

Sustainability Report 2019

Huhtamaki



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Key achievements 2019



- Huhtamaki launches high-quality, sustainable paper straws
[i](#) | [Read more on p. 34](#)

- Launch of blueloop, a new range of recyclable flexible packaging
[i](#) | [Read more on p. 30](#)

- New Flexible Packaging unit, inaugurated in Egypt in April 2019, received the highest rating of AA in a BRC audit that measures food safety
[i](#) | [Read more on huhtamaki.com](#)

- Engagement survey response rate was 88% and engagement index 74% (target >70%)
[i](#) | [Read more on p. 26](#)

- Huhtamaki elected to the Executive Committee of the European Organization for Packaging and the Environment (EUROPEN)
[i](#) | [Read more on p. 18](#)

- Gold medal awarded by EcoVadis for performance in sustainability

- Waitrose & Partners supermarket chain in the UK launches their first ready meal range in Huhtamaki Fresh trays
[i](#) | [Read more on huhtamaki.com](#)
- Installation of state-of-the-art solar power units at manufacturing units in India
[i](#) | [Read more on huhtamaki.com](#)
- Future Smart sustainable paper cup wins Vending Star 2019 Award
[i](#) | [Read more on huhtamaki.com](#)

- Huhtamaki joins a newly formed industry alliance, 4evergreen
[i](#) | [Read more on p. 17](#)



- McDonald's announces Huhtamaki the supplier of the year in UK and Ireland. The Antrim paper straw facility recognized as a key factor for success.
[i](#) | [Read more on huhtamaki.com](#)

- Launch of new Ethics and Compliance program framework





Sustainability overview

Accelerating our sustainability work

The role of packaging is more relevant and has a higher profile than ever in today's fast-paced world. This is especially true for food and drink packaging, because we all depend on it to sustain our lifestyles. Packaging enables us to consume food wherever and whenever; conveniently, safely and hygienically.



"We have the ambition to take a leadership role in shaping the future of the food packaging industry, embedding sustainability in everything we do."

Charles Héaulmé,
President & CEO

Food packaging protects not just the food inside it. It reduces the environmental impacts related to the production of food. Packaging prolongs shelf life and – crucially – reduces food waste, and it enables consumers to enjoy food safely wherever and whenever. At the same time, the world's population continues to grow and become more urban while pressures on natural resources increase.

Nevertheless, after food is consumed there is still the packaging to deal with. Collection, segregation and recycling infrastructure and practices vary widely depending on where we live. Littering is a behavior which is all too common. And as we know, plastic which is mismanaged on land can transfer into rivers and eventually into the oceans, where it accumulates, harms marine life and litters our beaches. There is no doubt that more must be done to create a world where circularity of packaging is a reality, and to stop plastics from ending up in oceans. As a globally operating food packaging specialist, Huhtamaki has a role to play in making this change happen together with the whole value chain, policy makers and public authorities.

In 2019 we continued to make good progress on many of our most material sustainability topics through our Packaging for Good program. We also know that while we are working hard in certain important areas, we still need to do more in order to progress. We are currently working on our sustainability ambitions towards 2030. We will begin implementing our plan in 2020 and it will form the basis of our reporting going forward.

We are pleased with the progress we made in 2019 in several areas, including:

- **Product innovation for circularity:** Our new blueloop flexible packaging is designed to be recycled; our fiber-based ready meal tray Fresh, an alternative to black plastic trays, is a hit with customers and consumers; our paper straws have been successful in meeting demand from our customers. Huhtamaki is not limited to using any one type of material; we have deep expertise in recycled and virgin fiber as well as plastics and multi-layer structures. This puts us in a great position to meet the demand for more sustainable, food-safe products.
- **Valuing natural resources:** We have modeled natural resources as they flow through our production and their financial value. This model has been piloted in a few manufacturing units, and our business segments report that this new method has helped them to identify further opportunities to reduce material loss (waste) and drive profitability at the same time.
- **Supply chain due diligence:** After extensive development, including an update of our Code of Conduct for Huhtamaki Suppliers, our improved supply chain due diligence system has been implemented in our North America business segment. After evaluating the results, we have started to roll out this process across all our business segments, leading to improved risk management in our supply chain.
- **Employee engagement:** No less than 88% of 16,743 invited employees responded to the biennial employee engagement

survey. The engagement score of 74% (69% in 2017) achieved our target of >70%, and the scores were above the High Performing Norm, a measure created by Korn Ferry, the organizational consulting firm who conducted the study.

Although we are on track to deliver on our Packaging for Good targets for 2020, there is more we should do to address the expectations of stakeholders and the urgency of the climate crisis.

- **Looking beyond 2020:** Our initial targets for the Packaging for Good program focused on 2020. We are working on our sustainability ambitions towards 2030, still covering the full breadth of environmental, social and governance issues but with a higher ambition level.
- **KPIs:** The Packaging for Good program had two areas where we still needed to set forward-looking KPIs: product innovation and natural resources. These items are connected to the circular economy and climate. We are pleased that we will address these when we work on our long-term sustainability ambitions towards 2030.



Guided by our values

Our global operations challenge us to stay attentive to our impact on local communities as well as to be alert to quickly spreading global trends. We want to grow together with our customers and seize these opportunities.



VALUES ARE THE FOUNDATION OF OUR DAILY WORK



We know
our business



We like to
get it done



We treat our
world with
respect

Our strategy

We strive to be the first choice in food packaging. Today, we are a leader in two areas: the on-the-go food packaging market and pre-packed food packaging in emerging markets.

Global megatrends have an impact on ours and our customers' business. We work on capitalizing on the opportunities created by the trends, so that our packaging products help our customers enter new markets and sectors. Sustainability and innovation are key focus areas in our strategy.

[i](#) | Read more on page 11 in our Annual Report 2019

Contributing to the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs), a universal call aiming to end poverty, protect the planet and ensure that all people enjoy peace and prosperity, was adopted by all United Nations Member States in 2015. By considering the nature of our operations and their impacts, we have identified 11 goals that are most relevant for our business and our stakeholders. We have also chosen goal number 12, responsible consumption and production, as our main development goal, because it is where we can have the biggest positive impact through our core business.



Packaging for Good

Our sustainability program, Packaging for Good, explains how we intend to work and grow our business responsibly by 2020 and beyond. The program reflects our values and makes sustainability part of our employees' daily work. Packaging for Good has four focus areas: People, Packaging, Supply chain and Operations.

Packaging for Good focuses on material topics

We review our materiality assessment regularly. In 2019, we updated the assessment with more recent data sources. The materiality assessment reaffirmed that our sustainability efforts focus on the most material topics.

We are committed to making the world a better place by enabling safe and efficient food delivery with more sustainable packaging. We believe that long-term stakeholder cooperation is the key to finding the best solutions in all geographies where we operate. We invite you to find out more about our program and how we address current topics relating to sustainability.









Packaging for Good

Roadmap for a more sustainable future

Packaging for Good is Huhtamaki's sustainability program. It has four main themes: People, Packaging, Supply chain and Operations. All targets here refer to 2020, unless indicated otherwise.



Theme	Goal	KPIs	Performance in 2019
People 	By the end of 2020, our work culture and reputation as a responsible employer make us a desired place to work	<ul style="list-style-type: none"> Employee Engagement index >70% Huhtamaki Group Lost Time Incident Rate: 1.7 Community programs in place on site level and Group level 	<ul style="list-style-type: none"> Employee Engagement index was 74% in 2019 survey LTIR was 2.1. The focus is on hitting our target in 2020 and developing a roadmap beyond 2020. Work concentrated on donation projects for 2020 as part of Huhtamaki 100 year celebrations
Packaging 	By the end of 2020, our customers see Huhtamaki as a most trusted partner to deliver and innovate on sustainability and food safety	<ul style="list-style-type: none"> All our products comply with Huhtamaki's Global Food Safety Policy Zero food contact compliance related claims reported Product innovation (KPI under development) 	<ul style="list-style-type: none"> New Global Food Safety Manager in place, focus was on continuous improvement of systems and processes There were zero significant incidents of non-compliance reported Significant innovations in Fresh, blueloop and paper straws
Supply Chain 	By the end of 2020, all key suppliers work with us to deliver on the Code of Conduct for Huhtamaki Suppliers	<ul style="list-style-type: none"> Supply chain due diligence system in place, covering ethical, social and environmental criteria All fiber sourced from recycled or certified sustainable sources 	<ul style="list-style-type: none"> New system was developed, piloted and trained More than 98% of all fiber was sourced from recycled or certified sustainable sources
Operations 	By the end of 2020, we produce more, with less impact on the environment per unit of production	<ul style="list-style-type: none"> Natural Resource Plan (KPIs under development) All plants in water stressed areas have a water management plan 	<ul style="list-style-type: none"> New waste approach was piloted in 20 manufacturing units Water risks were re-assessed based on latest data, and pilot projects were agreed



Managing sustainability

Managing sustainability throughout our business

Huhtamaki is committed to doing business in a responsible and sustainable way, and we expect the same commitment from our business partners. We comply with local laws and regulations in the countries where we operate, and act in accordance with commonly accepted best practices. We do not accept the violation of any laws or regulations or any unethical business dealings.

The foundation of our sustainability work is our heritage values: 'We know our business', 'We like to get it done', and 'We treat our world with respect'. Our Huhtamaki Code of Conduct sets the standards for ethical behavior for all our employees. These are supplemented by policies and guidelines. All our manufacturing units are governed by the same overarching policy framework. Huhtamaki aims to follow the precautionary principle in all operations, and to minimize the negative impacts while maximizing the positive impacts on both our business and the societies around us.

We have defined targets for each of the four themes of our sustainability program, Packaging for Good; namely, People, Packaging, Supply Chain and Operations, and have defined step-by-step internal actions to achieve them. We track our progress through regular performance assessments at the manufacturing unit, business segment and Group levels. We also evaluate our sustainability work by benchmarking other companies and best practices, listening to stakeholders, updating our materiality assessment regularly, and reviewing grievances reported through the whistleblowing system.



"We track our progress through regular performance assessments at the manufacturing unit, business segment and Group levels."

Identifying the most material topics

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, provided by Datamaran. In 2019, we supplemented this assessment. We were already aware of the topics that are material for Huhtamaki. What we wanted to do was to update the underlying data sources with more recent ones and to increase the number of stakeholder surveys included, to see how the respective order among the topics had changed over time.

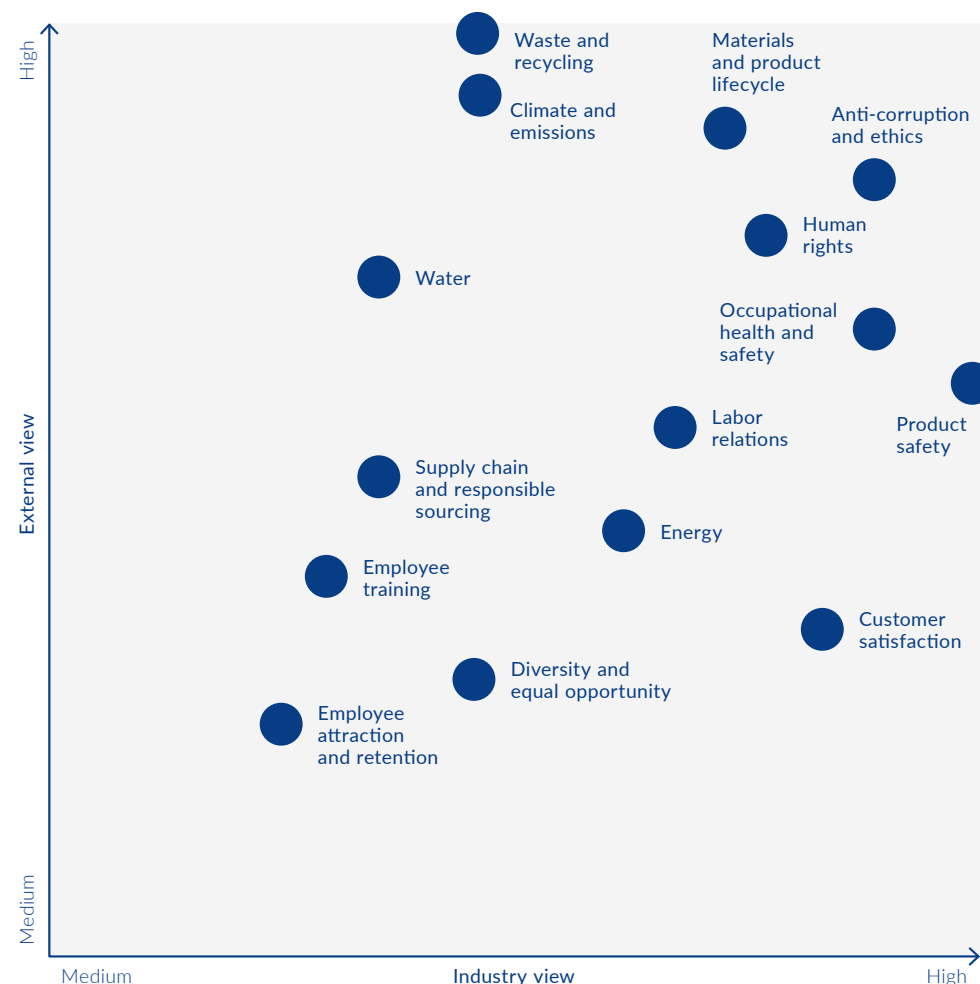
We included in the assessment news, hard law and soft law, tweets, corporate reports of 40 companies identified as main peers, customers and suppliers, and sustainability-related standards chosen according to their relevance for Huhtamaki's business sector. We also sent surveys to relevant external and internal stakeholders, and managed to double the number of answers received. For more information about the materiality assessment and methodology used, please visit our [webpage](#).

Update resulted in changes in the positions of material topics

The assessment resulted in the following materiality matrix.

- The X-axis represents the industry view, including internal stakeholder surveys and corporate reports
- The Y-axis represents the external view, including external stakeholder surveys, online news, regulations, Twitter and international standards

There were some changes visible when making a comparison to the previous materiality matrix. For example, the importance of climate and emissions as well as waste and recycling has grown, especially for the external view. We address these matters with our Natural Resource Plan, which takes a holistic view on our operations and products. The Natural Resource Plan also focuses on two other material topics, water and energy. For more information on the Natural Resource Plan, see pages 43 and 46–47.



The descriptions of the material topics have been improved to better reflect their content.

Anti-corruption and ethics are gaining even higher importance from both the external and internal points of view. Huhtamaki's Global Compliance function continued to develop the Ethics and Compliance program in 2019, with the official launch of a new Ethics and Compliance program framework in October 2019. For more information on the framework, see page 49.

The importance of human rights grew both externally and internally. Human rights, as well as other responsible sourcing aspects, are at the centre of our strengthened supply chain due diligence procedures. See more information about these developments on page 36.

Employment related topics as well as occupational health and safety continue to be relevant for Huhtamaki. We collect feedback from our employees through a biennial employee engagement survey. We also measure our safety performance. More insights about the survey results and health and safety initiatives can be found on pages 24–26.

