



Packaging for Good

Corporate Responsibility Report 2018

Huhtamaki

About this publication

Our Corporate Responsibility Report for 2018 consists of two sections. In Insights, we explain how we have advanced our corporate responsibility program, Packaging for Good, and share articles and case examples of the four key responsibility themes: People, Packaging, Supply Chain and Operations.

The GRI Performance Review presents our corporate responsibility program and related indicators as well as the GRI Standards disclosures related to our most material corporate responsibility aspects. The GRI part of the report has been externally assured by DNV GL Business Assurance.

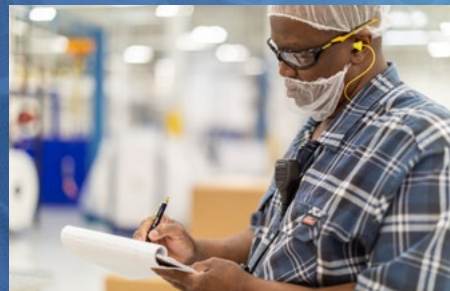
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People

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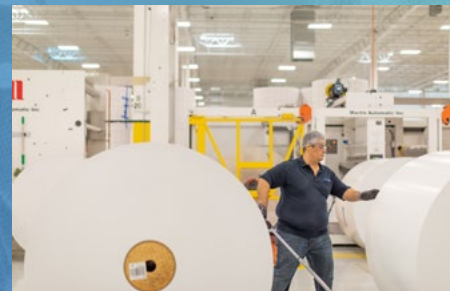
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Packaging for Good

Food packaging is one of the fundamentals of modern life. Urbanization and population growth together with limited natural resources create momentum for societal changes and a strong trend for more sustainable packaging. The demand for convenience stays strong, while at the same time, we understand better the need for sustainability and responsible consumption.

Food safety is our number one priority. Preventing food from being wasted and enabling its efficient delivery are directly linked to this goal. The choices we as a leading global food packaging specialist make on materials and packaging types have a major impact on areas such as people's health, food waste, the affordability of food, and the recyclability of packaging after use. The United Nations Sustainable Development Goal number 12, Responsible consumption and production, inspires us in this work.

Treating our world with respect is one of Huhtamaki's core values. We foster integrity and focus on compliance and ethical behavior throughout the company. In the past year, we revisited our corporate business strategy. People development continues to be one of our six focus areas. In sustainability, we aim to lead by working closely with our customers and increasing our efforts to innovate sustainable solutions.

In 2018, we implemented our renewed corporate responsibility program, Packaging

for Good, which consists of four core themes: People, Packaging, Supply chain and Operations. We also strengthened our resources in the area of corporate responsibility and compliance and continued to support company-wide collaboration on corporate responsibility.

We focused on improving workplace safety by sharing best tools and processes. While the ultimate goal is zero accidents, I am happy to see that we were able to decrease the incident rate from 2.4 in 2017 to 1.8 in 2018, bringing us close to the level of our 2020 target. We also worked to define a new natural resource plan and tested new sustainable concepts in the market.

Our capabilities with multiple materials give us an excellent base to continue innovating for sustainability together with our customers and suppliers. Renewable and recyclable materials such as wood and other natural fibers will play a central role in food packaging even though they cannot yet fully replace the much-debated plastics. This was widely discussed in Europe in connection with the preparation of the Single Use Plastic Directive, banning certain plastic products and aiming at reducing the consumption of others. Initiatives like this will direct innovation in the near future.

In 2018, we developed new, more sustainable food packaging products as well as actively participated in recycling initiatives. Our new paper-based and recyclable ready-meal tray, called Fresh, was successfully trialed, as was

the fiber-based lid for coffee cups. We also invested in paper straw manufacturing capacity. Our Flexible Packaging segment is working with recycling-ready solutions and making good

advances with light-weight materials. I invite you to read more about these exiting new developments in our Corporate Responsibility Report 2018.



“Our capabilities with multiple materials give us an excellent base to continue innovating for sustainability together with our customers and suppliers.”

