

Corporate Responsibility Report 2017

Insights 2017

Huhtamaki





Treating our world with respect

Food is critical to life and a source of great joy and pleasure. Packaging ensures it is delivered safely and will not be wasted. We see it as our responsibility to produce the best fit-for-purpose packaging to protect and serve food. We do this responsibly by managing our supply network, continuously improving our manufacturing operations and working closely together with our customers.

Contents



PEOPLE



Developing our people
Leadership, collaboration,
digital tools and engagement
Page 9



PACKAGING



Protecting the contents, consumers and brands
Innovations, renewable materials and material saving
Page 12



SUPPLY CHAIN



Implementing new tools
Working in collaboration with suppliers
Page 15



MANUFACTURING OPERATIONS



Working on natural resources strategy
Energy and resource efficiency are key requirements
Page 18

From CEO: Preparing for 100th anniversary with new goals	3
Our purpose	4
Megatrends: Life tomorrow	5
Our new agenda "Packaging for Good"	6
Value creation	8
People are key to our success	9
Protecting the contents, consumers and brands	12
Consistency, purity and traceability throughout the supply chain	15
Working on natural resources strategy	18
Key Corporate Responsibility achievements in 2017	23

About this publication

Insights 2017 explains our corporate responsibility agenda and, to illustrate the ongoing work, we have included individual articles and case examples of our four key responsibility themes: People, Packaging, Supply Chain and Manufacturing Operations. Detailed information about our progress in 2017 can be found in a separate GRI Performance Review 2017, published on huhtamaki.com.



Preparing for our 100th anniversary with new goals

Population growth and urbanization continue to shape consumer behavior and create growing demand for packaging. At the same time, we see increasing interest in sustainability and responsible consumption. Our business, food packaging, is affected by many strong and sometimes controversial requirements: food safety, food waste reduction, ease of use, sustainability, and affordability, with different parties vocalizing their agenda points at different times. As a global food packaging producer we have an opportunity to provide solutions and answer many needs related to food consumption.

We base our operations on a clear purpose: “helping great products reach more people, more easily”. This, combined with our strong heritage values, guides us in our everyday work. As we approach the 100th anniversary of Huhtamaki in 2020, it is natural to consider how our company will evolve and operate during the next hundred years, continuing on our path of strong corporate responsibility.

We have developed our Corporate Responsibility agenda targeting for 2020 and beyond. We are committed to the United Nations Sustainable Development Goals and have developed our agenda in accordance with them.

The year 2017 marked the beginning of a new internal excellence stream dedicated to Corporate Responsibility. The team facilitates cross-segment collaboration and ensures that we get the best resources, people, and ideas to develop our corporate responsibility. Our strong financial position allows us to build a profitable future while our global operations, spanning 34 countries, challenge us to stay attentive to our impact on local communities as well as to quickly spreading global trends.

Responsible business calls for innovation across the whole value chain. Every link in that chain, from consumers and communities to food and packaging producers, can do their part by promoting responsible consumption, inventing new ways to produce packaging, using renewable raw materials, and recycling used materials more efficiently.

Sustainability is an important part of our strategy, and we recognize it as a business opportunity. Our long-term work with corporate responsibility will continue to help us grow and achieve our ambition of being the preferred global food packaging brand. We look forward to continuing our work, both within the company, as well as in our network.



“For us, sustainability is also a business opportunity.”