Product safety and customer satisfaction are still pertinent for us as well as our industry in general. We continuously monitor the food contact safety of our products and innovate new products for our customers, taking the whole product life cycle into account. Read about our latest innovations on pages 30–34.

The content of this Sustainability Report is based on the materiality assessment. We report at least one GRI Standards disclosure for each topic that has been identified as most material.

We manage material topics efficiently

Operational efficiency is crucial for Huhtamaki, both for cost-efficiency as well as for reducing our environmental impacts. We use the Lean Six Sigma methodology to optimize our processes, primarily in manufacturing operations, but also in other functions throughout the company since 2006. At the end of 2019, we had 66 Black Belts and 317 Green Belts working actively with Lean Six Sigma. Best practices are continuously shared among manufacturing units.

Life Cycle Assessments (LCA) provide us with information on the environmental impact of our products throughout their whole

life cycle. In 2019, we updated our LCA tool to a more modern and efficient version. The tool allows us to systematically evaluate the potential environmental impacts of our products, taking raw materials, manufacturing, use, transport and end-of-life options into account. With the tool, we can simulate the environmental impacts of different product recipes in given scenarios based on reliable data. It helps us to benchmark products and production options and identify improvement targets. The updated tool also allows us to easily share the results with our customers and other relevant stakeholders.

The managers of our manufacturing units are trained on the Huhtamaki Working Conditions Requirements. These include topics such as anti-corruption, health and safety, work ergonomics, work contracts, working hours, grievances and supplier management. The trainings provide tools and techniques for evaluating and assessing performance in these areas.

The Global Compliance function oversees the implementation of our ethics and compliance program. It supports the business segments in conducting business in compliance with laws, regulations and our ethical standards, and organizes trainings and coordinates our whistleblowing system, the Huhtamaki Speak Up channel.

Our Quality and Food Safety fundamentals are defined globally, and then implemented locally. The Huhtamaki Global Food Contact Packaging Safety Policy describes the food safety related requirements to be included in the local quality management system.

Active risk management provides predictability

Risk management is an essential part of our internal control system and is a way to analyze and manage opportunities and threats related to our business strategy and operations. The Group Enterprise Risk Management (ERM) Policy defines the objectives, scope and responsibilities of risk management. Efficient risk management ensures timely identification and assessment of opportunities and risks as well as relevant measures to manage them. Detailed risk management procedures are described in our ERM framework and process guidelines.

The purpose of risk management is to identify potential events that may affect the achievement of Huhtamaki's objectives in the changing business environment, and to manage such risks to a level that we are capable and prepared to accept so that there is reasonable assurance and predictability on the achievement of the objectives. Our risk management process is based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

To organize risks according to a system and facilitate their identification, they are categorized as strategic, operational, financial, and information risks. These categories are closely aligned with the strategic, operational, financial and compliance objectives of Huhtamaki.

Our governance structure

Board of Directors (BoD): The highest body to approve the guiding policies for sustainability and to outline sustainability principles in relation to the Group's strategy. Approves the annual Sustainability Report and non-financial information as part of the Directors' Report. Monitors and evaluates the risk management activities of the Group. Approves the risk level that the Group is capable and prepared to accept and the extent to which risks have been identified, addressed and followed up.

Global Executive Team (GET): Monitors sustainability performance and revises sustainability targets. Adapts and deploys the Group's internal control principles and procedures relating to risk management. Approves global policies. Makes sure sustainability is embedded in everything we do.

Business segment and unit management teams: Responsible for integrating sustainability subjects into daily business decision-making and practices and for ensuring that the required processes are in place.

Global functions: Support the business segments and units in sustainability matters, identify Group-level sustainability opportunities and risks, promote responsible operating practices throughout the value chain, and publish the Group's annual Sustainability Report.

 More information on corporate governance, including a description of the governance structure and processes, can be found in the Corporate Governance Statement 2019 (part of the Huhtamaki Annual Report 2019) and from our website www.huhtamaki.com.

Our key guiding principles

Packaging for Good theme	Guiding principles and management systems	Responsibility
Foundation	<ul style="list-style-type: none"> • Huhtamaki Code of Conduct • Finnish Corporate Governance Code • Group Corporate Governance Policy for Subsidiaries • Huhtamaki Group Policy on Compliance with Competition and Antitrust Laws • Group Claims Policy • Group Disclosure Policy • Group Investigations Policy • Group Insider Policy • Group risk management • Internal audit • Group Data Privacy Policy 	<ul style="list-style-type: none"> • Board of Directors • President and Chief Executive Officer (CEO) • Global Executive Team (GET) • Global functions
People	<ul style="list-style-type: none"> • Huhtamaki Code of Conduct • OHSAS 18001 • Global Employment Guidelines • Huhtamaki Working Conditions Requirements • Group Performance Management Policy • Performance Review Guidelines • Group Compensation and Benefits Policy • Huhtamaki Human Trafficking and Modern Slavery Statement • Global Human Rights Policy • Global Occupational Health & Safety Policy 	<ul style="list-style-type: none"> • GET • Business segments • Manufacturing units • Global functions
Packaging	<ul style="list-style-type: none"> • Huhtamaki Code of Conduct • Quality management system ISO 9001 • Food safety management systems (BRC/AIB) • Group Food Contact Packaging Safety Policy 	<ul style="list-style-type: none"> • GET • Business segments • Manufacturing units • Global functions
Supply Chain	<ul style="list-style-type: none"> • Huhtamaki Code of Conduct • Code of Conduct for Huhtamaki Suppliers • Global Human Rights Policy • Huhtamaki Human Trafficking and Modern Slavery Statement 	<ul style="list-style-type: none"> • GET • Business segments • Manufacturing units • Global functions
Operations	<ul style="list-style-type: none"> • Huhtamaki Code of Conduct • Group Environmental Policy • Group Property Risk Control and Business Continuity Policy • ISO management systems 14001, 50001 	<ul style="list-style-type: none"> • GET • Business segments • Manufacturing units • Global functions

Engaging with our stakeholders creates value

“The topic of plastics was high on the agenda in 2019. Huhtamaki is actively engaging with stakeholders on this topic, and our recent product innovations such as blueloop, Fresh and paper straws demonstrate our commitment to developing solutions that bring us closer to a circular economy.”



To identify expectations as well as market trends and opportunities, it is important for us to maintain an open dialogue and work closely with our stakeholders. The list of our significant stakeholder groups remains the same compared to previous years:

- Customers
- Suppliers
- Employees and contingent workers
- Shareholders
- Investors
- Consumers
- Industry associations
- Public authorities
- Non-Governmental Organizations
- Trade unions
- Communities near our manufacturing units
- Media

How we identify and select stakeholders

We use structured and ad hoc methods to reach out to stakeholders. For example, we use surveys, such as the employee engagement survey and the stakeholder survey included in our materiality assessment. We also receive information through our whistleblowing channels, social media and investor meetings. In 2019 there was a marked increase in our engagement with industry bodies. Huhtamaki was voted onto the Executive Committee of the industry association EUROPEN, the European Organization for Packaging and the Environment.

For our updated materiality assessment, we took on board the feedback from last year's assurance report that we should include a larger number and wider range of stakeholders. We recognize that there is still more we can do, but we are pleased that we doubled the number of stakeholders responding to our survey, and that they represented a greater diversity of our stakeholder groups.

Stakeholder engagement should create value for all parties, and therefore, we do not take a 'one size fits all' approach. We adapt our engagement depending on the needs of our stakeholders. Different customers have different needs, and investors need information in a different format than our employees do. Communities around

our manufacturing units require contact with local management, whereas global stakeholders require contact with our segment teams or global functions.

Our engagement with stakeholders is always guided by Huhtamaki's values and Code of Conduct.

Plastics and investor interest in ESG were high-profile topics in 2019

The topic of plastics was high on the agenda in 2019. The EU adopted the Single-Use Plastics Directive, and Member States are now working to transpose this into law. In India, national and regional pressure also increased on single-use plastics. Huhtamaki is actively engaging with stakeholders on this topic, and our recent product innovations such as blueloop, Fresh and paper straws demonstrate our commitment to developing solutions that bring us closer to a circular economy.

In matters as important as environment and social impact it is crucial to have fact-based discussions in order to prevent unintended negative consequences. In 2019 Huhtamaki co-commissioned a peer-reviewed life cycle assessment (LCA) of coffee cups, which was

carried out by the VTT Technical Research Centre of Finland. The results of this LCA are available on our [website](#).

In 2019 there was a notable increase in interest from investors in the Environmental, Social and Governance (ESG) performance of companies like ours. We replied to ESG questionnaires and the subject of sustainability was raised at most meetings with investors. The questions we received covered the full breadth of ESG and were not limited to topics that are in the news, such as plastics. The interest and input from investors are very welcome and have been taken into account in our discussions of how to strengthen our sustainability agenda in the near future.

We collaborate with several international initiatives and associations

Huhtamaki is a signatory to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. Our Global Human Rights Policy reflects our commitment to human rights as set forth in the United Nations International Bill of Human Rights and takes into account the UN Guiding Principles on Business and Human Rights.

In 2019, we were a member of the following external initiatives and key associations:

- 4evergreen
- European Bioplastics
- European Moulded Fibre Association (EMFA)
- European Organization for Packaging and the Environment (EUROPEN)
- Flexible Packaging Europe
- Finnish Business and Society (FIBS)
- Foodservice Packaging Institute (FPI)
- Forest Stewardship Council (FSC)
- Industry Council for Research on Packaging and the Environment (INCPEN)
- Industrievereinigung für Lebensmitteltechnologie und Verpackung (IVLV)
- International Molded Fiber Association (IMFA)
- Pack2Go Europe
- Programme for the Endorsement of Forest Certification (PEFC)
- Sedex
- Sustainable Forestry Initiative (SFI)

“The majority of fiber-based packaging is already recyclable, but a lot can be done to improve recycling rates. 4evergreen aims to increase recycling rates by, for example, introducing further standardization for both product design and materials.”

Managing sustainability, case story

Industry alliance to drive the collection and recycling of fiber-based packaging

Huhtamaki is a founding member of 4evergreen, an industry alliance formed at the end of 2019 to boost the contribution of fiber-based packaging to a circular and sustainable economy, minimizing their impact on climate and environment. The members of the alliance come from various phases across the fiber-based packaging value chain.



The majority of fiber-based packaging is already recyclable, but a lot can be done to improve recycling rates. 4evergreen aims to increase recycling rates by, for example, introducing further standardization for both product design and materials. Today, sufficient collection and recycling infrastructure is not in place everywhere, and one of the aims of the alliance is to ensure that there is 100% access to collection schemes for wood fiber-based packaging in Europe. The alliance also aims to introduce EU-level standards for testing methods related to product recyclability.

Managing sustainability, case story

Huhtamaki is now a member of the EUROPEN Executive Committee



EUROPEN Executive Committee 2019–2021.
Maija Aho second from the right.

“Membership to the Executive Committee places Huhtamaki right in the middle of the strategic discussions about environmental topics related to packaging.”

In 2019, Huhtamaki was voted as a member of the EUROPEN Executive Committee for 2019–2021. The position gives Huhtamaki direct access to the EU discussion about packaging legislation and regulatory environment that are under development in Europe.

EUROPEN, The European Organization for Packaging and the Environment, is an industry organization representing the whole packaging supply chain in Europe on topics related to packaging and the environment. It promotes legislation that is transparent, effective and proportionate in relation to packaging and packaging waste.

EUROPEN members are global companies and national packaging associations. Membership to the Executive Committee places Huhtamaki right in the middle of the strategic discussions about environmental topics related to packaging. This is particularly important now as legislation and the regulatory environment are rapidly changing in Europe.

“The committee is focusing on three main areas. Firstly, improving the environmental performance of packaging and packaged products based on life cycle thinking,” explains **Maija Aho**, Huhtamaki Global Sustainability Manager and EUROPEN Executive Committee member 2019–2021. “Secondly, the Committee wants to secure the free flow of packaging and packaged goods throughout Europe. And thirdly, it

promotes harmonized European and national packaging and packaging waste regulations.”

The focus areas of EUROPEN and the Executive Committee have been, for example, the Single-Use Plastics Directive and its national implementation phase, and the EU review of Essential Requirements for Packaging, an existing annex to the EU Packaging and Packaging Waste Directive. The review of Essential Requirements for Packaging took place in 2019. It is followed by an impact assessment. A legislative proposal is estimated to be ready by early 2021 and enter into force and national transposition in 2022–2024. The EU is also renewing the Extended Producer Responsibility (EPR) packaging fee system. Huhtamaki is following these developments closely together with its stakeholders.



People

i Information disclosed in this section – GRI Standards:

- 401 Employment
- 403 Occupational health and safety
- 404 Training and education
- 405 Diversity and Equal Opportunity

We promote the following
UN Sustainable Development Goals:



Theme	Goal	KPIs	Performance in 2019
People	By the end of 2020, our work culture and reputation as a responsible employer make us a desired place to work	<ul style="list-style-type: none"> Employee Engagement index >70% Huhtamaki Group Lost Time Incident Rate: 1.7 Community programs in place at site level and Group level 	<ul style="list-style-type: none"> Employee Engagement index was 74% in 2019 survey LTIR was 2.1. The focus is on hitting our target in 2020 and developing a roadmap beyond 2020. Work concentrated on donation projects for 2020 as part of Huhtamaki 100 year celebrations

Gearing our team for the future

The changing business environment challenges us every day. By creating a culture of openness, involving the entire team and working through networks, we will be well prepared for the future and can take an active role in shaping it.

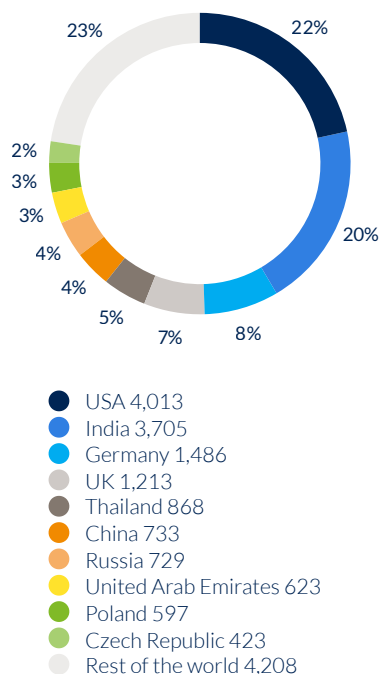
Huhtamaki's values and Code of Conduct are the foundation for our people strategy, which supports the execution and achievement of short and long-term business targets. We do this by providing our employees with a safe workplace, development opportunities, systematic performance and talent management, and succession planning.

At the end of 2019, there were 18,598 employees in total, including employees from the acquired flexible packaging unit in South Africa. Acquired employees are excluded from the personnel breakdown data presented in this report, as the data was not yet available in Huhtamaki's reporting tool for 2019.

Majority of our employees worked full-time, with less than 2% working as part-time. 71% were production employees and 29% non-production employees.

During 2019, we continued the development of the HR information system. We also set up kiosk computers in our manufacturing units for production employees' use. Access to kiosk computers enables our production employees to use Employee Self Services to check and update their personal data, study e-learning programs including Code of Conduct trainings from the online learning library and participate online in our engagement survey called Connect.

