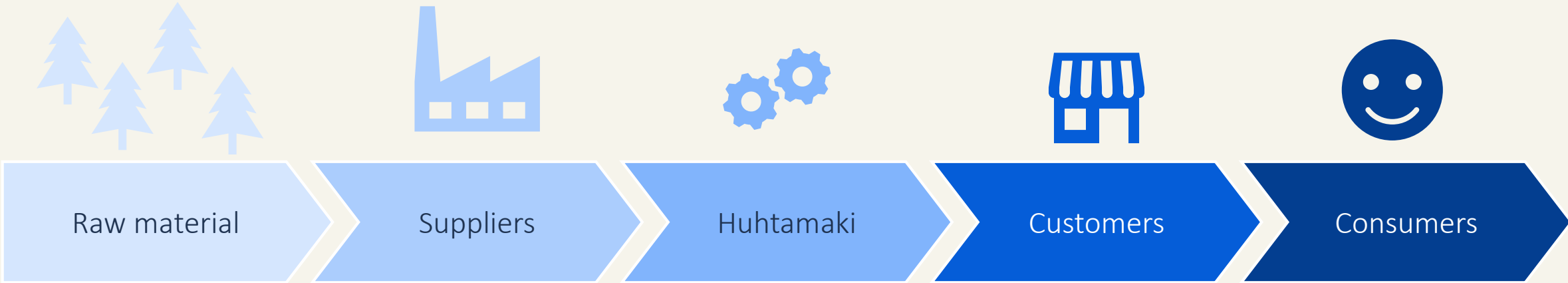
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# As an advanced manufacturer, we are at the center of value chain



*We identify, enable and monetize sustainable innovation across the value chain*

# What is needed to drive systemic change



**Innovating for circularity**



**Promoting renewable sources & recycling**



**Investing in education**



**Behaving responsibly**



**Developing collection & recycling infrastructure**

*Innovation, education, incentivization*

Future consumers have higher expectations of packaging

Sustainable

Safe

Traceable



# Imagine a world where packaging is ...

## Renewable



*All material is from renewable or recycled sources*

## Recycled



*All packaging is collected post-consumption, recycled, composted or re-used*

## Smart



*Packaging is active, intelligent (digital identity) and offers full traceability*

## Carbon neutral



*Production is carbon neutral, with all waste recycled or reused*

*This inspires us, every day*

Thank you!

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