Jukka Moisio, CEO

Our purpose

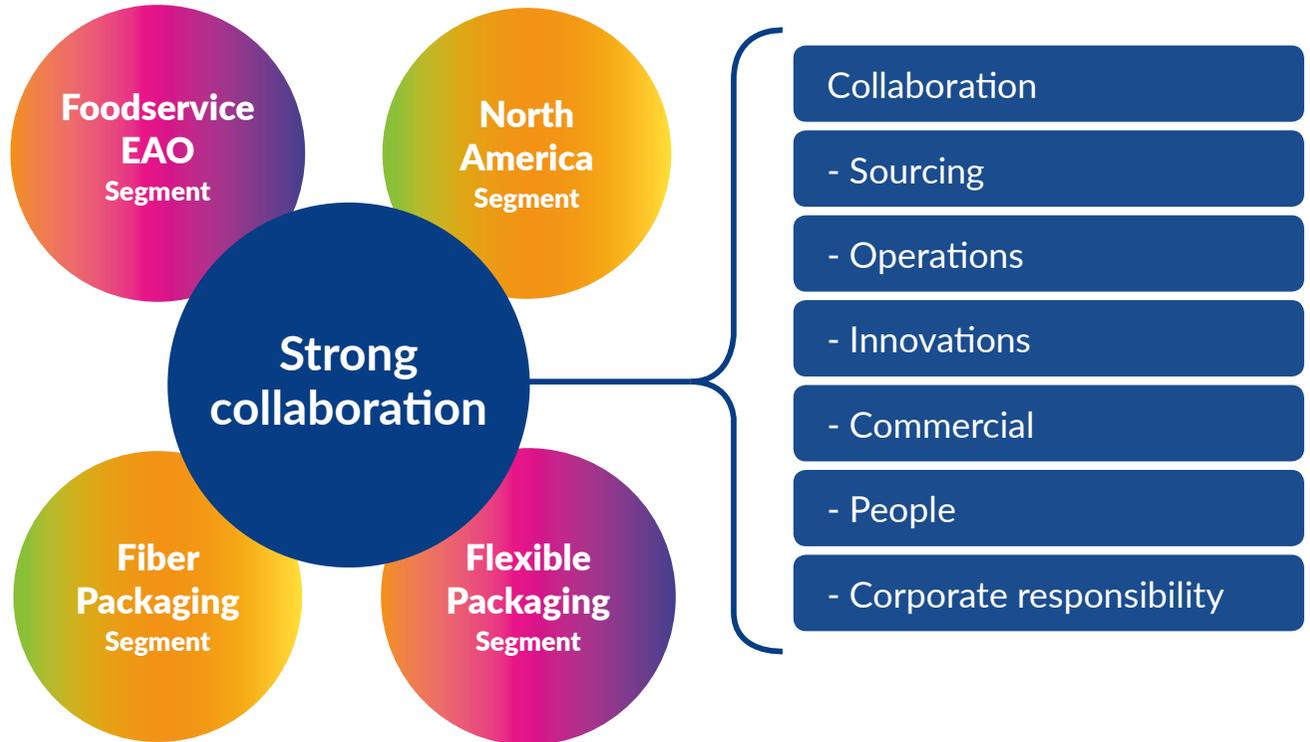
Helping great products reach more people, more easily

Our ambition

To become the preferred global food packaging brand

Our business segments

We develop and make food and drink packaging using three distinctive technologies managed by our segments. We strive for excellence and collaboration between segments to benefit our customers.



Our values

We know our business

We treat our world with respect

We like to get it done



Life tomorrow



8.6 billion people by 2030

More life

The world's population is estimated to keep growing until 2100. As the global population grows, food consumption patterns are changing, creating more demand for packaged food and drink products.

New packaging innovations



Sustainable life

All natural resources are under pressure from the growing global population and its needs. Across industries, consumers are showing increasing interest in sustainability. In packaging, this relates to a stronger emphasis in material efficiency, renewable materials and increased recycling.

3.2 billion in middle class



Wealthier life

The growth of the middle class is faster than expected. In a few years, we might see a tipping point where – for the first time ever – a majority of the world's population lives in middle-class or rich households. The smaller size and higher purchasing power of urban households increases the demand for new, diverse food experiences.

55% urban population



City life

The number of megacities with more than 10 million inhabitants is over 40 and is expected to grow. As products are bought in supermarkets rather than as fresh produce, more efficient packaging and delivery of food is needed.

Packaging for Good

We are proud to announce “Packaging for Good”, our updated Corporate Responsibility (CR) agenda, which spans until 2020 – the 100th anniversary of our company.

The updated agenda was developed during 2017 in our Corporate Responsibility Excellence stream, consisting of employees from our business segments and global functions. The team in turn interacted within their respective networks and communities for feedback. The agenda is a reflection of Huhtamaki’s values and is based on fresh analyses of megatrends, material issues, market

views and our own operations. The first results of our work are already visible, for example in the form of new targets.

“Packaging for Good, the name of the program, is a guiding principle for our employees as they go about making corporate responsibility part of our everyday business. The name is also a statement of intent. We want our social and

The approaching milestone made this the natural time to take a closer look at our agenda and identify new goals and Key Performance Indicators to better reflect our current situation and future ambitions.

environmental impact to contribute to becoming the preferred global food packaging company,” says Wouter van Tol, Head of CR at Huhtamaki.

“A well communicated agenda makes our initiatives and ambitions clear to all parties. Discussing and aligning them with, for example, our customers is easy and transparent.”

“We will review our agenda regularly, and we commit to communicating our progress to you, our stakeholders. We warmly welcome your feedback on our Packaging for Good agenda, whether directly to your existing contacts in Huhtamaki or via email to sustainability@huhtamaki.com.”

Packaging for Good

PEOPLE

Goal: By 2020, our work culture and reputation as a responsible employer make us a desired place to work

- Employee Engagement index >70%
- Huhtamaki Group Lost Time Incident Rate: 1.7
- Community programs in place on site level and Group level

PACKAGING

Goal: By 2020, our customers see Huhtamaki as a most trusted partner to deliver and innovate on sustainability and food safety

- All products comply with our Global Packaging Food Safety Policy
- Zero food contact compliance related claims reported
- Product innovation*

SUPPLY CHAIN

Goal: By 2020, all key suppliers work with us to deliver on our Supplier Code of Conduct

- Supply chain due diligence system in place covering ethical, social and environmental criteria
- Ambition: all fiber sourced from recycled or certified sustainable sources. (2017: 98%).