LARGEST COUNTRIES BY NUMBER OF EMPLOYEES





Employees by employment contract type and gender

	Female		Male		Non-declared		Altogether	
	2019	2018	2019	2018	2019	2018	2019	2018
Regular ¹	20.2%	19.6%	71.4%	71.3%	1.4%	1.1%	93.0%	92.0%
Fixed term ²	2.4%	2.8%	3.9%	4.9%	0.7%	0.3%	7.0%	8.0%
Total	22.6%	22.4%	75.3%	76.2%	2.1%	1.4%	100.0%	100.0%

¹Employees with indefinite contract with Huhtamaki

²Employees with a fixed term contract with Huhtamaki
Data was not collected by gender before 2018.

Employees by employee category and gender

	Female		Male		Non-declared		Altogether	
	2019	2018	2019	2018	2019	2018	2019	2018
Direct ¹	2,376	2,269	10,418	10,140	311	187	13,105	12,596
Indirect ²	1,771	1,675	3,420	3,321	83	71	5,274	5,067
Total	4,147	3,944	13,838	13,461	394	258	18,379	17,663

¹Employees in production

²Non-production employees

Data was not collected by direct/indirect categorization before 2018.

Employees by business segment and gender

	Foodservice E-A-O	North America	Flexible Packaging	Fiber Packaging
Male	64.8%	66.0%	86.7%	80.1%
Female	30.7%	33.6%	12.8%	13.1%
Non-declared	4.5%	0.3%	0.5%	6.8%

Data from previous years not disclosed due to implementation of a new HR system.

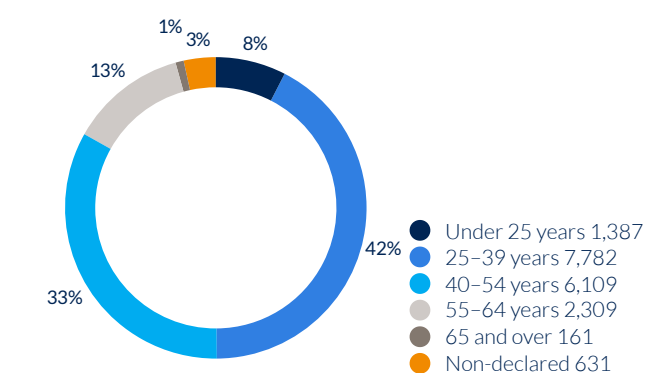
Composition of governance bodies – Gender

	Male	Female
Board of Directors	57%	43%
Global Executive Team	75%	25%

Composition of governance bodies – Age

	Under 30 years	30–50 years	Over 50 years
Board of Directors	0%	0%	100%
Global Executive Team	0%	38%	62%

BREAKDOWN OF ALL EMPLOYEES – AGE



Occupational Health and Safety is a top priority

(403-2, Own KPI: Huhtamaki Lost Time Incident Rate)

In 2019, a working group consisting of representatives from the business segments finished work on a new Occupational Health and Safety Standard, which is integrated into Huhtamaki's Working Conditions Requirements framework. At the time of writing, we are recruiting a new global resource for Occupational Health and Safety who will oversee the implementation of the Standard and further improvements to our practices.

The Lost Time Incident Rate (LTIR) increased to 2.1 (1.8 in 2018 and 2.4 in 2017). When calculating LTIR we consider the lost time incidents and actual working hours of Huhtamaki employees. There were no fatalities. Severity of incidents, measured in Lost Day Rate, was up to 543 (386 in 2018 and 639 in 2017). When calculating LDR we count the scheduled work days lost starting from the next work day after the incident.

The decline in safety performance is disappointing. We have invested in additional OHS resources to drive performance, and we

are confident to be on track to achieve our 2020 LTIR target of 1.7. We will further increase our level of ambition as we work on our long-term sustainability ambitions towards 2030.

All manufacturing units monitor safety monthly, assessing it against targets. The main occupational health and safety performance indicators include lost time injuries (LTI), medical treatment injuries and near misses. LTIs are reported within 24 hours of occurrence to the unit's Human Resources function, Plant Manager, segment-level Health and Safety Manager and the Executive Vice President heading the segment. At Huhtamaki global level, health and safety data is consolidated through a globally implemented reporting tool, which is also used to upload incident reports. Global and segment health and safety KPIs are reported to the Board of Directors on a quarterly basis, and to the Global Executive Team on a monthly basis.

Incidents or injuries are carefully investigated, and this procedure includes a root cause analysis and a plan for development actions. Findings from the individual incident reports and corrective measures taken are distributed across the segments for benchmarking purposes.

Lost time incidents and fatalities

	2019	2018	2017	2016	2015
LTIs	75	63	81	89	76
Fatalities	0	0	1	0	0

Lost time incident rate and severity by business segment

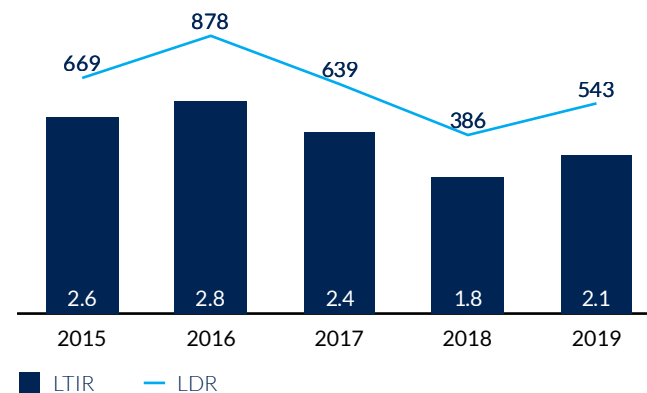
	Foodservice E-A-O	North America	Flexible Packaging	Fiber Packaging
LTIR	3.2	2.2	1.4	2.2
LDR	1,006	411	324	672

LTIR: Lost time incident, an accident or an incident that causes the employee to miss at least one working shift.

LTIR: Lost time incident frequency per million hours worked

LDR: Lost day rate, hours lost per million hours worked

INCIDENT FREQUENCY AND SEVERITY 2015–2019, GROUP



We support professional development

(404-3)

In a culture of growth, there is a passion for learning, and people are ready to take on new challenges to develop their competencies, professional skills and behaviors. We have a concept of 'trace your own path' to clarify one's own career aspirations, while 'make yourself visible' calls for active participation in relevant global networks and forums.

Our annual global performance review process is conducted for all non-production employees. Local performance review processes for production employees are not reported on the global level. 95% (85%) of non-production employees received a performance review for 2019.

Engaging and involving employees helps to improve our processes

(Own KPI: Employee engagement index)

As part of our practices for inviting feedback and suggestions, we conduct a global employee engagement survey every second year. In 2019, the survey was done entirely online for the first time ever, and we decided to call the survey "Connect". The decision to move from paper surveys to an online survey was done as part of the digitalization of people processes. The response rate reached 88%, up from 80% in 2017.

We also revisited and simplified the survey questions to make them more relevant and encourage our employees to respond. Although the individual questions in the survey have changed to some extent, the indices that we follow still measure the same themes as in the previous years. The employee engagement index is now at 74%, up from 69% in 2017, while the Employee Enablement index is on the same level as in 2017, at 75%.

Managers discuss the results with their teams and plan actions to address concerns and to maintain the areas of strength. Common focus areas that have been brought to light in Connect in 2019 are related to improving collaboration, sharing resources and receiving more frequent feedback on performance.



"Huhtamaki's values and Code of Conduct are the foundation for our people strategy, which supports the execution and achievement of short and long-term business targets."

Collective bargaining

(102-41)

Huhtamaki recognizes employees' rights to join or not to join organizations of their own choice, according to local laws.

42% of our employees were covered by collective bargaining agreements or wage settlements in 2019.

In Europe, our collaboration with employee representatives is complemented by the European Works Council (EWC), which gathers together Huhtamaki's senior management and elected EWC representatives from all our manufacturing units in Europe once a year. Discussion items in the meetings include business reviews, education and development plans of the personnel, environmental matters and safety. In 2019, the European Works Council's annual meeting was held in Valencia, Spain, and the main focus was on sustainability and the upcoming Connect survey.

New employee hires and employee turnover

(401-1)

Voluntary turnover of employees in 2019 was 14%, and number of new hires was 4,015 by end of the year. Comparison data for 2018 is not available due to implementation of a new HR information system during Q3 2018.

New community programs under development

(Own KPI: Community programs in place on site level and Group level)

As part of Huhtamaki's commitment to sustainability, we want to support the communities in which we are active. Huhtamaki will turn 100 in 2020. During this year of celebration, we will make Group level donations to selected causes. The work in 2019 focused on identifying and engaging with suitable partners. The progress will be reported in greater depth during 2020.

Additionally, many of our units around the world support local causes and charities through donations, volunteering and sponsorships. More information about these projects can be requested from local units.

People, case story

Workplace safety is the number one priority

Huhtamaki's foodservice packaging unit in South Africa created "Caring for 'U' and our People's Safety" (CUPS) program to promote positive safety culture and to create long-lasting safety behavior improvements.

Richard Trickett, VP Africa, Middle East & South America for Huhtamaki Foodservice Europe-Asia-Oceania comments: "The previous workplace safety program needed an update. The core elements were still valid and were used as the starting point for the new CUPS program."

To engage our people, all employees needed to be trained to the program. The training sessions included hands-on practice in giving feedback to peers, which was identified as one key area for success. The key objective of the feedback discussion is to get the person to think about the safety risks brought about by their behaviors, and how to change.



"In the CUPS program, visualization is a key element. Safety materials; for example, posters with before-and-after photos, and case videos showing safety improvements, are regularly placed in visible locations, such as on TV screens and in the busiest hallways," says **Thobile Mthembu**, Safety, Health, Environmental and Quality Manager for Huhtamaki South Africa.

The CUPS program has changed the approach to workplace safety overall.

"We have not had a lost time injury for 74 months. Our target now is to get to the next level – 100 months. The team is fully committed to achieving it," Trickett asserts.

In addition to workplace safety, Huhtamaki South Africa has invested in health initiatives. Health services have been expanded, and now there is a full-time on-site clinic. The clinic nurse assists with daily health issues, and additional experts are brought on site as needed.

Also, a new gym was built. In an employee survey, 98% of respondents were eager to have the facility. To build commitment, employees were invited to sign up for a two-year gym membership and pay a modest monthly fee. The user rates for the gym have been very good: 50% of the employees of the unit use it regularly.

"We have not had a lost time injury for 74 months. Our target now is to get to the next level – 100 months. The team is fully committed to achieving it."



People, case story

Zero Accident Club builds strong workplace safety culture

Having zero accidents is an important goal at Huhtamaki. With that target in mind, Huhtamaki's Foodservice Europe-Asia-Oceania business segment created a new program, Zero Accident Club (ZAC) in 2013.

Tom Best, Senior Health and Safety Manager for Foodservice Europe, Middle East & Africa explains: "There was minimal collective sharing among the health and safety teams in different markets. The reporting and communications had a negative slant, and you were seldom rewarded for success. We built the Zero Accident Club to change that culture."

ZAC recognizes the progress that teams make in workplace safety, rewards good achievements and fosters safety culture by using positive feedback as a key building block.

ZAC has seven award levels. The first, the Bronze safety award, is given for 6 months of zero lost time incidents. The levels progress upwards through 12, 24, 36, 60 and 100 months. The Excellence safety award is reached at 10+ years.

In addition to a team celebration and a ZAC diploma, at the 24-month mark, the team receives a monetary reward to be donated to a local charity of their choice.

ZAC has also strengthened communication across the teams. "When there is an incident, we have a call with all the senior managers of the units. The incident root cause is analyzed, and options for corrective measures are collectively discussed. Together we have created better solutions, preventive measures and best practices for all of our units."



People, case story

Introducing kiosk computers



We want to enable and engage everyone at Huhtamaki to participate in digitalizing our communication and HR processes. During 2019, we set up kiosk computers in our manufacturing units for production employees' use. Depending on the local requirements, we made laptops, PCs or tablets available. The successful collaboration between the local HR and IT played a key role in setting up the kiosks.

The kiosk computers are an important part of the digitalization of our processes, granting our production employees access to our digital services. They can, for example, access the Employee Self Services to review and update their personal data as well as take part in Huhtamaki e-learning courses including Code of Conduct. Participation in our online engagement survey, Connect, is also possible at the kiosks. Currently, we continue to identify new service options to further expand the offering available to production employees.

People, case story

Employee engagement survey goes online – shows great results

Wow! That was our first reaction when we saw the response rate of the most recent employee engagement survey. Reaching a record-breaking response rate of 88% was truly a surprise, especially as this was the first time we conducted the survey fully online.

Employee engagement is crucial for Huhtamaki's continued success. To better understand what our colleagues across the company think of their careers and working lives, we conduct the Huhtamaki employee engagement survey every other year. The survey has been called "Connect" since 2019.

The decision to move from paper to online survey was done as part of the digitalization of our people processes. While we knew that the online solution came with advantages, we also had some challenges to overcome as many employees working in manufacturing have a limited access to computers during a typical day.

Accordingly, we did a lot of planning to ensure that participation would be possible without interruptions to production. Kiosk computers and tablets were set up at the manufacturing units, and on-site facilitators helped to get the survey started smoothly. Although the individual questions in the survey were changed following a review to make them more relevant, the indices that we follow still measure the same themes as in the previous years.

The two key indices monitored are:

- Employee engagement index: how committed employees are to work for Huhtamaki and how likely they are to make discretionary effort for the company. In 2019, the index was at 74%, up from 69% in 2017.
- Employee enablement index: areas that enable employees to succeed in their jobs. The index remained the same as in the previous survey, at 75%.

We are pleased that our employees are highly engaged and that they show their trust in the company by giving feedback. The survey results help managers to identify and act on the key areas of improvement, both locally and globally. The results review and action plan tool is open for all managers to use for analyzing their team's result. The managers then discuss the results with their teams and plan actions to address concerns and to maintain the areas of strength.

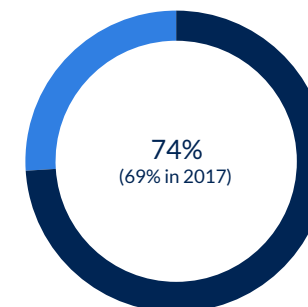
Common focus areas arising from the 2019 Connect relate to improving collaboration, sharing resources and receiving more frequent feedback on performance. In addition, training and development remain important. We want to continue to build on our strengths identified in the survey, such as being customer and quality focused, feeling empowered and believing in the future of Huhtamaki.

Miia Hapuoja

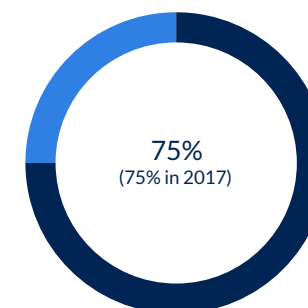
Head of Employment and Resourcing

"Common focus areas arising from the 2019 Connect relate to improving collaboration, sharing resources and receiving more frequent feedback on performance."