Jukka Moisio, CEO



Key corporate responsibility achievements in 2018

“We also strengthened our resources in the area of corporate responsibility and compliance and continued to support company-wide collaboration on corporate responsibility.” **Jukka Moisio, CEO**

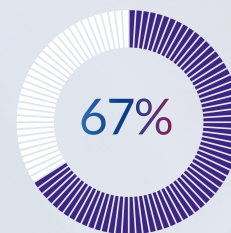
+16% better energy efficiency since 2014

+39% better workplace safety since 2014

-16% lower GHG emissions per sellable metric ton produced since 2014



of fiber used in manufacturing from recycled or certified sources in 2018



of total materials renewable in 2018

Helping great products reach more people, more easily

Global megatrends shape our operating environment and drive us to innovate, grow and develop both our people and our operations. Our role and responsibility as a food packaging manufacturer is reflected in our values and in our corporate responsibility program. Placing a strong emphasis on our social and environmental impact contributes to our vision of becoming the first choice in food packaging.

Megatrends

Consequences for food and the food packaging industry

More people



8.6 billion
people in 2030

Growing population especially in emerging economies increases the demand for packaged food and other consumer products, stressing the natural resources. Ensuring the equal availability of safe food, addressing the food waste issue and finding new, affordable sources of protein are growing in importance.

Urban living



68% of people living
in cities in 2050

Urbanization creates demand for packaging that extends the shelf life of food as well as allows for safe and efficient distribution. In fast-growing megacities, maintaining comprehensive infrastructure for waste collection and recycling poses a challenge.

Convenience



Growing economies adopting
the urban middle class life style

Food will need to be quick and easy, and the use of home deliveries and food-on-the-go will continue to grow. The food and food packaging business will be attractive to new players. However, innovative solutions will help differentiate the offering. More sustainable solutions will be developed to answer the consumer demand.

Sustainability



Efficient use of raw materials,
renewable materials and recycling

Preventing food waste has the most material impact on sustainability. Shortage of preferred raw materials for food packaging or their increasing price will speed up innovation. Energy and raw material efficiency will improve. The use of recycled and renewable material will increase and recycling will be taken into account in the design of food packaging.



Guided by our values

Our global operations challenge us to stay attentive to our impact on local communities as well as 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 purpose

Our purpose is to help great products reach
more people, more easily.

Our strategy

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





Packaging for Good

Our corporate responsibility 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 corporate responsibility 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 2018, we updated the assessment with a new data-driven approach. The renewed materiality assessment reaffirmed that our corporate responsibility efforts focus on the most material topics.



Contributing to 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 there we can have the biggest positive impact through our core business.

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 co-operation 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 in corporate responsibility.



Roadmap for a more sustainable future

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

Packaging for Good program



People

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

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



Packaging

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

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



Supply chain

By 2020, all key suppliers work with us to deliver on the Code of Conduct for Huhtamaki Suppliers

- Supply chain due diligence system in place covering ethical, social and environmental criteria
- All fiber sourced from recycled or certified sustainable sources



Operations

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

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

**PACKAGING
FOR GOOD**

*The program was developed in 2017 and launched in 2018 with initial goals targeting our centennial year 2020. The program is constantly reviewed and updated based on our progress in developing our long-term goals and KPIs. Currently we are working on Huhtamaki's environmental and product sustainability initiatives and related goals and KPIs. Read more about the work on page 23.



Implementing the Packaging for Good program

Wouter van Tol, Head of Corporate Responsibility at Huhtamaki, describes 2018 as a year of implementing the renewed corporate responsibility program.



How did we progress with the Packaging for Good program in 2018?

In 2018, we transitioned from developing the Packaging for Good program to implementing it across its four themes.

Within the People theme, our key objective was to further improve the safety of our employees, contractors and visitors. We are very proud to see the results: in just one year, we strongly reduced incident frequency. A new Huhtamaki Occupational Health and Safety Standard was developed and will be implemented in due course.

In the Packaging theme, our focus was on innovation and sustainability. For example, our Flexible Packaging segment developed more easily recyclable laminates, and our Fiber Packaging segment tested fiber-based food trays that can replace black plastic trays. We are proud of the leading role we played in improving the recycling infrastructure for paper cups. Read more about the project on page 17.