OPERATIONS

Goal: By 2020 we produce more, with less impact on the environment per unit of production

- Natural Resource Strategy*
- All plants in water stressed areas have a water management plan

Financial health and competitiveness, Ethical operating standards and practices, Good governance, Respect for human rights, Equal employment opportunities.

All targets refer to 2020 unless indicated otherwise.

* Packaging for Good is Huhtamaki’s long-term Corporate Responsibility program. The program is launched with initial goals targeting our centennial year 2020. The program is constantly reviewed and updated based on our progress of developing our longer-term goals and KPIs. In particular, we are currently working on Huhtamaki’s environmental and product sustainability initiatives and related goals and KPIs.

Aligned with the Sustainable Development Goals

In 2015, the United Nations set out a global development agenda for a broad range of social and economic development issues including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice. We have mapped our updated corporate responsibility agenda in these goals and identified the ones that are most relevant to us.

Focusing on goal 12: Responsible consumption and production was chosen to be our main development goal. It provides us with the best opportunities to make a positive impact with our corporate responsibility work.





OUR PURPOSE : Helping great products reach more people, more easily

OUR AMBITION : The preferred global food packaging brand

CREATING VALUE FOR STAKEHOLDERS

INPUTS

NATURE

- Main raw materials use in 2017:
 - Renewable 66%
 - Non-renewable 34%
- Energy 2,177 GWh
- Water 9.1 million m³

OPERATIONAL

- Global footprint: 76 manufacturing units in 34 countries

INTELLECTUAL

- Immaterial rights, patents
- Brand & reputation

HUMAN

- Competence and know-how of 17,400 employees

SOCIAL

- Key stakeholder relationships
- Collaboration with key customers & suppliers

FINANCIALS 2017

- Equity M€ 1.208
- Net debt M€ 698

OUR ACTIVITIES

CONVERSION TO PACKAGING

- Raw material sourcing
- Manufacturing
- Delivery

INNOVATIONS

- Packaging design and functionality
- New product development

RESOURCE EFFICIENCY

- Material usage
- Energy: 15% improvement in energy efficiency in 2013-2017

LEADERSHIP AND MANAGEMENT

- Strive for excellence and collaboration between our four segments and centralized functions to benefit our customers
- Workplace safety improved 21%* in 2013-2017
*Lost time incident rate decreased from 3.0 to 2.4 (2013-2017)
- Guiding principles and systems (e.g. Code of Conduct)
- Continuous improvement (Lean Six Sigma)

GROWTH INVESTMENTS 2013-2017

- Growing both organically and through acquisitions
- Capital expenditure M€ 809
- Acquisition spend M€ 473

OUTPUTS

SAFE, CONVENIENT AND FIT-FOR-PURPOSE CONSUMER PACKAGING E.G.

- Cups, plates, bowls and folded cartons for foodservice products
- Laminates, pouches and labels for food and personal care
- Molded fiber packaging for eggs and fruit

INTELLECTUAL

- Immaterial rights, patents
- Customer survey
- Net average selling price

EMISSIONS AND WASTE

- Relative GHG emissions reduced 14% in 2013-2017
- Process water discharges
- Waste in 2017
 - 88% for recovery
 - 12% to landfill

NEW MANUFACTURING ASSETS

- Through investments and acquisitions

ECONOMIC VALUE GENERATED IN 2017

- Gross profit M€ 506

IMPACTS

NATURE

- Reducing food waste with fit-for-purpose packaging
- Replacing non-renewable materials with alternative renewable materials
- Impact on climate change from
 - manufacturing operations
 - waste to landfill

CUSTOMERS

- Product and design innovations support our customers' future growth
- Extended shelf life and increased preservability

INTELLECTUAL

- Huhtamaki brand value

HUMAN

- Increased know-how through learning
- Job opportunities
- Employee engagement
- Value for local communities

SOCIAL

- Customer satisfaction
- 2/3 of suppliers covered by the Code of Conduct for Huhtamaki Group suppliers

FINANCIAL ECONOMIC VALUE DISTRIBUTED IN 2017

- Profit M€ 197
- Wages & benefits M€ 616
- Interests M€ 18
- Taxes and similar M€ 50
- Dividends M€ 76

In addition to what is presented in the model, there are essential factors that may have an impact on Huhtamaki's value creation over time. These factors may be related to e.g. megatrends, business environment, strategy, performance, risks and opportunities, as well as governance. To gain more in-depth understanding of our performance, please read our Annual Accounts 2017, Non-financial information 2017, Insights 2017 and GRI Performance Review 2017, all available at www.huhtamaki.com.



People are key to our success

Creating future growth, deepening our trusted relationships with customers and stakeholders, and extending our global reach requires that we all continuously grow and develop ourselves as professionals, leaders and colleagues.



Developing our people

Professional growth enables us to carry out our ambitious growth strategy in a fast-moving, complex and ambiguous business environment. This requires consistent leadership.

Delivering high performance on a day-to-day basis requires our leaders to continuously learn and adapt. We have strengthened our management succession planning by identifying and developing internal candidates for leadership and other key roles. We have several initiatives that aim to give our leaders the tools they need to strengthen their leadership.