ENGAGEMENT



ENABLEMENT



[Read more on huhtamaki.com](https://www.huhtamaki.com)



Packaging

i Information disclosed in this section – GRI Standards:
416 Customer Health and Safety

We promote the following
UN Sustainable Development Goals:



Theme	Goal	KPIs	Performance in 2019
Packaging	By the end of 2020, our customers see Huhtamaki as a most trusted partner to deliver and innovate on sustainability and food safety	• All our products comply with Huhtamaki's Global Food Safety Policy	• New Global Food Safety Manager in place, focus was on continuous improvement of systems and processes
		• Zero food contact compliance related claims reported	• There were zero significant incidents of non-compliance reported
		• Product innovation (KPI under development)	• Significant innovations in Fresh, blueloop and paper straws

Safe and fit-for-purpose packaging for food

Food packaging needs to guarantee safety and hygiene, help prevent food waste and give access to food by supporting its easy and efficient delivery. We see it as our duty to offer all this in a responsible way, while innovating for sustainability and circular economy.

Product safety is non-negotiable, and it is crucial to the success of Huhtamaki as a global leader in food and beverage packaging. We are committed to providing safe, fit-for-purpose and high-quality packaging products to food and drink packaging customers on a worldwide basis. Each Huhtamaki product meets high quality and food safety standards that give our customers and their customers, the consumers, confidence in our products. Our approach to food safety covers the entire supply chain. Proactive communication from raw materials to final food packaging and intended use is essential when we design our products.

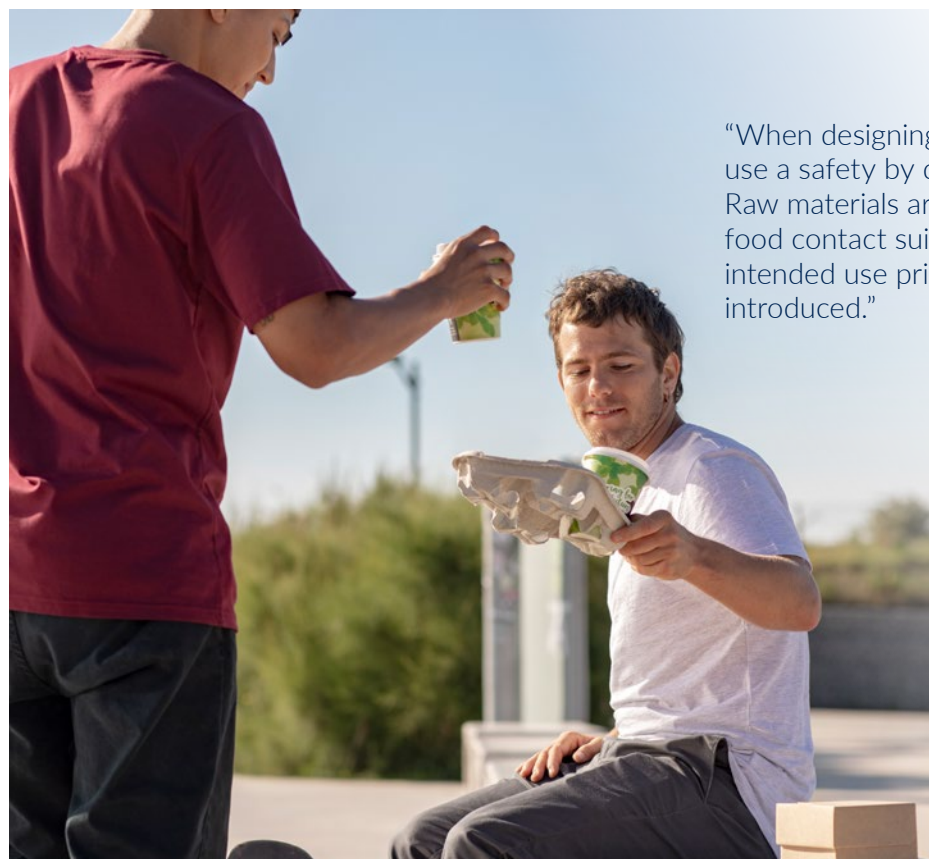
The Global Food Contact Packaging Safety Policy ensures food safety

(416-1; Own KPI: All our products comply with Huhtamaki's Global Food Safety Policy)

At Huhtamaki, we define our fundamentals for Quality and Food Safety globally and implement them locally. Regulatory requirements drive compliance as they vary from region to region. The Huhtamaki Global Food Contact Packaging Safety Policy describes the food safety related requirements that are included in the local quality management system. In this way, the policy brings consistency through food safety related actions.

When designing our products, we use a safety by design approach. Raw materials are all qualified for food contact suitability

“When designing our products, we use a safety by design approach. Raw materials are all qualified for food contact suitability for the intended use prior to being introduced.”



for the intended use prior to being introduced. The finished articles are assessed and tested in accordance with the legal requirements. Our internal procedures are based on hazard analysis and critical control point (HACCP) assessments and good manufacturing practice (GMP) requirements. On a day-to-day basis, we manufacture and deliver products that meet regulatory requirements and the highest quality and food safety standards. The quality standards include ISO 9001, and food safety standards include BRC and ISO 22000. In addition to our internal procedures and controls, we are regularly audited by our customers and their auditing partners on matters related to quality and food contact safety.

Manufacturing units with certified quality, hygiene and safety management systems in 2019 (% of manufacturing units)

	ISO 9001	BRC, AIB or ISO 22000
Group	76%	79%
Foodservice E-A-O	100%	100%
North America	22%	100%
Flexible Packaging	88%	68%
Fiber Packaging	91%	55%

Zero food contact compliance related claims reported

(416-2, Own KPI: Zero food contact compliance related claims reported)

During 2019, there were no significant incidents of non-compliance with product health, safety and hygiene, product information or marketing laws or regulations related to our products. No significant fines were paid.

New production innovations enable circular flexible packaging and reduction of plastics

(Own KPI: Product innovation)

Innovating on new materials and structures, designing more easily recyclable products and investing in new value-adding technologies enable us to support the move towards circular economy. We put special emphasis on improving the recyclability of our products. Renewable materials already make up 68% of our raw materials, and we are considering opportunities for increasing the amount of renewables even further.

During 2019, we launched new innovations for the abovementioned directions, both of which relate to circular economy: improving recyclability and increasing renewable packaging solutions.

Huhtamaki blueloop is a smart design platform aiming to make flexible packaging circular. By promoting mono-materials and adopting a holistic approach to package design, products can be made more easily recyclable. The new Huhtamaki blueloop solutions are mono-material structures made from PP, PE or paper, building on the standard materials that are widely recycled and will have an economically viable use after collection. We have solutions available

for several key categories and will launch solutions for our most demanding applications later. Collaboration is a central element for development, and we want to engage with the full supply chain from resin providers to recyclers and consumers.

The Huhtamaki Fresh disposable food tray for ready-to-eat meals is fiber-based, recyclable and certified for home composting. The Fresh tray is both oven proof and microwavable, and it can replace existing black plastic food trays. Fresh has been well-received. Pilots that have taken place in Waitrose stores in the UK have showed that there is a strong customer and consumer interest for Fresh, and that the product performs well through the supply chain. We started our first industrial-scale Fresh manufacturing line operations during the fourth quarter of 2019 in Lurgan, Northern Ireland, and are moving to full capacity during the second quarter of 2020.

Our paper straws help in reducing plastic consumption and environmental pollution caused by plastic waste. Recyclable paper straws are made with 100% PEFC certified paper, they come with the highest levels of food safety certifications and are made in European facilities with only the best equipment and raw materials. We opened a new dedicated paper straw manufacturing unit in Northern Ireland in May 2019 and further investments in additional manufacturing equipment are planned for 2020–2022.

Packaging, case story

Closing the loop with circular flexible packaging

Flexible packaging is an excellent way to pack food efficiently. It is material efficient and lightweight, which helps to reduce greenhouse gas emissions. Its biggest benefit, however, is its superior barrier properties, which preserve food through the supply chain, and thus help reduce food waste.

These qualities make flexible packaging the preferred format for pre-packed food, especially in the emerging markets, where the packaging supply chain is still developing. The scalability of flexible packaging is also a benefit, as smaller pack sizes are often favored in emerging markets due to their lower unit price.

The multi-material structures, which have created the superior barrier and material efficient properties of flexible packaging, also make the packaging difficult to recycle, however. Huhtamaki is now leading efforts to make this packaging format suitable for a circular economy.

“To tackle this challenge, we have developed barrier structures with polymers belonging to the same polyolefin family or from coated paper. In addition, we ensure that our customers can run the recyclable structures with their existing packaging machinery as efficiently as current multi-material structures,” tells **Warren Shaw**, VP, Innovation and Product development, Flexible Packaging

We chose to work with polyolefins belonging to the polyethylene (PE) and polypropylene (PP) families. PE and PP have

proven recyclability and are well-suited for industrial scale production. Both materials can be separated and sorted in modern waste sorting plants, and the fact that they float in the water separation process makes recycling more economical.

“Developing these new recyclable, mono-material structures has required close collaboration within the whole supply chain from resin providers to customers and recyclers. Although the focus has been on product design and manufacturing, collection, sorting as well as reusing the recycled material are all in the scope of blueloop,” Shaw explains.

To date, there are blueloop solutions available for a variety of categories such as shampoo, coffee and confectionery, to name a few. Currently, the Huhtamaki R&D teams are continuing development of solutions for more demanding applications such as retort, where products are sterilized in the packaging after filling.

“Developing these new recyclable, mono-material structures has required close collaboration within the whole supply chain from resin providers to customers and recyclers.”

[Learn more about blueloop on huhtamaki.com](https://www.huhtamaki.com/blueloop)



Packaging, case story

Renewable raw material + recycled after use = the winning combination

It is often assumed that reusable cups are more sustainable than paper cups. Our study showed that reusable steel cups need to be used at least 130 times before their carbon footprint is lower than that of a paper cup with a lid, while ceramic cups used in cafés, even when washed efficiently, need to be used at least 350 times before having a smaller carbon footprint than that of a paper cup.

In 2018, we co-commissioned a Life Cycle Assessment (LCA) study to compare sustainably sourced and manufactured paper cups with reusable cups. LCA is a scientific method to assess the environmental impacts of a product over its entire life cycle. VTT Technical Research Center of Finland Ltd carried out the study during 2018–2019.

The study confirmed that packaging accounts for a relatively small share of the total climate impact of a take-away coffee, only 4–9%. The situation is the same with packaged food in general, and it is therefore always important to choose fit-for-purpose packaging that minimizes food waste and protects food quality.

The lowest carbon footprint: a paper cup with no fossil-based materials

The study also revealed that the way reusable cups are cleaned has a major impact. From the carbon footprint point of view, it is better to use a paper cup that gets recycled than a ceramic cup that gets washed inefficiently. Even

when ceramic cups are washed efficiently, they need to be reused at least 350 times before their carbon footprint is smaller than the equivalent number of paper cups. Improperly washed reusable cups also pose a potential hygiene and food safety concern.

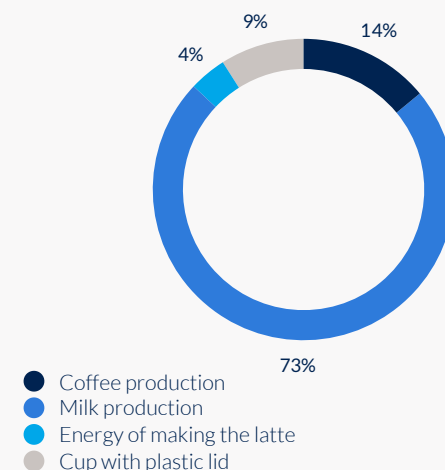
With takeaway beverages, the plastic lid used for preventing spillage has a significant impact on the carbon footprint due to the energy intensity of plastic production and the fact that plastic lids are rarely recycled. Nevertheless, reusable steel cups must be used at least 130 times before their carbon footprint is lower than that of a paper cup and plastic lid combination.

End-of-life solution matters

When disposed of according to average European statistics, a paper cup and a plastic lid combination had the carbon footprint of 22.8g CO₂ equivalents. This corresponds to driving 160–190 meters by car. A take-away coffee's carbon footprint can be further reduced by as much as 54% by recycling the cups and lids as efficiently as possible.

In the LCA study it was found that the lowest carbon footprint is achieved when a paper cup manufactured from non-fossil-based raw materials – such as the Huhtamaki Future Smart paper cup – is recycled properly. In the Future Smart cup, all the raw materials are 100% renewable – including the plant-based PE coating which makes the cup liquid-tight.

CARBON FOOTPRINT OF A CAFE LATTE ON-THE-GO



Packaging, case story

Giving a second life to the high-quality fibers in paper cups via recycling

Huhtamaki is actively working together with its customers, other foodservice companies, industry associations, waste management companies and local authorities to promote paper cup recycling. The first program in the UK now has 4,500 collection points.



Significant progress has been made particularly in the UK, where an active public discussion around paper cup recycling began a few years ago. Cup recycling rates have increased 16-fold since 2016, and all paper cup manufacturers are working towards an 85% recycling rate by 2030.

Today, there are over 4,500 collection points for used cups across the UK, including instore points at branches of many high street coffee chains such as Costa, Pret A Manger, Greggs and Starbucks. Multiple local initiatives also arrange and promote cup collection from high footfall areas such as city centers, university campuses and retail parks. These initiatives are run both with and without support by the local authorities.

New recycling initiative in Spain

In Spain, Huhtamaki is working together with Areas and Saica to initiate collection and recycling of used paper cups. First trials took place at Areas offices in November 2019. This was followed by a pilot at an Areas restaurant at the Barcelona train station, where special cup collection bins were provided for consumers. Saica then collected the cups, had them shredded and used the good quality fiber to make corrugated boxes. Decisions on expanding the collection scheme will be made once results from the pilot are analyzed.

[Read more about paper cup recycling on huhtamaki.com](https://www.huhtamaki.com/en/sustainability/packaging/paper-cup-recycling)

“In the United Kingdom, cup recycling rates have increased 16-fold since 2016, and all paper cup manufacturers are working towards an 85% recycling rate by 2030.”

