

Remuneration Report 2021

February 9, 2022

Huhtamaki

Remuneration Report 2021

Introduction

Huhtamäki Oyj (the Company, and together with its group companies Huhtamäki) 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. 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 and CEO until April 25, 2019) during the financial year 2021. 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 2021 was in line with the Remuneration Policy for the Governing Bodies (Remuneration Policy) approved by the Annual General Meeting of the Company (AGM) on April 29, 2020. There were no deviations from the Remuneration Policy. The Company uses clawback and malus provisions in its incentive plans (in both

short- and long-term incentives) and no claw back on compensation has been used during the financial year 2021.

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 2021 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 2021 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.

Development of remuneration over the past five financial years

During the past five financial years the Company's net sales has increased with 20%. Improvement in adjusted EBIT was 18% and improvement in adjusted EPS was 9% during the same period. The Company's adjusted EBIT margin has changed from 9.0% in 2017 to 8.8% in 2021.

The remuneration of the Board of Directors has been decided by the Annual General Meeting of the Company. The annual remuneration of the Board members was increased in 2021. The Annual General Meeting of 2021 also decided on annual remuneration to the Chairman and members of the Board Committees. As part of these changes the meeting fee paid for each Board and Committee meeting attended was unified to EUR 1,500. The previous increase in Board remuneration was done in 2019 when meeting fees were increased.

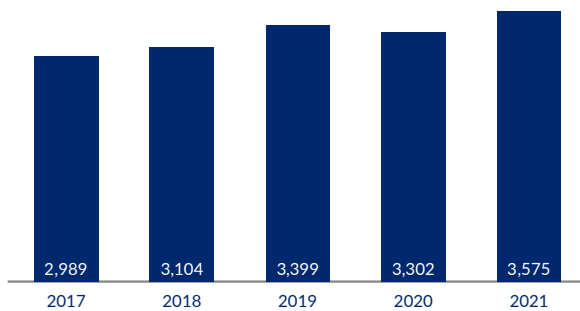
	Paid compensation (EUR)				
	2021	2020	2019	2018	2017
Board of Directors ¹	826,365	687,490	679,790	687,590	663,590
President and CEO Charles Héaulmé (President and CEO since April 26, 2019)	2,699,262	1,732,507	1,368,666	-	-
CEO Jukka Moisio (CEO until April 25, 2019)	-	-	243,143	2,538,525	2,755,159
Employees' average remuneration ²	29,753	32,601	29,990	29,200	28,780

¹Total compensation of the Board of Director's

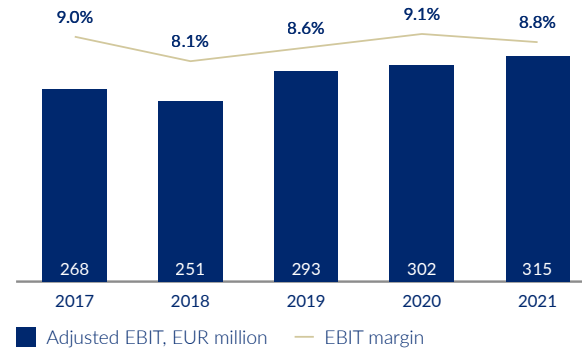
²The total wages and salaries amount of Huhtamaki reduced with the wages and salaries amount (excluding share-based payments) paid to the managing director and Board members of the Company and divided with the number of employees of Huhtamaki (other than the managing director) in the end of the respective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

Net sales

EUR million

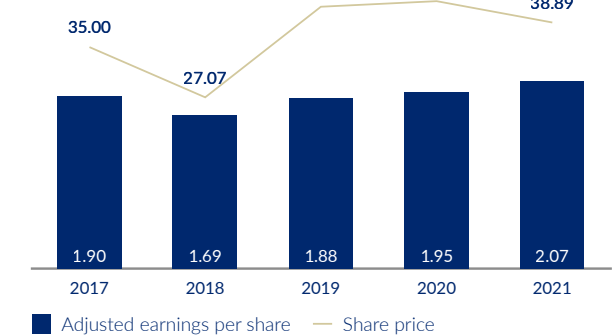


Adjusted EBIT and EBIT margin



Adjusted earnings per share and share price, year-end

EUR



Adjusted EBIT, Adjusted EBIT margin and Adjusted earnings per share are presented excluding items affecting comparability.

IFRS 16 Leases standard has been adopted as of January 1, 2019 using full retrospective transition method. The financial information for 2018 has been restated. Financial information for 2017 is not restated and thus not fully comparable.

Board of Directors

In accordance with the resolution passed by the AGM held on April 22, 2021, as of the AGM 2021 the annual compensation for the Chairman of the Board is EUR 140,000, for the Vice-Chairman EUR 75,000 and for other members EUR 62,000. In addition, the following annual remuneration is paid to the Chairman and members of the Board Committees: to the Chairman of the Audit Committee EUR 15,000 and to the other members of the Audit Committee EUR 5,000 as well as to the Chairman of the Human Resources Committee EUR 5,000 and to the other members of the Human Resources Committee EUR 2,500. In addition, a EUR 1,500 meeting fee is paid for each Board and Committee meeting attended. Traveling expenses of the Board members are compensated in accordance with the Company policy. In addition, the Chairman of the Board has a mobile phone benefit.