Commonly agreed Huhtamaki Leadership competencies were introduced in 2016 in order to establish clear expectations, consistency and accountability for leadership behaviors across Huhtamaki. Those competences were introduced more widely and included in our leadership development programs, assessments and tools in 2017.

Leadership programs provide practical tools and frameworks

We have designed two new global leadership development programs to prepare our leaders for future challenges. The first one, 'LEAP', supports the development of individuals on

management level into more senior roles in the organization. It focuses on practical, easy-to-apply tools and frameworks on topics such as strategy awareness, self-leadership, business communications, facilitating change and effective delegating.

The second program, 'Raise My Game', has a more strategic approach, focusing on helping our more seasoned leaders to drive growth and re-energize themselves as leaders of teams and organizations. The trainings involve approx. 50 people annually, as well as senior management.

Leader's toolbox

To make the most of the tools and learnings from development programs, we introduced a digital, always available 'Leader's Toolbox', designed to equip all our leaders with effective tools to succeed. They are easy-to-use, practical models for team building, coaching, goal setting and negotiations.



People Excellence promotes best practices

A collaboration team called People Excellence was launched in December 2016 to enhance collaboration and best practice sharing between segments.

The team selected the "Partners for Success" model as their first project, which aims to enhance employer-employee dialogue at sites. It promotes regular monthly meetings of managers and employees, in which employees set the agenda with topical issues to improve the working environment.

"Meetings have been highly appreciated by all personnel in Mexico. People are heard, their improvement ideas are considered and applied where possible, and credit is given to persons that made the suggestion. Everyone in the company is important," says Gabriel Soto, General Manager of Huhtamaki Mexico.

For 2018, the team has selected a project called "Success From the Start", which focuses on recruitment and onboarding of manufacturing employees at the factories.

"New global leadership development programs help our leaders succeed."



Harmonizing Working Conditions

In 2017 we arranged 11 Working conditions workshops all over the world for managers to increase awareness and recognize improvement areas.

Managers across segments and sites brainstormed on issues particular to their sites and shared best practices for others to learn. Topics such as anti-corruption, safety, work ergonomics, work contracts, working hours and grievances were discussed.

“This is a great forum for collective collaboration across segments within Huhtamaki and much appreciated by the participants. The workshop includes real time training in the factory with live examples, which makes it very effective and engaging for the participants,” says Lars Buchholz, Director Purchasing, Flexible Packaging Europe.

The work continues with self-assessments and improvements plans on the sites.

“The cross segment workshops gave key leaders an insight on the expectations for further developing their skills and knowledge on working conditions management. They also provided with tools and techniques for evaluating and assessing performance in this area,” says workshop facilitator Miia Hapuoja, Head of Employment and Resourcing.

Going forward with an engaged team

Our global employee engagement survey is conducted every other year to identify the key areas impacting employee engagement at Huhtamaki.



80% of our employees responded to the survey in 2017.



The employee engagement index was 69% (65% in 2015, ambition level 70%)

Future focus: Based on the survey, we feel encouraged to see that our activities have made a positive impact on key engagement indices. We continue to focus mostly on the same areas as in 2015:

- Communicating our strategy and future direction
- Encouraging open and honest two-way communication and
- Identifying ways to better recognize everyone's contribution.

We will also continue to develop all of our leaders, as well as help our employees stay connected with our company values.

Workplace safety

Workplace safety measures and practices are continuously developed. In 2017 a collaboration initiative on health and safety was established across all business segments. Closer

collaboration with different manufacturing technologies is an efficient way to improve health and safety performance. The working group meets on a monthly basis and reports

its progress to the Global Executive Team. One of the working group's first priorities was the development of a global health and safety policy.



Protecting the contents, consumers and brands

Choosing the right materials, using them in an optimal way and considering the end of life and recycling possibilities all play a part in developing more sustainable packaging solutions. We listen carefully to our customers and work together with them in order to meet their sustainability goals, which are linked to their unique products and packaging needs.



Packaging innovations support sustainability

We continuously innovate and collaborate to improve the sustainability of our packaging; from design and sourcing to converting and reprocessing.