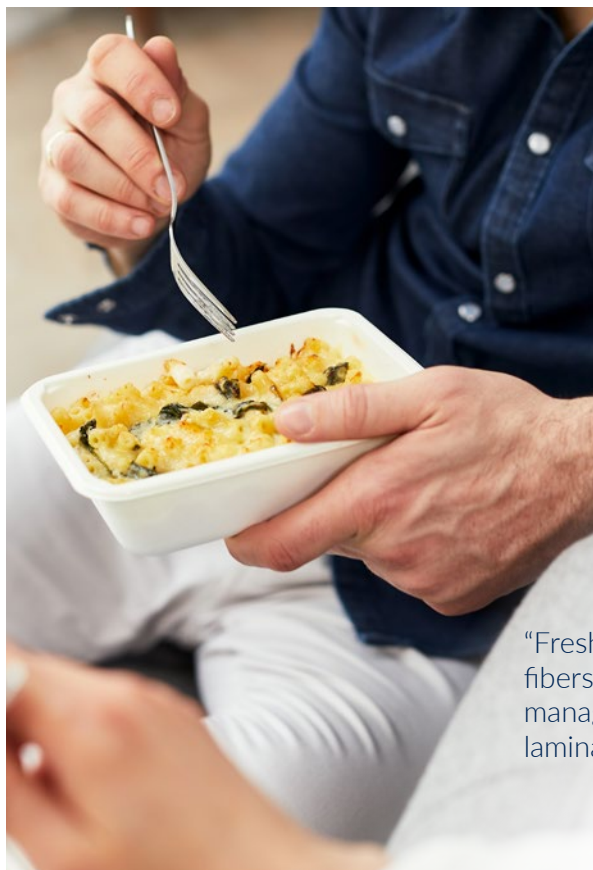
Packaging, case story

Fresh – sustainable innovation for ready meals

Huhtamaki Fresh is a truly sustainable innovation, taking us a step closer to circularity. This ready meal tray is not only recyclable and compostable – also certified home compostable – but it is made of renewable fibers grown in sustainably managed Nordic forests and it is laminated with a bio-film. A true game-changer for the large and growing ready meals industry.

Fresh was developed in an EU funded project in a consortium by three partners: Huhtamaki representing the packaging technology and manufacturing, Södra representing the renewable raw materials side and Saladworks representing the food industry and packing operations. The UK based retailer Waitrose has also played an important part in the success of the Fresh-project, as all consumer tests were conducted in partnership with Waitrose.

Today, Fresh trays are being produced at our Lurgan facility in Northern Ireland, in brand new premises purpose-built right next to the older part of the factory where egg packaging and cup carriers are being made. As the Fresh trays are in direct food contact, a separate factory hall with higher hygiene standards was built. The new unit has been audited for BRC Global Standards including a documented and verified hygiene program. In practice this means, for example, that in addition to protective safety clothing such as safety boots, eye protection and ear defenders, all employees wear disposable clean protective clothing such as hair nets,



show covers and beard snood, and that there are limitations regarding visitors to the production premises.

Even though many of the original targets for the Fresh tray have been met, development work continues. The consortium has already delivered in industrial scale a food safe, GMO-free, 100% renewable and biodegradable ready meal tray that has a 50% lower CO₂ footprint than its traditional plastic alternative. However, the goal is an even higher 80% reduction in CO₂ footprint.

Even as the production of Fresh trays is being ramped up, consumers can already today purchase delicious and convenient ready meals of selected product ranges in sustainable packaging at Waitrose in the UK and at SuperValu in Ireland.

“Fresh trays are made of renewable fibers grown in sustainably managed Nordic forests and are laminated with a bio-film.”

[i | Learn more about Fresh on huhtamaki.com](https://www.huhtamaki.com/fresh)

Packaging, case story

Replacing plastics with paper – a sustainable alternative for straw lovers

Millions of consumers love to use a straw when enjoying their cold drink or smoothie. Unfortunately, traditional plastic straws are rarely recycled, and all too often end up in the environment. Aiming to reduce the amount of plastic in the ocean, the EU has decided to ban plastic straws as of mid-2021.

As part of our continuous efforts to introduce products that are recyclable and made of renewable resources, we introduced high-quality paper straws to our European foodservice range in early 2019. Our straws are made of 100% PEFC certified paper and they are recyclable within the general paper stream. To ensure hygiene, the straws are individually wrapped and the paper wrapping also comes from sustainably managed forests.

Unlike the straws we have been selling earlier, we manufacture these paper straws ourselves. Utilizing our extensive knowledge in paper forming and machinery, we developed purpose-built machines to deliver a premium product to our customers. Manufacturing began in Antrim, Northern Ireland. In early 2020, manufacturing will be expanded to four other European units.


“Our straws are made of 100% PEFC certified paper and they are recyclable within the general paper stream.”



[i | Learn more about paper straws on huhtamaki.com](https://www.huhtamaki.com)



Supply chain

 Information disclosed in this section – GRI Standards:
414 Supplier social assessment

We promote the following
UN Sustainable Development Goals:



Theme	Goal	KPIs	Performance in 2019
Supply Chain	By the end of 2020, all key suppliers work with us to deliver on the Code of Conduct for Huhtamaki Suppliers	<ul style="list-style-type: none"> Supply chain due diligence system in place, covering ethical, social and environmental criteria 	<ul style="list-style-type: none"> New system was developed, piloted and trained
		<ul style="list-style-type: none"> All fiber sourced from recycled or certified sustainable sources 	<ul style="list-style-type: none"> More than 98% of all fiber sourced was from recycled or certified sustainable sources

Responsible sourcing of raw materials and services

Our supplier network consists of a few global key suppliers and a large network of local partners close to our manufacturing units. Responsible sourcing is based on close cooperation, and it includes developing and utilizing new supplier screening tools and processes as well as aligning with third-party verifications and standards.



“In 2019, the focus of our supply chain work was on further strengthening Huhtamaki’s due diligence processes. This included defining new internal procedures, updating technical solutions, as well as providing training for relevant employees.”

We do business with global suppliers as well as local suppliers. Altogether, we work together with approximately 20,000 suppliers globally. The main direct materials we source are paperboard, recycled fiber, plastics and chemicals. Indirect sourcing and services include, for example, logistics services, energy and protective packaging.

Purchasing is done in part centrally in each business segment, and partly on the local manufacturing unit level, following the guidelines set out by the Code of Conduct for Huhtamaki Suppliers. There have not been significant changes in our supply chain during 2019.

Updated processes help us strengthen supplier monitoring

(Own KPI: Supply chain due diligence system in place covering ethical, social and environmental criteria)

In 2019, the focus of our supply chain work was on further strengthening Huhtamaki’s due diligence processes. This included defining new internal procedures, updating technical solutions, as well as providing training for relevant employees.

Our supply chain due diligence is built on three key elements:

1. Code of Conduct for Huhtamaki Suppliers
2. Screenings and questionnaires, targeted to key suppliers through NAVEX RiskRate
3. Third-party corporate responsibility audits, utilizing Sedex tools

Setting expectations with the updated Code of Conduct for Huhtamaki Suppliers

During previous years, we had noticed that the content of the Code of Conduct for Huhtamaki Suppliers wasn’t always easy for all our suppliers to understand. The document was long and only available in English.

It is very important that our suppliers comprehend what is required from them. For this reason, we updated the Code of Conduct for Huhtamaki Suppliers in 2019. We reviewed the requirements to check that all necessary topics were included. We also changed the layout to a more user-friendly format. Finally, we translated the document into those languages most relevant for Huhtamaki and published the documents on our website.

The Code of Conduct for Huhtamaki Suppliers sets out what we expect our suppliers to comply with. It covers topics related to business ethics, social responsibility, as well as environmental responsibility. For key suppliers, monitoring the acknowledgement level is carried out through the NAVEX RiskRate tool. For other suppliers, monitoring is done at the unit level. Huhtamaki’s suppliers are also responsible for their subcontractors’ compliance with the requirements.

We also provide suppliers the opportunity to share their own Code of Conduct with us. If their own Code of Conduct fulfills the requirements of Huhtamaki, it is possible for us to accept it as a substitute.

Our suppliers and workers in the value chains can report any violations of the Code of Conduct for Huhtamaki Suppliers or other Huhtamaki policies via Huhtamaki’s global whistleblowing system, the Huhtamaki Speak Up channel.

Renewing our approach to key suppliers

As a global company, we work together with thousands of suppliers around the world. While they are all important to us, we decided to focus our due diligence efforts especially on key suppliers during the first phase.

We define key suppliers as suppliers that:

- Are strategically important for Huhtamaki
- Fall into top 80% of the procurement spend or are the only supplier of a certain raw material or service to Huhtamaki
- Fall mainly into one of the following categories: Traded Goods, Distributor, Raw Material Supplier, Transportation or Warehouse, Consultant, Agent, Insurance or Benefits Supplier, Utility or Energy Supplier, or Contractor

In 2019, we also defined certain attributes that define the initial profile risk level of each key supplier. We use a three-level system: suppliers can be low, medium or high risk. The attributes determining the initial profile risk level are the location, category and spend amount of the supplier, as well as if the supplier is owned by a state or a public official. The depth of the due diligence with each key supplier depends on their risk level.

Screenings and questionnaires provide insights into suppliers' compliance practices

One key element of Huhtamaki's due diligence processes is the use of the NAVEX RiskRate tool. All key suppliers will be screened in RiskRate against sanction lists, watchlists, Politically Exposed Persons lists and adverse media. The screening continues for as long as the supplier is an active key supplier for Huhtamaki. If there are any matches in the abovementioned lists, RiskRate will automatically alert us with more case details.

Based on the suppliers' initial profile risk level, they will also be sent a questionnaire. All suppliers will be asked to acknowledge compliance with the updated Code of Conduct for Huhtamaki Suppliers. Medium-risk suppliers will also be asked questions that assess the risk of corruption and compliance with law. High-risk

suppliers will additionally receive questions about sanctions as well as ethics and compliance. We have defined risk scorings for the questions, and if necessary, each questionnaire answer is checked individually to determine whether further actions or explanations are required from the supplier.

Both the screening results and the answers to the questionnaire are combined to the final risk rating of the supplier. This final risk rating again uses a three-level system: low, medium or high risk. We have defined internal processes for the review and approval of the results, which vary depending on the severity of the case.

Increasing the amount of audited suppliers

We are a corporate member of Sedex, a non-profit membership organization and world-leading ethical trade service provider that works to improve ethical performance in global supply chains. In 2019, we collected all individual accounts of our manufacturing units under a common Huhtamäki Oyj account. Focus was especially on learning to use the different tools that Sedex provides. In 2020, we will start putting these tools into further use in our supplier monitoring.

We conduct audits of our suppliers regularly, focusing especially on quality. Nevertheless, we want to increase the number of third-party corporate responsibility audits conducted in order to make sure we gain an objective view on suppliers' ethical, social and environmental performance. We will start identifying the suppliers who should have such audits based on certain attributes, such as their location and supplier category, concentrating first on key suppliers.

Currently we accept the following audits from suppliers: SMETA 4-pillar audit, Business Social Compliance Initiative (BSCI) audit, SA8000 certification and Aluminium Stewardship Initiative (ASI) certification. The acceptable audits are reviewed regularly to check if new ones are added, or if old ones no longer fulfil Huhtamaki's requirements. We will monitor the audit results and corrective actions and support suppliers to improve their performance, if needed. Sedex provides many useful training materials that we will use to educate suppliers. Suppliers will also be asked to fill in

the Sedex Self-Assessment Questionnaire, which supplements the information gathered from audits.

Pilot proved the new features work

In 2019, the focus in matters relating to our supply chain was on creating automated procedures and ensuring that all the needed features work properly. For this, we conducted a pilot with the suppliers of our North America business segment. The updated features will be rolled out to other business segments in 2020.

In the pilot, key suppliers representing 90% of the supplier spend for the North America business segment were included in monitoring done in RiskRate. Based on the selected attributes, the initial profile risks of suppliers were: 0% high risk, 52.5% medium risk, 47.5% low risk. 86% of suppliers accepted the Code of Conduct for Huhtamaki Suppliers, and 11% provided their own Code of Conduct which was approved after review. Few mandatory health benefit suppliers were exempted from the Code of Conduct acknowledgement requirement due to the nature of their business with Huhtamaki. These suppliers were only included in the screening processes. After the screening results and answers to questionnaires were analyzed and additional information collected, there were no suppliers rejected in 2019.

Additionally, around 30 sourcing employees globally were trained about the new processes in 2019.

The work with third-party corporate responsibility audits will start fully in 2020, once the due diligence work is completed for all business segments in RiskRate.

Supply chain, case story

Huhtamaki strengthens its supply chain due diligence practices

In 2019, Huhtamaki updated its due diligence processes and tools for supplier monitoring with the aim of increasing visibility across the supply chain. Annu Puurula, Global Corporate Responsibility Specialist, describes the new processes.



“As a responsible company we want to ensure that our suppliers meet the ethical, social and environmental expectations we set out in our Code of Conduct for Huhtamaki Suppliers.”

Why is Huhtamaki strengthening its supply chain due diligence process?

As a responsible company we want to ensure that our suppliers meet the ethical, social and environmental expectations we set out in our Code of Conduct for Huhtamaki Suppliers. Over the past years, we have improved our supply chain due diligence system. We continue with these step-by-step improvements to ensure that there are no violations in our supply chain.

After reviewing the options for supplier monitoring, we chose the best tools with relation to our current needs and updated our processes based on these tools. We focused on developing a risk-based due diligence approach and on harmonizing the supplier assessment practices among our business segments. This will help us target our activities at suppliers that need the most support.

What changes did you make to the due diligence process?

It is important that our suppliers understand our requirements. The first step was to update and clarify the Code of Conduct for Huhtamaki Suppliers, which was also translated into languages most relevant for us.

We also internally specified the definition of key suppliers. This was necessary as during the first phase, we will focus on key suppliers in particular.

We were already using the RiskRate tool for our supplier screenings. We improved our processes by integrating new automated features into the tool. All key suppliers continue

to be screened against sanction lists, watch lists, Politically Exposed Persons lists and for adverse media. We also defined certain attributes that determine the risk rating for each supplier. This way we can easily spot suppliers that should be monitored more thoroughly. Depending on the supplier's risk rating, we will also ask them to answer a questionnaire that gives us deeper insights into their ethics and compliance practices.

Huhtamaki is a corporate member of Sedex. We will utilize the Sedex tools as well as third-party audits for supplier assessments. We have selected the audits and certifications that Huhtamaki accepts from suppliers and will start engaging with our suppliers to increase the number of those that are audited, to monitor corrective actions after the audits, and to support suppliers in performance improvements. If necessary, suppliers will also be directed towards relevant Sedex training materials.

What happens next?

In 2019, we focused on developing the tools and processes as well as on providing internal trainings. We also conducted a trial with the updated RiskRate features in our North America business segment. The trial was successful, and we are ready to start implementing the updated due diligence system in all business segments in 2020.

Annu Puurula

Global Corporate Responsibility Specialist

 | [Huhtamaki's Policies are available on huhtamaki.com](https://www.huhtamaki.com/policies)

We use certified and recycled fiber to ensure sustainable forest management

(Own KPI: All fiber sourced from recycled or certified sustainable sources)

Huhtamaki wants to advance sustainable management of all forest types. This is why we use virgin fiber that comes from sources that are certified by such organizations as the Forest Stewardship Council (FSC®), the Programme for the Endorsement of Forest Certification (PEFC™) and the Sustainable Forest Initiative (SFI®). These certification schemes ensure that forests are not used excessively, and new trees are planted for every tree cut, allowing the forests to regenerate. These certification systems also take the social aspect of forest management into account to some extent.

In addition to virgin fiber, which is used for packaging with direct food contact, we use recycled fibers. These recycled fibers are either post-industrial or post-consumer, including cutting waste from our own paper cup manufacturing.