In the Supply chain theme, we started working more closely with Sedex at both the manufacturing unit and global levels. In 2018, we created the foundations of the new capabilities, and in 2019 we will build on this as part of the development of our supply chain due diligence system.

In terms of Operations, we prioritized our Natural Resource Plan. This project aims to create value by reducing energy

and water use as well as emissions and waste. We made good progress in 2018 and expect the project to be delivered in 2019.

What were the main challenges?

Two key projects, the Natural Resource Plan and the supply chain due diligence system, were delayed by the need to recruit the right people to drive this work. The global Corporate Responsibility team has been back at full strength from August 2018.

Another challenge was the busy schedule of our employees particularly in manufacturing units. To maximize employee engagement, we have to be very efficient with their time. We introduced Office365 tools to communicate and collaborate with anyone in the company who is involved or showing special interest in corporate responsibility.

What kind of feedback did we receive when discussing the program internally and externally?

In 2018 there was a clear increase in internal and external interest in sustainability. Customers, investors, employees and many other stakeholders actively asked for information regarding sustainability, and the topic is high on the agenda of our senior management. With our program and roadmap in place, we are now in an excellent position to create value for our business and our stakeholders, and to make our employees proud of working for a company that delivers Packaging for Good.





Global compliance function supports business integrity

Anna-Maija Heinonen, Head of Compliance at Huhtamaki, talks about business integrity and managing ethics and compliance in practice.

Business integrity is naturally of utmost importance to Huhtamaki. We value integrity and it is important to us to do the right thing. High ethical standards in all our actions are key to succeeding in our business. We are committed to complying with 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.

As of January 2018, the company has had in place a Global Compliance function that focuses on further development of the company's ethics and compliance program. The Global Compliance function advises and supports business in certain key compliance-related areas, facilitates business with the creation of policies and procedures, organizes training and coordinates the company's grievance system, the Huhtamaki Speak Up channel.

The company's ethics and compliance program has been under review and discussion throughout the year, and actions have been taken in several compliance areas. For example, data privacy matters have been under special focus as the General Data Protection Regulation (GDPR) in the European Union came into force in May 2018. Like many other companies, Huhtamaki has been preparing to comply with the requirements of this regulation.

Reporting and incident management is one of the key elements of Huhtamaki's ethics and compliance program.

The Group introduced a new web-based grievance system, the Huhtamaki Speak Up channel, in December 2018 in order to enhance the speaking up culture and provide an easy way for employees, suppliers, customers and other stakeholders to submit and manage reports about suspected violations. As we highlight in our values: we encourage everyone to speak up!

Our global ethics and compliance program includes certain minimum key compliance requirements that all units globally must follow. The core element of the program is the Huhtamaki Code of Conduct, which is based on our values and sets out the standards for ethical behavior for all employees. Compliance related trainings and awareness campaigns help to make sure that we are following the same company policies and procedures. Internal compliance networks bring together motivated employees who are willing to develop compliance practices in their own environment and share best practices with all Huhtamaki units around the world.

“The Global Compliance function supports business, organizes training and coordinates the Huhtamaki Speak Up channel.”





Gearing our team for the future

The changing business environment challenges our global team 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.

Digital development drives professional growth

We have experienced teams with a wealth of knowledge. Huhtamaki has a strong culture of growth, challenging our people to learn, take on new challenges and develop their personal skills. The company does its best to support this.

Digitalizing employee experience

For HR, digitalization means digitalizing our workplace practices and tools. In 2018, we implemented a global HR information system in which our employees can update their personal data, talent information, mobility preferences and career aspirations as a self-service. The new tool is available to all our employees, from production to management.

“For our managers, the new system provides greater visibility to the skills, interests and aspirations of their team members. More data and analytics are available for managers to make informed business decisions. Less time is spent on pure administration tasks, allowing HR professionals to better focus on their business partner role and support management,” says Teija Sarajärvi, SVP Human Resources.

For easier access, our units are setting up kiosks and other digital facilities in production areas. Our aim is to increase the use of various online services for production employees such as e-learning, online grievance channel, online engagement survey and the new HR information system. By providing direct and real-time access to these services we want to improve the overall employee experience.