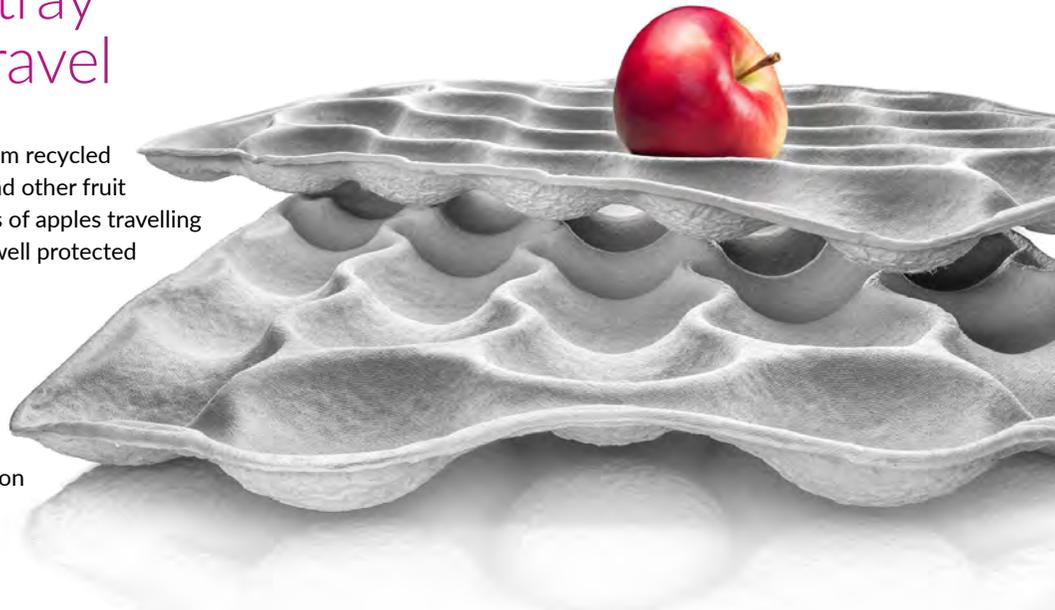
Our main technologies are paper converting, films and laminates for flexible packaging and molded fiber production. In our molded fiber production we process either post-consumer or post-industrial recycled fiber. We use paperboard for making paper cups, trays, plates and bowls. We use different kinds of plastics as part of our films and laminates for food pouches, tubes and snack wraps.

Today, we use recycled materials in our packaging and recycle our own manufacturing waste. As the world population continues to grow, recycling all packaging materials after use is even more important and calls for consumer responsibility, as well as development of the recycling infrastructure.

Aporo: The apple tray redefining apple travel

Our molded fiber apple tray, Aporo, is made from recycled fiber. It helps increase the life span of apples and other fruit thanks to its innovative structure. With millions of apples travelling around the globe, it is important that they are well protected and can be easily handled.

To respond to these needs and to improve efficiency, we completely redesigned our traditional fruit tray. It is now flatter and stronger and offers an improved airflow. It features improved ventilation to avoid fumigation and also has a reduced overall pack weight. Using these trays also cuts down the cooling time, saving energy in the process.



Paper cup recycling in the UK

In 2017 there was active discussion around paper cup recycling in the UK and concrete steps to facilitate the recycling of paper cups were taken. Even though all our paper cups can be recycled it remains a fact that cups are not being widely recycled in the UK and we are actively working across the supply chain to change this.

In October 2017 we coordinated 14 organizations to participate in a cross-industry collaboration which will deliver a long-term, nationwide paper cup recycling solution including 415 new collection points located in 105 local authorities by January 2018. We are participating in a new pilot initiative to recycle used paper coffee cups in Gosport, the first of its kind in the UK. The initiative was launched in February 2018.

We lead a collaborative industry action through our trade bodies, including the Paper Cup Recovery & Recycling Group (PCRRG), the Foodservice Packaging Association (FPA) and the Paper Cup Alliance (PCA).



Lamineo coffee packaging: Less material with no loss in performance

Lamineo builds on our deep expertise in extrusion films, offering a new material optimized for coffee packaging. We have developed a film that meets all market requirements and is equal on performance, yet significantly reduces the adhesive content in the packaging material.

Lamineo uses less material than comparative products with no loss in performance. Its applications range from packaging a kilo of beans to producing the inner wrapper for traditional packs of ground coffee. Along with unchanged material properties, Lamineo also has another advantage: applying it does not require major changes in existing packaging lines.



VIKKI CHAPMAN

Paper cup partnership steps up recycling

Big festivals use large numbers of paper cups. Recycling them efficiently and, at the same time, keeping the festival area clean is a challenge that can be resolved. We co-founded and sponsored an innovative recycling scheme at two festivals in the UK. We worked together with Festival Republic, Simply Cups and Pronto-Pack to ensure that all paper cups were collected during the festivals in Leeds and Reading.

Once collected, the cups were stacked, bagged and stored in skips until each event closed. From here, the cups were collected by Simply Cups and taken to the organisation's

depot for baling and onward transport to the recycling facility. In total, 475,000 paper cups were collected. These used cups formed 11 recycling bales, creating a total weight of 6,050 kg.

"We are proud of this example project. We were happy to work with Festival Republic and the services of Simply Cups, a specialist in this area, and Pronto-Pack, who were committed to this project from the start," says Neil Whittall, Global Category Director for Specialty Coffee from Huhtamaki. "It clearly demonstrates that great strides are being made in both collecting and recycling of paper cups."



Consistency, purity and traceability throughout the supply chain

Our business, food packaging, presents special requirements not only to our own raw material handling and manufacturing but also to our supply chain management. Consistency, purity and traceability of the raw materials we source are critical; however, we consider the overall responsible behavior of our suppliers equally important.