By the end of the year 2019, more than 98% of the fiber used met these criteria. Our goal is to reach 100% during 2020, but we do recognize that the remaining part is under constant change as we develop new products and test alternative materials.

“In 2019, more than 98% of the fiber we used in manufacturing was from recycled or certified sources.”



For more information of the different programs for certified fiber, see the [Forest Stewardship Council \(FSC®\)](#), the [Programme for the Endorsement of Forest Certification \(PEFC™\)](#) and [Sustainable Forest Initiative \(SFI®\)](#).

Supply chain , case story

Why is sustainable forestry so important to Huhtamaki?

Forests are an important natural resource. When trees are well managed, they provide livelihood, clean air and water, conserve biodiversity and mitigate climate change. To ensure that forests regenerate and grow, it is important that they are sustainably maintained.

Today, paper, cardboard and recycled fibers are the main raw material for us by volume. Nearly 70% of our product portfolio is made of fiber, either virgin or recycled. Our goal is to source 100% of the wood fiber that we use from recycled or certified sustainable sources. In 2019, we reached over 98% level and continue working to reach the 100% goal.



We can trace the origin of our virgin fiber

We source virgin fiber from certified forests, as this ensures that all our wood fiber supply is responsibly produced. This means that the forests are not used excessively, new trees are planted to replace harvested timber, and the forests are ecologically maintained and balanced for their long-term health. Sustainable forestry also aims to protect the natural biodiversity in the areas.

Global forest ownership is fragmented. There are both public and private owners that may have different targets for forest management. Certification and third-party traceability systems like the FSC®, PEFC™ and SFI® drive sustainable forest management and align best practices. To minimize transportation, we source our fiber from as close to our manufacturing sites as possible.

Careful use of fiber material

Wood fiber originates from full-grown as well as from young trees thinned out to allow the forests to grow. In sustainable forestry, all material is used for the best-fit purposes:

- 60% of the tree is trunk. It is the hardest and best quality wood that is used, for example, in construction and in manufacturing furniture.
- 25% is pulp wood. It is used to produce cellulose and fiber – the raw materials for paper, paperboard, and cardboard. For example, the cupstock we use for paper cups and food containers is mostly of this origin.

- 15% are the smallest parts of wood – tree-tops, branches, bark, woodchips – that are used in energy production.

Both virgin and recycled fibers

Virgin fibers are used for food packaging with direct food contact, as only with them can food safety and hygiene be guaranteed and regulations met. After use, virgin fibers can return to the paper cycle as fresh cellulose, where their long, strong fibers enhance the quality of recycled material.

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

Securing a sustainable fiber supply is important. "Fiber packaging is a main innovation area for us, and in some applications, it can replace plastic fully," says **Richard Ali**, Sustainability Director from Huhtamaki Foodservice Europe-Asia-Oceania. "For example, in 2019 we introduced paper straws that are made of fiber coming from sustainably managed forests. 100% of the paper used in the straws and in their wrapping is PEFC certified."



Operations

i Information disclosed in this section – GRI Standards:

301 Materials

302 Energy

303 Water

305 Emissions

306 Effluents and Waste

We promote the following

UN Sustainable Development Goals:



Theme	Goal	KPIs	Performance in 2019
Operations	By the end of 2020, we produce more, with less impact on the environment per unit of production	<ul style="list-style-type: none"> Natural Resource Plan (KPIs under development) All plants in water stressed areas have a water management plan 	<ul style="list-style-type: none"> New waste approach was piloted in 20 manufacturing units Water risks were re-assessed based on latest data, and pilot projects were agreed

Increasing the efficiency of operations

Innovating new materials and structures, designing more easily recyclable products and investing in new, value-adding technologies will enable us to address new business opportunities. Operational efficiency is key, both from the economical as well as from the environmental point of view.

Our manufacturing units continue to work hard to reduce consumption of natural resources, including the reduction of waste. There is a strong environmental and financial rationale to do so. Greenhouse gas emissions and production waste are the main negative environmental impacts of our manufacturing operations. Water usage is a material topic for our molded fiber manufacturing units, but not for foodservice or flexible packaging manufacturing units.

The Group's operating principles regarding environment are set out in the Huhtamaki Code of Conduct, the Code of Conduct for Huhtamaki Suppliers, and the global Environmental Policy. These policies are supported by (Lean Six Sigma) Black Belt and Green Belt trainings and ISO management systems and are implemented on the manufacturing unit level. At the end of 2019, 52 (49) manufacturing units, representing 68% (66%) of all manufacturing units in the Group followed an externally certified environmental management system such as ISO 14001, the Eco-Management and Audit Scheme (EMAS) or the internal Environmental Care Program implemented in North America.

The majority of the material used is renewable fiber

(301-1, 301-2)

The main raw materials used by Huhtamaki include paperboard, recycled paper and plastic polymers.

Post-consumer recycled paper (such as old newspapers) is used to manufacture molded fiber packaging, such as egg and fruit packaging and foodservice cup carriers.

Post-industrial recycled paper (such as cutting waste from our paper cup manufacturing) is used to manufacture molded fiber disposable tableware, such as Chinet® plates.

Virgin paperboard is used to manufacture disposable tableware, such as hot and cold drink cups, plates, food containers and ice cream packaging. The use of virgin materials is often required to meet food safety regulations.

Polymers such as PS, PET, recycled PET and PLA (polylactic acid, derived from renewable resources) are used to manufacture disposable tableware, such as transparent cups, tumblers, containers, lids and cutlery.

Polymers such as PE, PET and PP are the main materials in multi-layer flexible packaging.

In addition to the main raw materials mentioned above, we use packaging materials, inks, dyes, adhesives, other chemicals, metals and alternative fibers (i.e. fibers from non-wood sources such as

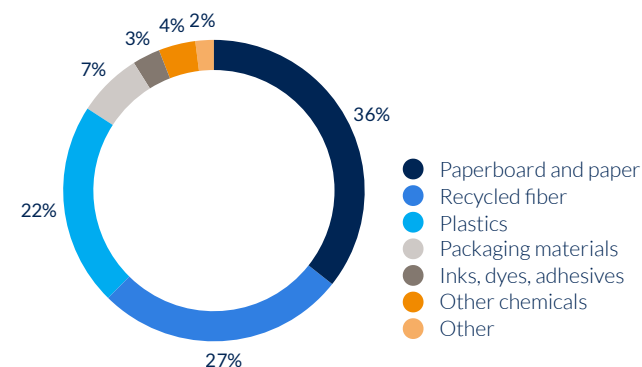
grass). The composition of printing inks varies based on the needs and features of the final product. Both solvent-based and water-based inks are used.

In 2019 the share of renewable materials of all raw materials used across Huhtamaki was 68% (67%). Most of the renewable materials were wood fiber-based materials, either virgin fibers or recycled paper. The most used recycled raw material was post-consumer recycled paper. Virtually all virgin fiber used by Huhtamaki has PEFC™, FSC® or SFI® Chain of Custody certification, which guarantees that the fiber is traceable to sustainably managed forests. The share of recycled materials in 2019 increased to 28% (27%).

Material use (1,000 metric tons)

	2019	2018	2017
Total material usage	1,386	1,366	1,352
Renewable materials used	936	917	898
Non-renewable materials used	450	449	454
Share of renewable raw materials, %	68	67	66
Share of recycled input materials, %	28	27	27

MATERIAL USE BY VOLUME



Energy consumption (GWh and %)

		2019		2018		2017	
Primary energy consumption	Gas	984	44%	912	42%	923	42%
	Oil	70	3%	79	4%	72	3%
	Coal	0	0%	0	0%	0	0%
	Renewable fuels	0	0%	0	0%	0	0%
Secondary energy consumption	Electricity	1,179	52%	1,177	54%	1,162	53%
	Share of renewable electricity	18	2%	53	4%	62	5%
	Other secondary energy	16	1%	15	1%	19	1%
Total energy consumption		2,249	100%	2,183	100%	2,177	100%

Other secondary energy: heating, cooling and steam combined due to small consumption. No energy sold. Units report energy consumption in a specific management system.

Type of energy used relatively stable, with increasing focus on renewable energy projects

(302-1)

Huhtamaki uses both primary energy sources (fuel) and secondary energy (electricity and heat) in our operations. Our total energy consumption in 2019 increased to 2,249 GWh (2,183 GWh). Consumption of primary energy, which is mainly used in the drying process of recycled fiber-based packaging, was 1,054 GWh (991 GWh). Consumption of secondary energy in 2019 was 1,195 GWh (1,192 GWh). The main source of secondary energy was electricity, which accounted for 99% (99%) of the total consumption.

The share of renewable energy decreased to 1% (2%). However, in 2019 Huhtamaki invested in on-site solar energy in two countries. In India a PPA agreement was signed for the installation of rooftop solar panels at six manufacturing units. A similar agreement was signed by our manufacturing unit in Springs, South Africa. These initiatives will help to reduce our emissions and energy costs and increase the share of renewable energy.

In addition, Huhtamaki commissioned a report on renewable energy options for Huhtamaki on global level. The results of this report have been taken into account in the development of Huhtamaki's sustainability ambitions towards 2030.

Natural Resource plan focuses on waste, climate, water and product innovation

(Own KPI: Natural resource plan)

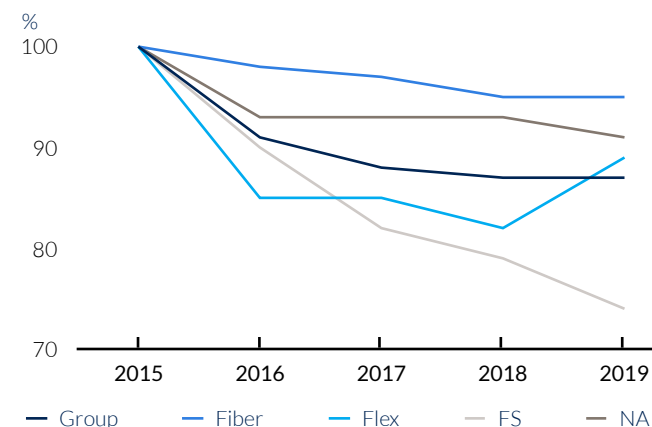
During 2019 we continued working on our Natural Resource Plan. Our aim is to use natural resources more efficiently so we can reduce negative impacts on the environment and improve our profitability as well as create positive impacts. We have taken a holistic view on our operations and products throughout their life cycles. In the on-going work we are resetting targets and complementing our key performance indicators. In 2019, we focused especially on improving the data visibility of our natural resource use, product innovation and related impacts. Another important theme was climate and we worked on this theme from operational and product perspectives.

Energy efficiency remained stable

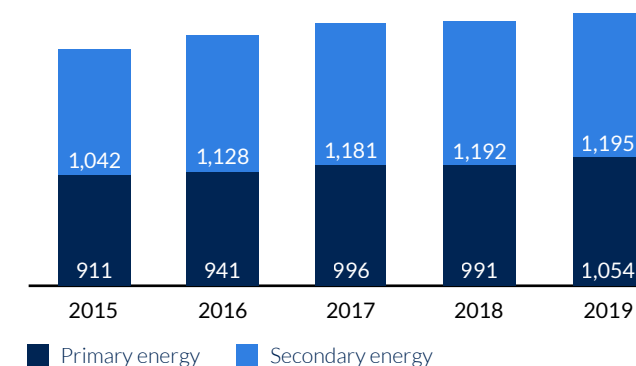
(302-3, 302-4)

We are continuously looking for ways to reduce energy use and improve efficiency, for the benefit of our business and the environment. This is a core task of our Operational Excellence teams across the manufacturing units. There is a logical link between Operational Excellence and the Natural Resource Plan. As part of the Natural Resource Plan we have connected financial and consumption data

INDEXED ENERGY INTENSITY (MWh/STP)



TOTAL ENERGY CONSUMPTION (GWh)



related to natural resources (energy, water, materials, waste) and we visualized the flow of materials and costs, giving the business new ways of reducing consumption of natural resources and generating additional profit. The program is currently being tested in pilot manufacturing units to learn how to maximize its benefits. Based on the learnings from this pilot phase we plan to roll out this program more widely to support our local operational excellence projects.

In 2019 our energy efficiency remained stable compared to 2018. Energy consumption per sellable ton produced (STP) was 2.04 MWh/STP (2.04 MWh/STP). These numbers include all forms of energy used within Huhtamaki.

Reduced emissions when corrected for production volume

(305-1, 305-2, 305-4, 305-5)

Greenhouse gas (GHG) emissions are one of the main negative environmental impacts of our manufacturing operations. We continuously work to improve our energy efficiency to reduce emissions to air. Our manufacturing units are governed by applicable environmental permits, which set limits for emissions to air. Our most

significant emissions to air are carbon dioxide (CO₂) and volatile organic compounds (VOC).

Our absolute Scope 1 emissions increased in 2019 by 6% compared to 2018. Scope 1 emissions cover methane (CH₄) and nitrous oxide (N₂O) gases besides CO₂. Emissions are calculated based on reported fuel consumption and emission factors according to GHG Protocol/IEA 2018.

Our Scope 2 emissions stayed essentially flat in 2019 compared to 2018. The emissions are calculated according to a location-based method, based on reported secondary energy consumption and emission factors. Emissions factors are calculated according to GHG Protocol/IEA 2018. Due to updates of emission factors under IEA 2018, data of previous years for both Scope 1 and 2 emissions have slightly changed from 2018 report.

Our GHG intensity per sellable ton produced decreased by 1% in 2019 compared to 2018. Given the reduced energy intensity, we have reduced the GHG emissions by 8,000 metric tons of CO₂ equivalent compared to 2018 when corrected for the production volume. The emission intensity and reduction cover Scope 1 and Scope 2 emissions.

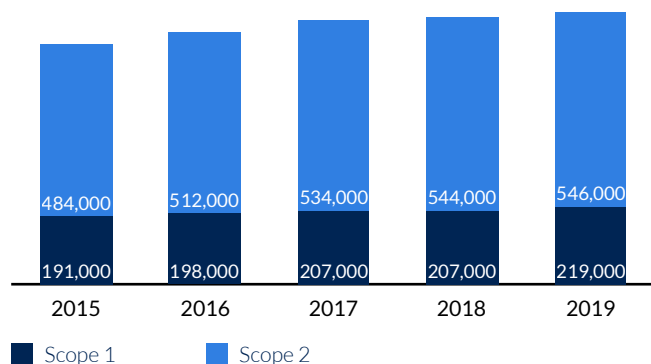
71% of total greenhouse gas emissions generated by our operations originate from purchased electricity. The indirect CO₂

emissions are highly dependent on the mix of the energy sources available in the operating countries' national energy grids.