Trace your own path

In 2018 we introduced a concept called ‘Trace your own path’, which aims to encourage everyone at Huhtamaki to take charge of their own career and make their skills and interests visible. We invite our people to clarify their own career aspirations, share knowledge in networks and appreciate feedback as a method of learning. Seizing opportunities, growing with experience, taking on challenging assignments and continuous learning light up that extra spark that makes great things happen. Going forward, we aim to increase



“We invite our people to clarify their own career aspirations, share knowledge in networks and appreciate feedback as a method of learning.”

internal job rotation to offer more diverse opportunities for our employees to grow.

Leadership development

We continue to develop our managers and leaders with our proven leadership programs. In addition, we want our leaders to think about the kind of imprint they leave and how they support the growth of their teams. The leader's imprint is the personal touch in leadership, reflecting how each leader meets expectations in an effective way. Facilitated discussion workshops to take this further will be organized for all Huhtamaki people leaders during 2019 and 2020.

We also continue to grow and develop successors for key positions. Through various leadership development activities and the possibility to make one's career aspirations visible, we aim to increase the internal candidate pool.

Employee engagement

The next employee engagement survey will be conducted in 2019. Our latest employee engagement survey in 2017 indicated that we need to focus more on communication, especially on strategy and the future direction, and encourage open and honest two-way communication. We have now renewed and

refreshed our tools and methods for online communication.

“Our new intranet pages allow employees to participate in discussions online and initiate new discussions on topical items, such as strategic focus areas. We have introduced tools for enhanced team work and global collaboration and launched a specific virtual room for sharing best practices among colleagues around the globe. We want to give everyone a chance to participate,” says Miia Hapuoja, Head of Employment and Resourcing.

We also strive to identify ways to better recognize everyone's contribution. Giving and receiving feedback is an important part of growth. Our new HR information system allows anyone to give feedback and recognition to any colleague at Huhtamaki. In 2018, our Flexible Packaging segment started a campaign called “Feedback is a gift” to develop the feedback culture in the segment. The campaign includes “Thank you” stickers and postcards where the feedback giver can write his or her personal message. The campaign has been very successful, and even with the possibility to give feedback online, the hand-written personal cards may continue.



Partners for Success

Our People Excellence collaboration team, which focuses on increasing engagement with production floor employees, continued the Partners for Success round table meetings. The model aims to enhance employee dialogue about topical issues to improve the working environment at manufacturing units. By the end of 2018, the meetings have been held at 73 manufacturing units and attended by 10,485 employees. Next projects in the pipeline concern best practices for recruitment and onboarding, trainings for health and safety and increasing knowledge sharing across manufacturing units.



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 responsibility to offer all this in a responsible way, innovating for sustainability and circular economy.

Packaging to protect and deliver food

Preventing and reducing food waste with optimized packaging is the most sustainable thing to do. Today, as much as one third of the food produced is lost or wasted. Food loss is a major contributor to climate change and it represents 8% of global GHG emissions.

New tray design reduces egg breakage in Brazil's demanding conditions

Latin America is the #2 market in egg consumption, and Brazil is the single largest market in the region. However, the country has long distances with roads in varying conditions, posing challenges for egg transport.

“Our aim was better efficiency in the customers' filling process, less egg breakage during long transportation on uneven roads and better resistance to extreme humidity. Based on these goals, we started a new product development project for creating a better and stronger egg tray for Brazil,” says William Rocha, Continuous Improvement Manager of Fiber Packaging, Huhtamaki Brazil.