None of the Board members were employed by the Company or any company belonging to its group or acted as an advisor thereof. Thus, Board members were not eligible for any employment relationship related salaries, remuneration or financial or other benefits not related to the Board work nor were they eligible for any pension scheme. Board members did not receive the Company's shares as remuneration and they were not participants in the Company's share-based or other incentive plans. The Shareholders' Nomination Board is recommending all members of the Board of Directors to own shares of Huhtamäki Oyj.

The following remuneration was paid to the members of the Board for the financial year 2021.

	2021 (EUR)		
	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä ¹	138,990	40,000	178,990
Kerttu Tuomas	77,000	40,500	117,500
Doug Baillie	62,625	40,500	103,125
William R. Barker	62,625	40,500	103,125
Anja Korhonen	72,000	45,000	117,000
Sandra Turner	64,500	40,500	105,000
Ralf K. Wunderlich	62,625	39,000	101,625
Total	540,365	286,000	826,365

¹ Annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit.

President and CEO

The following remuneration was paid to the President and CEO for the financial year 2021.

Remuneration	2021 (EUR)
Non-variable annual base salary and benefits¹	1,209,476
Signing bonus²	
Number of shares received as signing bonus	15,000
Value of the shares at the time of transfer	623,775
Amount of income taxes and tax-like charges arising based on the shares received	346,011
Total value of the signing bonus	969,786
Short-term incentives³	
Remuneration based on the performance in the year preceding the payment year	520,000
Long-term incentives⁴	
Number of shares received as a reward	-
Value of the shares at the time of the transfer	-
Amount of income taxes and tax-like charges arising based on the shares received	-
Total value of the reward	-
Total remuneration	2,699,262

¹ Non-variable annual base salary and benefits includes cash payments for pension.

² The signing bonus consists of two parts. The second part of the signing bonus (15,000 shares (net)) was paid in April 2021 and the first part (15,000 shares (net)) of the signing bonus was paid in April 2019.

³ 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 2020.

⁴ Share-based incentives include the monetary value of the payments based on the performance share plans at the time of awarding the shares and including the value of taxes and tax-like charges arising based on the received shares. The share-based incentives are based on the performance in the year preceding the payment year and they are presented in the table on the year they have been paid. The adjusted EPS target for the performance share plan 2018-2020 was not reached and, therefore, no shares under the long-term incentive plan was paid during the financial year 2021.

The remuneration of the President and CEO consisted in the financial year 2021 of a non-variable annual base salary and an annually determined short-term incentive plan. In addition, the President and CEO participated in the long-term incentive plans of the Company (Performance Share Plan and Restricted Share Plan) and had the following benefits:

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

The pension coverage is arranged by the President and CEO himself. The Company contributes towards the pension through monthly cash payments to the President and CEO. The total cash payment in 2021 was EUR 280,000 gross.

The total compensation paid (excluding EUR 280,000 pension allowance) to the President and CEO in the financial year 2021 was EUR 2,419,262 of which 62% consisted of variable compensation. Variable compensation consisted of short-term incentive 2020 (paid in 2021) and second part of the signing bonus (paid in April 2021) which was subject to reaching an adjusted EBIT target in 2020. There was no payout under the Performance Share Plan 2018-2020 (adjusted EPS target was not reached).

Variable remuneration earning opportunity and performance measures

The President and CEO's earning opportunity in short-term incentive plans 2020 and 2021 is 100% of the annual base salary. Group level criteria and payments under the short-term incentive plans are presented in the table below. Compensation under the short-term incentive plan is paid in cash which is aligned with Finnish Corporate Governance Code and market practice.

Criteria	Short-term incentive plan 2020	Short-term incentive plan 2021
		Adjusted EBIT
	Free Cash Flow	Free Cash Flow
		Huhtamaki Global Sustainability Index*
Paid 2021	EUR 520,000	
Payment due in 2022		EUR 800,000**

**The amount includes remuneration paid under the short-term incentive plan 2021 and a one-time incentive plan.

Long-term incentive and other share-based remuneration grants

President and CEO has been granted shares under the following Performance Share Plans and Restricted Share Plan.

Long-term incentive plan	Earning opportunity	Performance measure	Pay-out year	Achievement
Performance Share Plan 2018–2020	31,000 shares (net)	Adjusted EPS	2021	Target was not reached
Performance Share Plan 2019–2021	31,000 shares (net)		2022	Target was not reach
Performance Share Plan 2020–2022	62,000 shares (gross)		2023	in progress
Performance Share Plan 2021–2023	62,000 shares (gross)		2024	in progress
Restricted Share Plan 2021–2023	11,000 shares (gross)	Continuous employment	2023	in progress

As per Finnish market practice, President and CEO shall hold at least half (50%) of the Company's shares received until he holds shares received from the long-term incentive plans corresponding in aggregate to the value of his annual gross base salary. The ownership requirement applies until termination of employment or service.

President and CEO's signing bonus

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

*In 2021 the Company introduced Huhtamaki Global Sustainability Index as one business objective in the short-term incentive plan. Sustainability is a key element in Company's strategy and thus it's important that our pay is also linked to sustainability. More info on Huhtamaki Global Sustainability Index can be found [here](#).