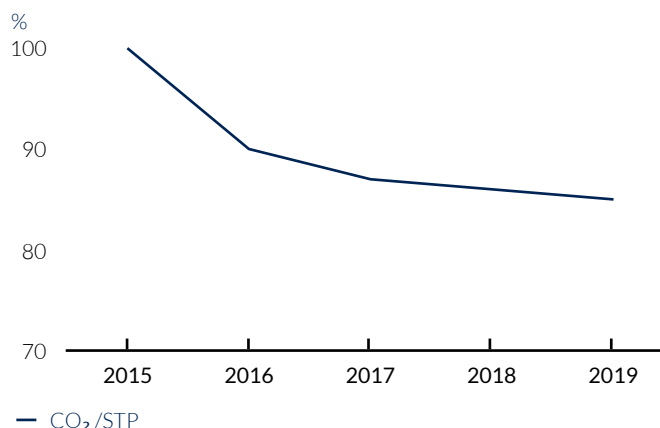
Our emissions of Volatile Organic Compounds (VOC) are mainly related to solvent-based printing inks. Our manufacturing units with recognizable VOC emissions typically have a VOC incinerator or a VOC recovery unit installed. The recovery system enables recycling and reuse of the solvent used in printing inks. We also use water-based printing inks, which are solvent free and do not result in VOC emissions (although they require greater use of energy for evaporation). In 2019, 16% (16%) of printing inks used in Huhtamaki were water- or oil-based.

One way to reduce emissions (apart from energy initiatives mentioned above) is to leverage digital tools to collaborate across the globe, thereby reducing the need to travel. We started a digital workplace initiative in 2018 and continued developing it in 2019. This involved redesigning our digital ways of working as well as renewing our digital collaboration tools, including online meeting and team work tools, instant messaging, email and intranet. During 2019, a total of 56,687 online meetings were organized in the company, an increase of 207% from the previous year.

TOTAL GREENHOUSE GAS EMISSIONS
(METRIC TONS CO₂ EQV)



INDEXED GREENHOUSE GAS EMISSIONS
INTENSITY (METRIC TONS CO₂ EQV)



Building solid understanding of water risks helps to direct our efforts

(Huhtamaki's own KPI: All plants in water stressed areas have a water management plan)

Even though we are not a heavy user of water, we aim to reduce our water usage and water related risks. Last year we renewed our approach to water risks with the latest version of the Aqueduct Water Risk Framework of the World Research Institute in order to better understand our water related risks on manufacturing unit level. We also built a Huhtamaki specific water management framework and water management plans with the help of external experts. We started pilot projects in few of our manufacturing units in 2019 and these will continue during 2020, with the aim of eventually creating water management plans for all our manufacturing units. The plans will include for example water usage and discharge as well as performance assessment and improvement.

Focusing on molded fiber production and water stressed areas

(303-1)

In our operations, water is mainly used in the manufacture of fiber packaging and as cooling water. The amount of water used in absolute terms is limited, but due to scarce water resources globally, we consider water as a material aspect in our Packaging for Good program.

Our freshwater intake in 2019 reduced significantly to 8.8 million m³ (9.5 million m³), mainly driven by continuous improvement project and cooler weather in North America compared to 2018. The water efficiency of Huhtamaki improved by 10%.

The most water-intensive business at Huhtamaki is molded fiber packaging manufacturing, however many of these manufacturing units have efficient water recirculation systems in place. Our manufacturing units are responsible for working together with stakeholders to address any water related issues.

Water withdrawal by source (million m³ and % of total)

	2019		2018		2017	
Surface water	4.1	47%	4.8	50%	4.4	49%
Ground water	1.1	12%	1.3	13%	1.1	13%
Municipal water supply	3.6	41%	3.5	37%	3.5	38%
Total	8.8	100%	9.5	100%	9.1	100%

Waste by type and disposal method (metric tons)

		2019	2018	2017	2016	2015
Non-hazardous waste	Landfill	37,000	20,000	21,000	18,000	18,000
	Recycling	143,000	157,000	149,000	131,000	113,000
	Energy recovery	13,000	13,000	13,000	16,000	16,000
Hazardous waste	Landfill	1,000	1,200	900	1,200	700
	Recycling	5,100	4,500	4,200	4,000	2,800
	Energy recovery	1,200	1,100	1,100	700	700
Total		200,300	196,800	189,200	170,900	151,200
Recycling rate (%)		74	82	81	79	76
Hazardous waste (% of total)		4	4	4	3	3

Recycling of waste impacted by temporary service provider issue

(306-2)

The main waste streams in our processes are cutting waste from paperboard packaging manufacturing, materials rejected during the fiber pulping process, and plastic waste. Cutting waste from our paperboard packaging manufacturing is either recycled as raw material for fiber packaging inside Huhtamaki or sent for external recycling. In general, material recovery refers to either internal or external recycling. The waste disposal method is determined on the manufacturing unit level based on the available infrastructure and type of waste.

Our total amount of waste increased by 2%, mainly driven by growth in our Flexible Packaging segment. The amount of hazardous waste represented 4% (4%) of the total waste amount. Hazardous waste was treated locally by dedicated hazardous waste handlers in line with local regulatory requirements.

The recycling rate declined to 74% (82%) due to a third-party waste processing company cancelling their contract with Huhtamaki in North America at short notice. This is a temporary issue which should not affect our long term trend of improving recycling rates.

Operations, case story

Update of water management approach deepens insight and prioritizes activities

Water is one key element of our Natural Resource Plan. During the past year we focused on building the foundation for water management: data sources, tools and priorities for the future work in this area.



“Scarcity of fresh water is a globally recognized risk. Even though we are not a heavy user of water, it is important for us. With improved water management we aim to reduce our water usage and water-related risks. All the measures we take also help us in adapting to climate change,” says **Wouter van Tol**, Global Head of Corporate Responsibility.

To manage water efficiently, the first priority was to identify reliable data sources and tools that provide the best water risk data. We chose a comprehensive global tool, the Aqueduct Water Risk Framework by the World Research Institute.

“Aqueduct data and methodology are highly developed. The framework, indicators, and methods have been tested in collaboration with experts. Furthermore, the data behind the model was updated during Autumn 2019,” **Tiina Pajula**, Principal Scientist and sustainability assessment expert from VTT Technical Research Center of Finland Ltd, explains.

“Scarcity of fresh water is a globally recognized risk. Even though we are not a heavy user of water, it is important for us.”

In the tool, the 12 global indicators in the Water Risk Atlas are grouped into three water risk categories: physical risks related to quantity, physical risks related to quality, and regulatory and reputational risks.

We had already identified our water risks earlier, but it was important to update the information as well as to dive deeper into the data. Aqueduct data can be used to re-assess our manufacturing units' exposure to water risks around the globe. With the findings, we can prioritize our own actions that address the risks particular to each unit.

“VTT helped to build a Huhtamaki-specific water management framework which will be piloted in a few manufacturing units in 2020. With our support, the local Huhtamaki teams will create water management plans, which include plans for water usage and discharge as well as for performance assessment and improvement,” Pajula continues.

Once these pilots are completed, the key learnings will be analyzed, and eventually water management plans will be created for all of our manufacturing units.

“With this project, we raise awareness among our employees regarding the changing needs in the environment. The project increases the transparency of our overall natural resource use as well,” van Tol concludes.

Operations, case story

No resources wasted

In the Huhtamaki Natural Resource Plan, waste management is an important area. In 2019, the waste management pilots concentrated on three areas: improving data quality and collecting more detailed data, educating people about waste, and improving process efficiency.

“As reducing waste further means less materials and energy used and smaller environmental impact, we wanted to have a larger view on waste, both on global and business segment levels. Reducing waste and improving process efficiency offers us competitive advantages and saves money,” explains **Maija Aho**, Global Sustainability Manager.

Data quality and granularity were areas that needed development. Several pilots were started with the target of increasing the understanding on what level the different data was, what areas needed further development and if more detailed information gathering made sense.

Increasing understanding with visualizations

The Huhtamaki Natural Resource Plan increased our understanding of our waste both globally and on the segment level. In our pilots, the teams in manufacturing units, segments and Global Corporate Responsibility started to build the same understanding on a local level.

The Flexible Packaging team started the first pilots. The joint project team created visualizations showing detailed annual data for manufacturing units in India, Vietnam and the Czech

Republic that demonstrated the opportunities for reducing waste in those units.

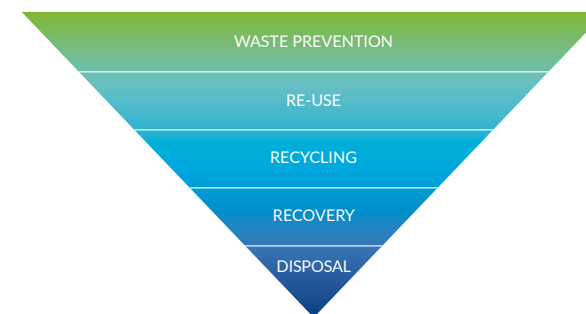
“Transferring large amounts of data to simple visualizations showed in a concrete way how even small changes in our manufacturing processes can create big savings for the unit. The shared understanding now makes it easier for our teams to find different ways of improving waste management also in the long run,” explains **Susanne Barrabass**, Global Business Excellence Coordinator, Flexible Packaging.

Process improvements with more detailed waste data

Foodservice Europe-Asia-Oceania built a new approach to waste data collection with which the manufacturing teams can measure the different waste streams separately. With the data, manufacturing units can identify the processes that needed adjustments and thus improve their material loss measurement. The data of Foodservice paperboard units is now fed into the global reporting system.

Having a clearer view on different waste fractions globally and locally makes prioritizing items in waste management easier. This has a positive impact on our efficiency and will minimize environmental impacts.

“The best practice of waste measurement was identified in our Foodservice Windsor Australia manufacturing unit. Together with the Business Excellence team, the best practice was quickly replicated across all units in the segment.



i *Waste prevention is the foundation on which all efforts of waste management are built.*

The new way of measuring material loss helped us tremendously with two things: setting up the right ambitions and following up with projects and concrete actions to meet our waste reduction targets 2020–2022,” relates **Michal Ziembinski**, Director Business Excellence, Foodservice Europe-Asia-Oceania.

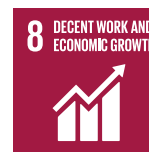
“We are pleased with the progress this far, but we know that this is an ever-on-going process. The work continues,” concludes Aho.



Ethics and Compliance

i Information disclosed in this section – GRI Standards:
205 Anti-Corruption

We promote the following
UN Sustainable Development Goals:



Ethics and Compliance

We value integrity and it is important for us to do things right. High ethical standards in all our actions are key to succeeding in our business. We are committed to complying with the Huhtamaki Code of Conduct, other policies, as well as laws and regulations, and to acting in accordance with commonly accepted best practices. Our values emphasize that we like to get it done – with high integrity.

The Global Compliance function oversees the implementation of our ethics and compliance program. It is an advisory function that supports Huhtamaki in conducting its business in compliance with laws, regulations and Huhtamaki's ethical standards by advising in certain key areas, such as Code of Conduct, anti-corruption, supply chain transparency, conflict of interest, competition compliance and data privacy related matters. In addition, the Global Compliance function helps our business to create policies and processes to identify and mitigate compliance-related risks and organizes trainings on various ethics and compliance topics. Furthermore, the Global Compliance function coordinates our whistleblowing system, the Huhtamaki Speak Up channel.

Huhtamaki ethics and compliance program – it is everyone's responsibility

The further development of our ethics and compliance program continued during 2019. As part of the preparation of a new ethics and compliance program framework, Global Compliance and Risk Management functions conducted an ethics and compliance assessment in early 2019. The assessment involved personal interviews with several General Managers and other key personnel from our units globally. The assessment gave valuable information about the maturity of our compliance practices. The results of the assessment have been shared with several teams, including the Global

Executive Team and the Audit Committee of the Board of Directors, and the results have been taken into consideration when defining the ethics and compliance roadmap for the coming years.

The new ethics and compliance program framework was introduced in October 2019. The framework focuses on our commitment to do business in the right way and in accordance with the highest ethical standards. The new framework helps to respond to the growing interests of our external stakeholders about ethics and compliance matters as well as to our own needs by establishing a standard structured approach to handle ethics and compliance matters in our units globally. In addition, it fosters the culture of compliance and embeds ethics even further into the everyday decision making for all of us – it is everyone's responsibility.

One of the key priorities within the new ethics and compliance program framework is to strengthen the governance model for handling ethics and compliance matters in Huhtamaki. In order to meet this target, several new governance bodies were established during 2019. These include an Ethics and Compliance Committee and a global network of legal as well as ethics and compliance persons who are eager to drive our program and roadmap in their own environment and share best practices with Huhtamaki units around the world. The network of local privacy representatives also continued its work during 2019 and extended its scope as a global network.

The Code of Conduct is a core element of the ethics and compliance program

The Huhtamaki Code of Conduct is the core element of our ethics and compliance program. The Code of Conduct is available to all employees on our intranet and is also publicly available on our webpage. All employees receive training on our Code of Conduct through annual, mandatory Code of Conduct training. The purpose of the training is to remind everyone of how our values translate into ethical guidelines on how we work at Huhtamaki and what is expected of each employee.

The Code of Conduct training is offered to employees through e-learning and face-to-face training. The Code of Conduct e-learning training program was repeated globally in 2019, and all direct employees were able to complete the e-learning for the first time. In addition, as part of the global ethics and compliance training program, Code of Conduct face-to-face trainings were organized by Global Compliance function for our units in India, Singapore, Malaysia, United Arab Emirates and Egypt during 2019. The results of our recent employment engagement survey indicate positively that our employees understand what kind of behavior is expected from them in order to comply with the Code of Conduct.

The anti-corruption as well as anti-trust and competition compliance training program continued also in 2019: face-to-face training sessions on the topics were conducted by the Global Compliance

function for our units in India, Singapore, Malaysia, the United Arab Emirates and Egypt. In addition, the anti-trust and competition compliance e-learning program and data privacy and information security e-learning program continued in 2019.

We encourage everyone to Speak Up

According to Huhtamaki values, we encourage everyone to speak up and raise concerns if there is any suspicion of breach of the Huhtamaki Code of Conduct or of any other Huhtamaki policies or laws or regulations. This means that if an employee finds out that another employee has violated the rules, the employee is expected to report the violation by contacting his or her manager, over manager or a local Human Resources representative. Alternatively, the employee can report any suspected violation to the Global Compliance function or through the Huhtamaki Speak Up channel, which is a global, web-based whistleblowing system available for Huhtamaki employees, suppliers, customers and other stakeholders. The Huhtamaki Speak Up channel can be accessed by visiting the website: <https://report.whistleb.com/Huhtamaki>. In the United States, reports can also be submitted through the Alertline system. Any negative actions against an employee who reports a possible violation are explicitly prohibited.

Reporting and incident management is one of the key elements of our ethics and compliance program framework. During 2019 special attention was paid to this element and a new Group investigations policy was finalized in November 2019. The policy provides a mechanism to be made aware of, investigate and address alleged violations of the Code of Conduct, any other policies, as well as laws and regulations in a fair, structured, timely and well-documented manner. The new policy describes the process of conducting investigations in Huhtamaki including the new investigations governance structure. As part of the policy work, modifications were also implemented to the external reporting of the incidents.

Global Compliance function coordinates the Huhtamaki Speak Up channel and Alertline system and leads and oversees the investigation process of the alleged violations. A total of 95 (68) whistleblowing reports were received in 2019. This data contains

reports submitted through the whistleblowing systems and reports sent to the attention of Global Compliance through other means. The alleged violations have been investigated in cooperation with Global Compliance, business segments and units, and internal audit. Corrective and preventative actions have been taken based on the outcome of the investigations, as needed. The Ethics and Compliance Committee, the Global Executive Team and the Audit Committee of the Board of Directors follow the reported incidents regularly.