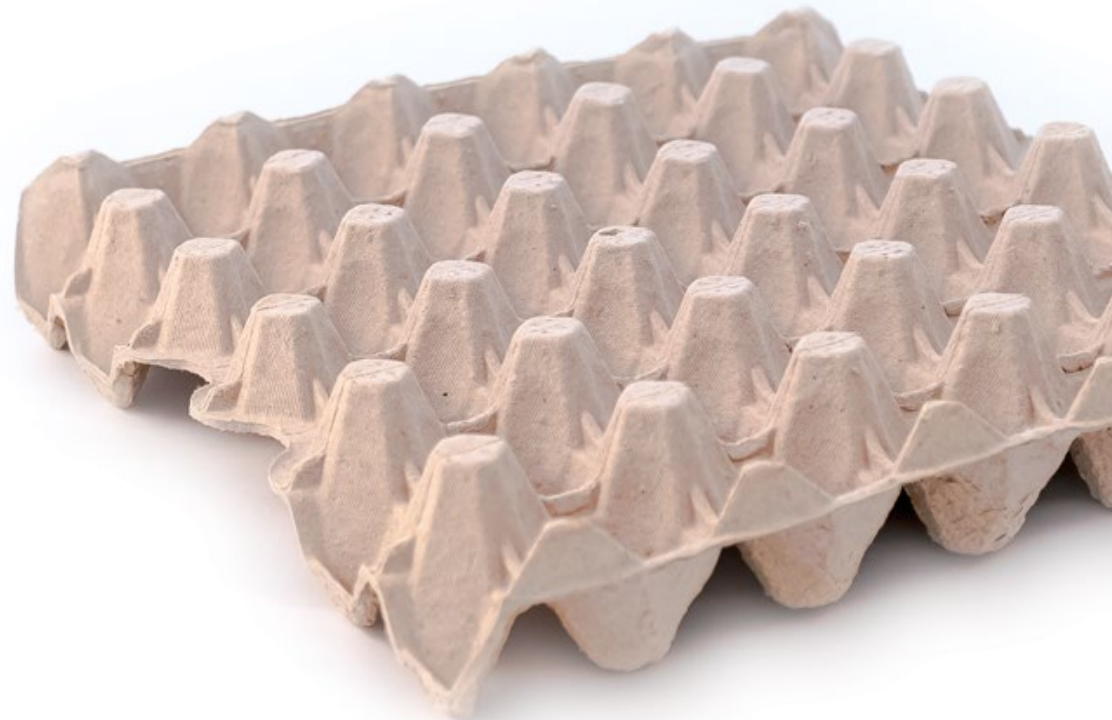
The Fiber team began by testing the egg tray developed by Huhtamaki Egypt in regular transportation with a key customer. The team also visited the customer's factory to see how the egg trays worked on the production lines. Based on their observations, they developed new adapted tooling for Huhtamaki's machines and started to work on the recipe to adapt the new egg tray for Brazil's humid conditions.

There was also another reason for the R&D team to develop a new raw material recipe.

“Recycled newspaper, magazine and cardboard are the key components in our fiber recipe. Due to digitalization, the availability of recycled paper will not be sufficient to fulfil our needs in the future. This was a good opportunity to test other alternatives. The new material was to be stronger, resistant to humidity and readily available in the future,” Rocha says.

The team tested different alternative fibers to find the right combination of long and short fibers that was required. The new raw material recipe has now been developed and implemented. Transportation testing proved that the new tray design and material reduced breakage by as much as 50%.

The new innovations have been registered and patented. Development continues based on customer feedback and continuous performance monitoring.



Trialing fiber-based ready meal packaging

In 2018, a trial version of fiber-based, renewable ready meal packaging was piloted with customers in the UK. Huhtamaki is part of a three-party consortium developing this alternative to existing black plastic ready meal trays, which have proven difficult to recycle after use.

The cream-colored container is made of Forest Stewardship Council (FSC) certified base materials. The new packaging concept was tested with three ready meals by consumers in retail stores for two months under two different periods. "The feedback from the first trial confirmed that consumers are genuinely enthused about the tray, much to their own surprise!"

The trays delivered across all important attributes for ready meal trays. Consumer feedback confirmed that they are sturdy and easier to handle," says Project Manager Steve Davey from Huhtamaki Fiber Packaging.

The new tray is recyclable and may enter the paper waste streams.

Huhtamaki has developed this new packaging concept in partnership with Södra and Saladworks in an EU-funded project called FRESH. The FRESH project will continue until 2020. Its primary goal is to provide a fully bio-based alternative to black plastic ready meal trays.



Designing flexible food packaging for easier recycling

The circular economy model aims at more efficient use of resources, taking into account both the business and environmental aspects. In order to achieve concrete results in recycling, industry-wide action is required on all fronts, including design, manufacturing, collecting, sorting and reusing of the recycled material. Simultaneously, the recyclability information needs to be made better available for consumers.