Implementing new tools

Our supply network consists of a few global key suppliers and a large network of local partners close to our manufacturing units. We coordinate our key raw material sourcing on a global level and at the same time we operate with numerous local suppliers daily. Managing the supply network in a uniform way across our business units is a mixture of various structures and tools.

Our Supplier Code of Conduct addresses and communicates our values, integrity, working conditions, health and safety and approach to the environment.

Supplier screening taken to the next level

Following a successful trial in the North America business segment, we made a decision to roll out the Navex RiskRate® supplier screening system to all our business segments. In 2017, we took significant steps in implementing the system further within our organization.

We also stepped up our collaboration with Sedex, the world's largest collaborative platform for sharing responsible sourcing data on supply chains. As with Navex RiskRate, we will focus our efforts on one business segment before rolling out further.



Strengthening our supply chain due diligence system

For a global company it is important to monitor and address risks systematically and consistently, and this is best done with special tools designed for the task. In 2015, our North America business segment implemented the Navex RiskRate system to continuously monitor and manage the supply network.

Rochelle Stringer, General Counsel of Huhtamaki North America, says:

"Compliance is critically important for our business. We recognized there was an opportunity to manage compliance and risk in our supply chain in a more systematic and auditable way. With RiskRate we can review existing and new suppliers for different types of supply chain risk, and it makes it easier to engage with suppliers, for example regarding our Supplier Code of Conduct. It's been a big step forward."

"This platform allows Huhtamaki to automatically monitor its key suppliers for a period of two years. After the initial screening for adverse media, sanction lists, watch lists and Politically Exposed Persons lists, the system continues to monitor our key suppliers on a daily basis. We receive and review any negative reports of reputation risks within our supply chain. The system is managed by the legal department and supply chain operations within each business unit, and the status of key suppliers is reviewed quarterly. Currently, Huhtamaki North America is monitoring its top 100 key suppliers, which accounts for approximately 85% of its procurement spend. Further, the new vendor vetting process includes this Navex RiskRate screening for certain key suppliers."

When we began to further implement Navex RiskRate in 2017, we already had valuable experience from the North American pilot and were able to address key aspects from the start.



Human rights training helps prevent abuse

Huhtamaki does not tolerate human rights violations under any conditions. As in all fields, we are committed to complying with laws and regulations on human trafficking and forced labor. In late 2016, to ensure that we are well prepared to identify potential human traffic cases, we began formalizing our human rights due diligence practices. Those practices help us uncover, prevent and mitigate any potential incidences of human rights abuse in our operations and supply chain.

In 2017, we took concrete steps in our due diligence process, including the creation of 'Huhtamaki Human Trafficking and Modern Slavery Statement'. Our Supplier Code of Conduct is applied to all key suppliers and we actively follow up with different tools such as Navex to ensure compliance. The most recent step includes training for our managers, HR, purchasing and supply chain personnel on human trafficking and modern slavery. The training helps us identify potential red flags and act upon any suspicious situation.

Fibers: recycled and virgin

Fiber is our main material measured in volume. Our ambition is to source 100% of our fiber from recycled or certified sustainable sources. In 2017, 98% of the fiber we used in our manufacturing was either recycled or sustainably sourced. We are working to close the remaining part while we recognize it is subject to change as we use local suppliers, test alternative materials and introduce new products.

Virgin fibers are widely used in the packaging industry and are the preferred choice for packaging with direct food contact. We use virgin fiber to guarantee food safety, avoid taint, odor and migration problems and to meet the requirements of food safety regulation. Virgin fiber also offers specific qualities in terms of appearance and processability. After use, virgin fibers return to the paper cycle as fresh cellulose, enhancing the quality of recycled material.

We use virgin fibers that are traceable and come from sustainably managed and certified sources. To follow our commitment to responsible fiber, we use various certification and third-party traceability systems such as the Forest Stewardship Council's FSC® Chain of Custody and Chain of Custody of the Programme for the Endorsement of Forest Certification PEFC™, covering all aspects of sustainability – environmental, social, and economic.

Recycled fibers are derived from either post-industrial or post-consumer recycled materials. We use residual clippings from our own paper cup manufacturing to make new paper plates with our molded fiber technology. We also collect and buy post-consumer recycled paper to produce egg cartons and trays, as well as cup carriers and wine bottle protectors.

During 2017 we completed careful risk analysis and laboratory tests for our egg and fruit packaging made in the EU, South Africa, New Zealand and Brazil in order to ensure that no mineral oils migrate to food via our packaging made of recycled paper. The analyses were made in independent laboratories in Sweden and Germany and confirmed that our packaging is safe and no mineral oil residues (MOSH/MOAH) migrate to foodstuff.





Working on natural resources strategy

Natural resources and raw materials, coupled with energy, are the backbone of every economy. We touch people's lives multiple times every day with the millions of drink cups, food pouches, candy wraps, egg cartons and other types of packaging we supply. Our manufacturing processes require varying inputs but energy and resource efficiency are key requirements in all our facilities.