Anti-corruption is considered a highly important topic in the ethics and compliance program

(205-1)

Corruption risk is included in our Enterprise Risk Management (ERM) assessment, which is addressed to all manufacturing units and largest sales offices, as well as their respective business segment management teams, the Global Executive Team, and all global support functions. Corruption risk is considered an operational as well as a strategic risk that could potentially impact Huhtamaki's reputation.

Our materiality assessment indicates that anti-corruption is one of the most material ethics and compliance topics. Corruption and bribery risk and the related preventative procedures were further evaluated in connection with the ethics and compliance assessment conducted in early 2019. The results of the assessment aligned with those of our materiality assessment and the ERM results: anti-corruption is considered a highly important topic in our ethics and compliance program, and the risk after preventative measures is considered medium to low. During 2019, the Global Compliance function also continued to raise awareness on the corruption risks in the geographies where Huhtamaki operates. We also continued to screen our key suppliers with the NAVEX RiskRate tool for adverse media, sanction lists, watch lists and Politically Exposed Persons lists.

Communication and training about anti-corruption policies and procedures

(205-2)

The Huhtamaki Code of Conduct contains anti-corruption provisions with which all employees are expected to comply. In addition, these provisions are included in the Code of Conduct for Huhtamaki Suppliers that all direct and indirect suppliers are expected to comply with.

The Code of Conduct is part of a mandatory annual ethics and compliance training at Huhtamaki, and training is given to all employees through a regular e-learning program and face-to-face training sessions. In addition to Code of Conduct training, separate anti-corruption face-to-face training sessions are being organized periodically by the Global Compliance function for Huhtamaki units globally as described earlier in this section.

Code of Conduct training, including an anti-corruption section, was completed by 84.7% of all employees in 2019 (82.2% of direct and 91.1% of indirect employees).

Ethics and Compliance, case story

Getting it right from the start

When we make an acquisition, merge operations or start a greenfield process, proper integration of the Huhtamaki way of working, principles and practices is essential. To meet this objective, global Ethics and Compliance and Working Conditions trainings were conducted in Egypt in October 2019 at our latest greenfield manufacturing unit – a state-of-the-art flexible packaging unit, inaugurated earlier in 2019.

Our “task force” consisting of members from global, segment and regional HR as well as the Global Compliance function was warmly welcomed with beautiful sunshine and by an enthusiastic team ready to learn. The training room was packed with new employees who had gathered to learn about Huhtamaki values, Code of Conduct and other ethics and compliance topics, and Working Conditions requirements. Our Fiber Packaging employees based in Egypt also participated in the training, bringing with them insights gained from years of working at Huhtamaki. The purpose of the session was not only to learn about our ethical principles, but also to bring the two teams together to discuss these topics openly and share experiences.

During the ethics and compliance training, the new global ethics and compliance program was introduced and discussed on a practical level. The training included information and case examples about the Huhtamaki values, Code of Conduct, anti-corruption, as well as anti-trust and competition compliance topics.

The Working Conditions training focused on topics related to employment as well as workplace health and safety. The interactive session covered a wide range of topics with real case examples and challenges, which the participants had to solve.

To summarize, this workshop demonstrated a great way to co-operate between local teams, HR and Global Compliance functions. Furthermore, it was an excellent opportunity to reflect on how our teams can make sustainable and good decisions for the future – together.

Anna-Maija Heinonen
Head of Compliance

Miia Hapuoja
Head of Employment and Resourcing





Reporting principles and scope

This Sustainability Report 2019 has been prepared in accordance with Global Reporting Initiative (GRI) Standards, Core Option. We have reported at least one disclosure for each GRI standard that has been identified most material based on our materiality assessment. The report contains information on Huhtamaki's sustainability performance in the period January 1 – December 31, 2019. Some indicators also include historical data. The previous report, called Corporate Responsibility Report 2018, was published in April 2018. The Sustainability Report and financial statements are published annually by calendar year.

The disclosures listed in the GRI Index have been externally assured by DNV GL Business Assurance, which is an independent third party. The assurance of this report is limited to disclosures required by the GRI Standards Core Option. The assurance report is attached to this report. The Global Executive Team will review the observations and recommendations related to the external assurance.

Reporting boundaries

Huhtamaki has both direct and indirect impacts on the material topics identified. The data provided in this report concentrates on matters that are directly under Huhtamaki's control.

In 2019, we updated our materiality assessment. We focused only on the topics that were already identified as being of medium or high significance in our previous assessment but revised the assessment with more recent data sources and more stakeholder surveys.

Even though the material topics remained the same, we changed some of their names to better describe all the matters that were grouped under each topic. The updated topic names are visible in the following table and in the materiality matrix on page 13.

There were also a few changes to the reported GRI disclosures: We are no longer reporting disclosure 201-1 as part of the material topic "Customer satisfaction". This is because economic figures are already reported in other parts of Huhtamaki's Annual Report. For the material topic "Anti-corruption and ethics", we reported disclosure 205-2 instead of 205-3.

Identified material topics and boundaries

Huhtamaki Packaging for Good themes			
	Identified material topics	Material GRI standard	GRI topic boundary
People	• Occupational health and safety	• GRI 403 Occupational health and safety	• Huhtamaki Group*
	• Diversity and equal opportunity	• GRI 405 Diversity and equal opportunity	• Huhtamaki Group
	• Labor relations	• GRI 401 Employment	• Huhtamaki Group
	• Employee training	• GRI 404 Training and education	• Huhtamaki Group
	• Employee attraction and retention	• GRI 401 Employment	• Huhtamaki Group
Packaging	• Product safety	• GRI 416 Customer health and safety	• Consumers, customers
	• Customer satisfaction	• GRI 416 Customer health and safety	• Customers
Supply chain	• Supply chain and responsible sourcing	• GRI 103 Management approach	• Group's key suppliers
	• Human rights	• GRI 103 Management approach	• Group's key suppliers
Operations	• Materials and product life cycle	• GRI 301 Materials	• Huhtamaki Group manufacturing units
	• Waste and recycling	• GRI 306 Effluents and waste	• Huhtamaki Group manufacturing units
	• Energy	• GRI 302 Energy	• Huhtamaki Group manufacturing units
	• Water	• GRI 303 Water	• Huhtamaki Group manufacturing units
	• Climate and emissions	• GRI 305 Emissions	• Huhtamaki Group manufacturing units
Foundation for Packaging for Good agenda	• Anti-corruption and ethics	• GRI 205 Anti-corruption	• Huhtamaki Group, Group's key suppliers, customers, partners

*Excluding offices

This Sustainability Report follows the same consolidation principles as Huhtamaki Financial Statements 2019 and covers all four reporting segments. In order to align them with Huhtamaki's financial reporting principles, the GRI disclosures have not been reported by region, but certain indicators are reported per business segment.

In this report, metric tons are used as the mass unit. The 2019 environmental efficiency indicators for energy, greenhouse gas (GHG) emissions and water consumption per sellable ton produced exclude printing cylinder manufacturing and label units, which are part of the Flexible Packaging segment. Environmental data included in this Sustainability Report excludes the units that have been acquired during the reporting year 2019. Units closed during the reporting year 2019 are included in the data until their closing date.

The number of manufacturing units with certified quality, hygiene and safety management systems excludes units that were acquired in 2019 or closed during the reporting year.

The data on supply chain is based only on key suppliers of the North America business segment, due to the on-going transition period of our updated supply chain due diligence processes in other business segments. Each key supplier may consist of several business and/or legal units in different locations.

Code of Conduct training figures are not reported by region because this is not considered material.

Social indicators have not been reported by gender, age or region where the differentiation was not considered material. For employee data, we use the same age groups that are used in our internal reporting. Everest Flexibles (Pty) Limited, a flexible manufacturing unit acquired in South Africa at the end of 2019, is only included in the total headcount data as other data was not yet available in Huhtamaki's reporting tool for 2019.

Data collection and measurement

The occupational health and safety data and environmental data are collected and monitored in a specific management system, where manufacturing units submit information regularly. The reporting frequency varies, and may be monthly, quarterly or annual. Other employee data is gathered from the HR information system.

The greenhouse gas emission calculations are based on guidelines provided by the Greenhouse Gas Protocol of the World Resource Institute and the World Business Council for Sustainable Development. The emission factors used for Scope 1 emissions are reported according to the GHG Protocol/IEA (2018), and for district heating and cooling according to GaBi (2019), which are both updated annually. Scope 2 emissions for purchased electricity are calculated using a location-based method, with national emission factors provided by the GHG Protocol/IEA (2018). Due to updates of emission factors under IEA 2018, data of previous years for both Scope 1 and 2 emissions have slightly changed from 2018 report.

The supply chain data is monitored by a risk assessment tool built for the purpose.

The data collection practices have been reviewed by DNV GL Business Assurance during the assurance process.

Assurance statement

Independent Limited Assurance Report to the Management of Huhtamaki Oyj

Scope of Engagement

Huhtamaki Oyj ("Huhtamaki") commissioned **DNV GL Business Assurance Finland OY/AB** ("DNV GL") to conduct a limited assurance engagement over the performance indicators presented in the Huhtamaki Annual Report 2019 Sustainability section ("Report") for the reporting period 1st January to 31st December 2019.

Selected Information

The scope and boundary of our work is restricted to the key sustainability performance indicators and metrics included within the Report (the "Selected Information"), listed below:

- **GRI 102-8** Information on employees and other workers (number of)
- **GRI 102-41** Collective bargaining agreement (%)
- **GRI 205-1** Operations assessed for risks related to corruption
- **GRI 205-2** Communication and training about anti-corruption policies and procedures
- **GRI 301-1** Materials used by weight or volume (t)
- **GRI 301-2** Recycled input materials used (%)
- **GRI 302-1** Energy consumption within the organization (GWh)
- **GRI 302-3** Energy intensity (%)
- **GRI 302-4** Reduction of energy consumption (%)
- **GRI 303-1** Water withdrawal by source (m³)
- **GRI 305-1** Direct (Scope 1) greenhouse gas (GHG) emissions (tCO₂e)

- **GRI 305-2** Indirect (Scope 2) GHG emissions (tCO₂e)
- **GRI 305-4** Greenhouse gas emissions intensity (%)
- **GRI 305-5** Reduction of GHG emissions (%)
- **GRI 306-2** Waste by type and disposal method (t)
- **GRI 401-1** New employee hires and employee turnover (number of, %)
- **GRI 403-2** Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities (number of)
- **GRI 404-3** Percentage of employees receiving regular performance and career development reviews (%)
- **GRI 405-1** Diversity of governance bodies and employees (%)
- **GRI 416-1** Assessment of the health and safety impacts of product and service categories (%)
- **GRI 416-2** Incidents of non-compliance concerning the health and safety impacts of products and services (number of)

The location of the Selected information in the Report is specified in the GRI content index.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Global Reporting Initiative's GRI Standards (2016) and Huhtamaki's reporting principles and scope, (the "Criteria", see pages 52-54).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Huhtamaki's website for the current reporting period.

Our conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria. We believe that the Report is in line with the "Core" requirements of the GRI Standards.

This conclusion relates only to the Selected Information and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented

policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with Huhtamaki's management to obtain an understanding of the data management systems and processes used to generate, aggregate and report the Selected Information;
- Physical site visits to review processes and systems for preparing site level data consolidated at Head Office at:
 - Huhtamaki Flexible Packaging: Silvassa, India,
 - Huhtamaki Foodservice E-A-O: Nules, Spain, and
 - Huhtamaki North America: Albertville, Alabama, US.

DNV GL was free to choose the sites on the basis of materiality;

- Reviewing data at source and following this through to consolidated Group data;
- Reviewing whether the evidence, measurements, and scope of the Selected Information is prepared in accordance with the Criteria; and
- Reviewing the Report and narrative accompanying the Selected Information in the Report with regard to the Criteria.
- Evaluation of the disclosed information in the Report for 'in accordance' – Core reporting requirements of GRI Standards.

Inherent limitations

Our assurance relies on the premise that the data and information provided by Huhtamaki to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. Energy use data utilized in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Report.

Our competence, independence and quality control

DNV GL established policies and procedures are designed to ensure that DNV GL, its personnel and – where applicable – others are subject to independence requirements (including personnel of other entities of DNV GL) maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals, whose members have not been involved in the development of any of the Criteria. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Responsibilities of the Management of Huhtamaki and DNV GL

The Management of Huhtamaki have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;

- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Huhtamaki in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

For and on behalf of DNV GL Business Assurance Finland OY/AB Espoo, Finland

3rd February 2020

Mikael Niskala

Lead Auditor

DNV GL – Business Assurance

Souvik Kumar Ghosh

Principal Consultant and Reviewer

DNV GL – Business Assurance

GRI content index

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GRI 100 Universal standards			
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102-3	Location of headquarters	Annual Report p. 5	
102-4	Location of operations	Annual Report pp. 6, 38, 76	
102-5	Ownership and legal form	Annual Report pp. 5, 91	
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GRI standards		Location, comments and omissions	SDG
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GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	13, 53, 54	
103-2	The management approach and its components	12, 14	2, 5, 6, 8, 9, 12, 13, 14, 15, 16, 17
103-3	Evaluation of the management approach	12	
GRI 200 Economic standards			
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption	50	16
205-2	Communication and training about anti-corruption policies and procedures	50	16
GRI 300 Environmental standards			
Huhtamaki's own KPI	Natural Resource Plan	43, 46, 47	6, 8, 12, 13, 14, 15
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	42	8, 12, 15
301-2	Recycled input materials used	42	8, 12, 15
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	43	8, 9, 12, 13
302-3	Energy intensity	43, 44	8, 9, 12, 13
302-4	Reduction of energy consumption	43, 44	8, 9, 12, 13
GRI 303: Water 2016			
303-1	Water withdrawal by source	45	6, 12, 14
Huhtamaki's own KPI	All plants in water stressed areas have a water management plan	45	6, 12, 14

GRI standards		Location, comments and omissions	SDG
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	44	9, 12, 13, 14, 15
305-2	Energy indirect (Scope 2) GHG emissions	44	9, 12, 13, 14, 15
305-4	GHG emissions intensity	44	9, 12, 13, 14, 15
305-5	Reduction of GHG emissions	44	9, 12, 13, 14, 15
GRI 306: Effluents and Waste 2016			
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Huhtamaki's own KPI	Community programs in place on site level and Group level	23	17
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	23	5, 8
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GRI 403: Occupational health and safety 2016			
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Huhtamaki's own KPI	Huhtamaki Group Lost Time Incident Rate	22	8
GRI 404: Training and education 2016			
404-3	Percentage of employees receiving regular performance and career development reviews	23	5, 8
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	21	5, 8
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Huhtamaki's own KPI	Supply chain due diligence system in place covering ethical, social and environmental criteria	36, 37, 38	5, 8
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416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	29	2
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