Our flexible packaging produces high-quality printed and coated laminates and films for food and personal hygiene products. To achieve the desired properties for example for food safety, these materials are often made of several layers of different materials, which is not optimal for recycling. They can be developed further by using plastics from the same family, mono-materials, making them easier to recycle without compromising food safety. At Huhtamaki, we are working with three main areas in our flexible packaging development.

MAKE PACKAGING READY FOR THE CIRCULAR SYSTEM

Our core capability as a packaging manufacturer helps us develop recyclable mono-material solutions from both plastic and paper.

FOCUS ON COST-COMPETITIVE AND VALUE-ADDING SOLUTIONS

Affordable solutions are adoptable for consumers. Sustainable packaging makes business sense.

ENGAGE AND COLLABORATE

We collaborate across the value chain to give our customers the best of our global knowledge network.

Recycling solutions co-created in the UK

When the public discussion about recycling started to increase significantly in the UK two or three years ago, the Huhtamaki Gosport team quickly recognised that the overall benefits of the paper cup, including its recyclability, were not clear to the public.

“We needed to amplify our engagement with different stakeholders: consumers, customers, non-governmental organizations (NGOs), municipalities and government offices – and our own people,” says Becci Eplett, Marketing Manager for Huhtamaki UK.

“In 2016, over 40 companies from the whole supply chain (raw materials through to paper recyclers and everything in between, cup manufacturers, distributors, retailers, waste contracts and brands) in our industry came together to form the Paper Cup Recovery and Recycling Group (PCRRG). That showed the strong commitment of the companies to co-develop recycling solutions in the UK,” says Neil Whittall, Global Category Director, Specialty Coffee, Huhtamaki.

In addition to PCRRG, the Gosport team is actively working with the Paper Cup Alliance (PCA), the Foodservice Packaging Association (FPA) and Incpen.

Recycling requires change in consumer behavior

“In February 2018, we launched the Gosport Cup Recycling scheme, the first of its kind in the UK, to prove that paper cups can be recycled. The scheme piloted a collection and recycling service, providing dedicated cup recycling bins across town to enable consumers and residents to dispose of used paper

coffee cups responsibly,” explains Clare Moulson, Marketing Executive for Huhtamaki UK.

The Gosport scheme has generated wide press coverage and a large number of public and private sector enquiries. This attention has increased cup recycling in the area and surrounding regions and continues to accelerate cup recycling rates in the UK.

The Huhtamaki cups in the UK have a QR code and a message ‘please recycle this cup’. When the QR code is scanned, it leads the consumer to a web page with details of the cup recycling sites.

Good co-operation with partners across the industry

Huhtamaki works together with other foodservice companies, waste management companies and local authorities to create different cup recycling solutions. The objective is to recycle the collected materials as many times as possible. The paperboard used in the manufacture of paper cups, for example, can be used by paper mills to create new products up to seven times.

The recycling schemes have expanded city by city across the UK, and more cities are in the process of creating their recycling schemes. The key to progress has been open discussion with all stakeholders, including NGOs and government offices.





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 co-operation, and it includes developing and utilizing new supplier screening tools and processes as well as aligning with third party verifications and standards.



Supply chain due diligence

Our business with suppliers is based on the company values and the Code of Conduct for Huhtamaki Suppliers. The Code of Conduct requires suppliers to comply with laws and regulations, to manage their environmental impacts and to respect the fundamental rights of employees.

One of our goals is to enhance our supply chain due diligence processes. In 2018 we continued this work. We are developing a risk based due diligence approach that will help us focus our measures on suppliers that need the most support in their corporate responsibility work.

We continued to use NAVEX RiskRate for screening our existing and new suppliers against negative reputational risks. With this tool we are able to screen supply chains for adverse media, sanction lists, watch lists and Politically Exposed Persons lists. The reports and reviews are stored, strengthening the continuity and reliability of our due diligence processes. Additionally, we use NAVEX RiskRate to monitor the Code of Conduct compliance level of our key suppliers.

