

Remuneration Report 2023

February 27, 2024

Huhtamaki

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/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.

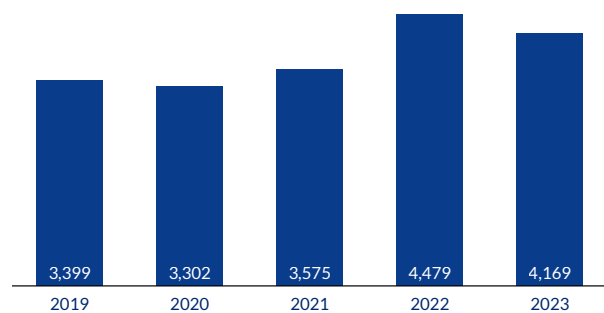
	Paid compensation (EUR)				
	2023	2022	2021	2020	2019
Board of Directors ¹	1,052,865	997,365	826,365	687,490	679,790
President and CEO Charles Héaulmé (President and CEO since April 26, 2019)	3,372,288	2,063,476	2,699,262	1,732,507	1,368,666
Interim Deputy CEO Thomas Geust (during January 1, 2022–April 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

¹Total compensation of the Board

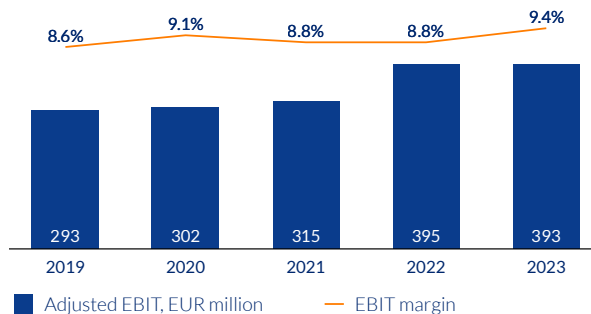
²The total wages and salaries amount of Huhtamaki reduced with the wages and salaries amount (excluding share-based payments) paid to the Managing Director and Board members of the Company and divided with the number of employees of Huhtamaki (other than the Managing Director) in the end of the respective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

Net sales

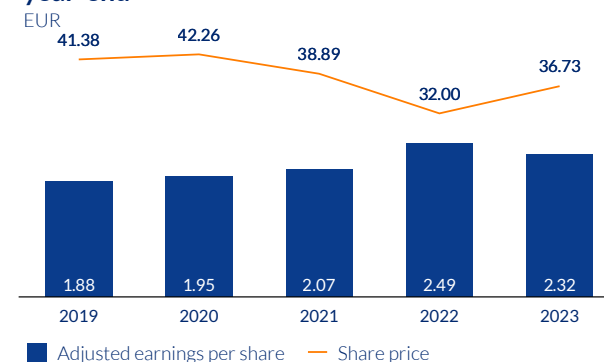
EUR million



Adjusted EBIT and EBIT margin



Adjusted earnings per share and share price, year-end



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)			Committee memberships (until April 27, 2023)	Committee memberships (from April 27, 2023)
	Annual compensation	Meeting fees	Total		
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		

¹Annual compensation includes a mobile phone benefit.

²Board member until April 27, 2023.

³Board 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 benefits¹	1,282,114
Short-term incentives²	
Remuneration based on the performance in the year preceding the payment year	593,600
Long-term incentives³	
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

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

²Short-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.

³Share-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 Index can be found [here](#).

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

¹Shares will be paid in March 2024. Number of shares represents the gross amount of shares. Applicable taxes are withheld from the gross reward.

²However, 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.