Setting new energy efficiency targets

In 2017 we re-evaluated our business through an environmental impact assessment to define our biggest operational impacts. We plan to build a more structured approach to reducing energy and CO₂ emissions, waste and water use. This will also contribute to making our manufacturing units more efficient.

In the latter part of 2017 we initiated a Natural Resource Strategy project to define new targets for energy, waste and water. A bottom-up approach was created, aiming at the development of holistic group targets and methods for achieving them.

We examined where we can achieve the largest reduction in CO₂ emissions. We have two strategic priorities for energy: recognizing the link between how much energy we use and how much carbon we emit into the atmosphere, and setting ambitious targets to reduce our energy consumption and carbon footprint.

Target setting supports environmental efforts

To define the CO₂ targets for operations, a selected set of sites were analyzed using an electricity sourcing feasibility framework. The analysis included site specific requirements addressing, for instance, current sourcing practices and possibilities for our own electricity production. Country specific factors such as the availability of certified renewable energy were also considered.

15%

Energy efficiency in relation to production output has improved by 15% over the past 5 years.

-14%

Our GHG emissions per sellable tonne produced have decreased 14% during the last 5 years.

2%

improvement in material recovery rate (81%) compared to 2016.

The focus areas in the new Packaging for Good agenda

ENERGY

RENEWABLE ENERGY

WASTE

WATER

Global data management improves visibility

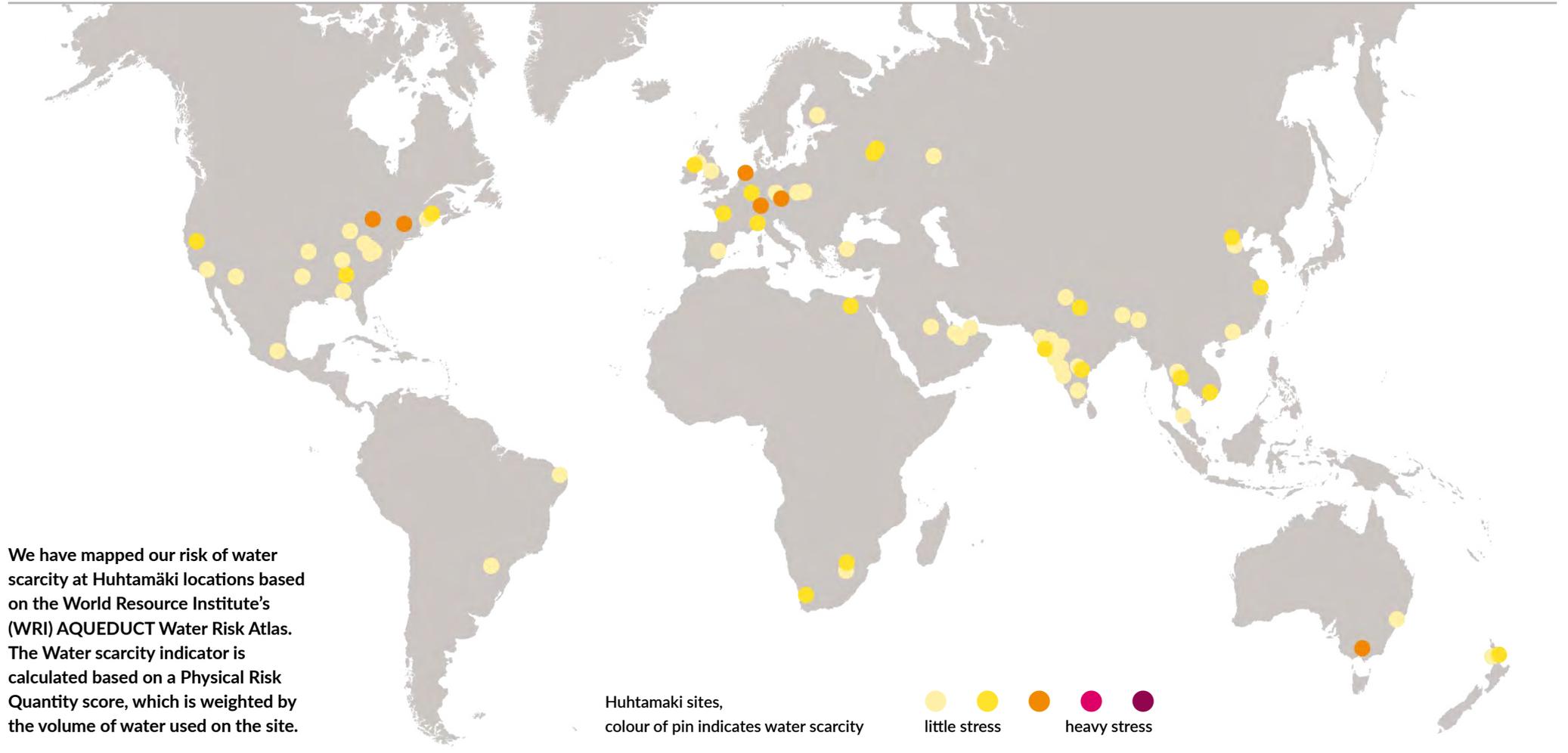
All Huhtamaki sites report their environmental key indicators with a global data management system. This single source of data enables us to develop a standard data capture language that supports visibility, communication, and decision-making. The aim of reporting energy performance and trends regularly at manufacturing sites is to shift from a reactive approach in energy management to a more proactive one.