Huhtamaki is also a member of Sedex, the world's largest collaborative platform for sharing responsible sourcing data on

supply chains. Using the Sedex platform and the Sedex Members Ethical Trade Audits (SMETA) eases the burden of multiple audits from suppliers, because the same audit information can be shared via the Sedex platform to all customers. Third party supplier audits give us objective information on the environmental, social and ethical performance of our suppliers, and Sedex tools help us monitor the potential corrective actions. In 2018 we had SMETA audits conducted to some of our suppliers in China and our goal is to increase the number of suppliers being audited in 2019.





Supplier audits in China

In recent years, the Supply Chain organization of our North America Segment has been improving its due diligence efforts around key suppliers. Along with the reputational screenings of its key suppliers in the third-party platform, NAVEX RiskRate, the North America supply chain has now engaged an independent third party to visit and audit three key Chinese suppliers for certain ethical and social principles, utilizing SMETA (Sedex Members Ethical Trade Audit) 4-pillar audit methodology.

SMETA is one of the most widely used ethical audit formats in the world. It comprises modules for labor standards, health and safety, environmental assessment and business ethics. The audit assesses the factory against established best practice guidelines in these areas. It includes an on-site inspection, a review of documents and interviews of management and employees.

The findings are presented in an audit report. Based on the report, the third-party auditors can prepare a Corrective Action Plan Report, outlining improvements that the factory must make to achieve compliance.

These SMETA 4-pillar audits were conducted in August and September 2018. The completed audit reports and corrective action plans for the three Chinese suppliers for finished goods were reviewed by the North America and Global Corporate Responsibility team in October 2018. Each Audit Report indicated that these suppliers were in material compliance with the identified modules of the four pillars. Our North America segment committed to working with these suppliers on the identified improvement areas to further develop compliance.

North America also plans to expand the SMETA audit protocol with key suppliers as defined by our business rules and certain risk-based supplier attributes. Such audits and corresponding

corrective action plans will be monitored during the supply relationship.

Our goal for supply chain due diligence, which includes NAVEX RiskRate and the selective use of SMETA audits, is to achieve

greater visibility to our supply chain and continuously improve our supplier relations. It is important to us that we receive independent verification of our suppliers' ethical compliance, as their corporate responsibility performance reflects on that of Huhtamaki.





Recycled and certified fiber

Fiber is our main raw material measured in volume. Our ambition is to source 100% of the fiber we use in manufacturing from recycled or certified sustainable sources. In 2018, the percentage was 98%. We are working to reach our goal but must acknowledge that the remaining 2% is under constant change as we test alternative materials and introduce new products.

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

Huhtamaki uses virgin fibers that are traceable and come from sustainably managed and certified sources. To follow our commitment to responsible fiber, we use various certification and third-party traceability systems such as the FSC®, PEFC™ and SFI®. The aim of these programs is to achieve responsible use of forest products by ensuring that forests are not used excessively, new trees are planted, and the resources are allowed to regenerate and grow.

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



Different programs for certified fiber

The Programme for the Endorsement of Forest Certification PEFC

PEFC is an international non-profit, non-governmental organization dedicated to promoting sustainable forest management through independent third-party certification. It is the world's largest forest certification system. PEFC works throughout the entire forest supply chain to promote good practice in the forest and to ensure that forest products are produced in accordance with the highest ecological, social and ethical standards.

Forest Stewardship Council FSC

The Forest Stewardship Council is a voluntary program that sets standards for responsible forest management. FSC has ten rules that apply worldwide, across all ecosystems and cultural, political, and legal systems, with specific guidance provided for local interpretation. The system is supported by groups such as WWF, Sierra Club, Greenpeace, Natural Resources Defense Council and National Wildlife Federation.

Sustainable Forest Initiative SFI®

SFI Inc. is an independent, non-profit organization dedicated to promoting sustainable forest management. The forest certification standard is based on principles that promote sustainable forest management, including measures to protect water quality, biodiversity, wildlife habitat, species at risk, and Forests with Exceptional Conservation Value. The standard is used widely across North America.



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.