Water consumption under scrutiny

In our operations water is mainly used in the fiber packaging manufacturing and as cooling water. The amount of water used is fairly limited, but due to scarce water resources globally, we consider water as a material aspect in our corporate responsibility agenda. During 2017 we used Aqueduct, the World Resources Institute's water risk mapping tool to investigate the possible water risk at our manufacturing units.

We found that three of our sites are located in the areas of the "highest physical risk", however when corrected for the relatively low volume of water consumed by these three sites, their overall water risk is low to medium.





Closer to customers: First products roll out from new Goodyear facility

Construction of North America's newest facility in Goodyear, Arizona has been completed as planned.

The Goodyear facility produces cold cups, folding carton trays, folding carton school lunch trays, two sizes of pressed plates and folding carton boxes for foodservice customers. The 750,000-square-foot facility began functioning as a distribution center in May 2017, immediately improving North America's delivery capability in the southwest region of the United States.

The start was covered with a core team of employees, more will be hired as demand and equipment installs increase. Those employees are also taking action on work safety by forming a local Safety Committee and identifying monthly training topics to address any potentially unsafe situations.

This project represents further investment in our strategy to serve the North America's foodservice packaging and retail tableware markets with our core products.



"We have a great relationship with the City of Goodyear and they have supported our improvements to this site and startup activities," Rich Mills, Senior Director and leader of the Goodyear project, said. "The onboarding and training of the operating group continues and the new associates coming into the business are engaged and working diligently as we bring the facility on line. Everyone is building a culture focused on safety and Continuous Improvement. The assistance and support we are receiving from all areas of the business has been outstanding."



Solar energy from factory roof

Since 2015, our manufacturing unit in Penang, Malaysia, has had continuous additional energy supply from the solar panels installed on the roof of the factory building.

Today the site's office energy consumption is fully covered with green energy created by the panels, reducing the need for other energy sourcing and saving costs.

Unique global footprint

We have a unique global footprint and capability to serve global and local customers in a way no other company in our business can. We continue our organic and acquisitive growth. On a practical level, this means that today we operate in 34 countries and have 76 manufacturing units. We are always close to our customers, cutting down the unnecessary transport distances, and serving them just for the purpose, with products that meet the local demand.



Cutting edge cooling technology for enhanced working conditions and saving energy

In United Arab Emirates, we have three flexible packaging facilities, employing nearly 600 people.

“Working in a hot environment like the one in United Arab Emirates is really challenging. Outside air temperature during summer sometimes touches 50°C. Therefore, we consume a substantial amount of energy to cool the manufacturing area and production machinery,” says Parwez Izhar, VP Business Excellence at Huhtamaki UAE.

“As a part of our ongoing initiatives in green manufacturing, we studied alternatives to take better care of employees’ well-being and at the same time reduce energy consumption in air handling units. We decided to implement a new cooling technology which is a pre-cooling device called Climate Wizard (CW) connected before the air handling unit.”

Climate Wizard is an indirect evaporative cooling system using a counter-flow heat exchanger to cool the air. Compared to refrigerated system, CW consumes up to 80% less energy and does not add any moisture to the air nor use chemical refrigerants.



“After a successful trial in the first site, we have now installed more CW units in other UAE facilities. We have seen energy savings up to 25%,” Izhar concludes.



Optimizing the ink and water waste in print changes

When changing the printer from one design to another, the machine is cleaned thoroughly. As part of our continuous improvement in our unit in Guangzhou, China, we set to optimize this step. Two targets were set: to minimize the ink waste caused by the change and to reduce the waste water created in the machine cleaning.

“By carefully analyzing the steps and sources for lost ink, the team came up with practical solutions requiring pump and machine modifications and handling instructions, resulting to 50% less lost ink during the print change,” says Mable Zhu, Business Excellence Leader in China.

“The printing machine cleaning water was earlier sent to external waste treatment. By installing an internal waste treatment system we are able to filter the water and send only solid ink waste for external treatment, saving water and space and cutting down transport and treatment cost significantly.”

Key Corporate Responsibility achievements in 2017

“Our long term work with corporate responsibility will continue to help us grow and achieve our ambition of being the preferred global food packaging brand.” **Jukka Moisio, CEO**



of main raw material was renewable in 2017



of key suppliers covered by the Code of Conduct for Huhtamaki Group Suppliers

2%

improvement in material recovery rate (81%) compared to 2016.

+15%

better energy efficiency since 2013

+21%

better workplace safety since 2013

-14%

lower CHG emissions per sellable tonne produced since 2013