Developing the Huhtamaki Natural Resource Plan

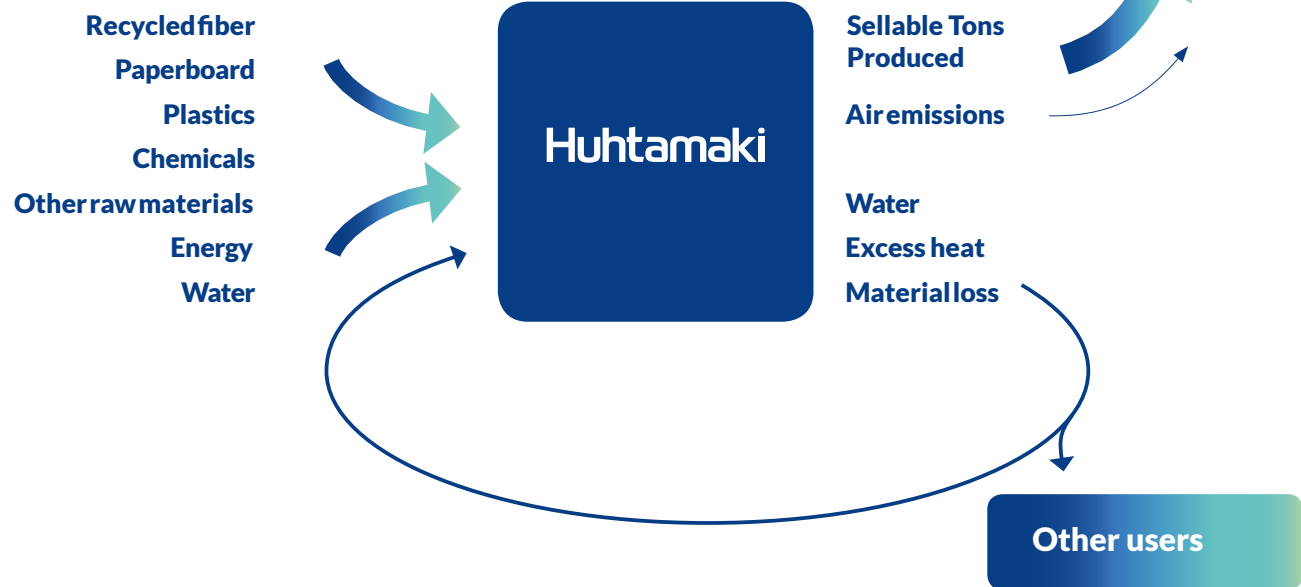
Climate change and the use of limited natural resources, together with a rapidly increasing population, are increasingly burdening the environment. For our part, we address these challenges with the Huhtamaki Natural Resource Plan.

The aim is not only to reduce the negative impacts of using natural resources, but to improve our overall efficiency by better, more strategic management of the use of natural resources. To achieve this goal, we are working towards a company-wide Natural Resource Plan with a global, cross-segment and cross-function team.

The Natural Resource Plan takes a holistic view on our operations and products throughout their entire life cycle. The team sets new targets and complements the existing key performance indicators for our use of natural resources - raw materials, energy and water. Through the project, we are also improving the transparency of our natural resource use, product innovation and related impacts.

Huhtamaki uses a variety of raw materials, such as virgin and recycled fiber, fossil based and renewable polymers, chemicals and packaging materials. The Natural Resource Plan screens all of them carefully and evaluates risks and opportunities throughout the value chain. Approaches and action plans are then created based on the assessment. Special emphasis is given to improving the recyclability of our products through material and structure choices as well as product design. Renewables already cover 67% of our raw materials, and we evaluate the opportunities for growing the percentage even further. The team is also looking into factors such as location-based synergies for utilizing side streams or excess heat where possible.

Huhtamaki is modelling inputs and outputs in order to reduce environmental impacts, improve profitability as well as find new business opportunities.



We have a long-term process for improving energy efficiency, and it will be further accelerated with additional targets. We will also look into renewable energy opportunities as one solution for mitigating climate change.

Fresh water scarcity is a globally recognized risk and an

important topic to address. Huhtamaki is not a heavy user of water but has three manufacturing units in water stressed areas. We already have closed loop systems for water in many of our manufacturing units but comprehensive water management plans are nevertheless necessary.

Climate-friendly new unit will open in Hämeenlinna, Finland

Huhtamaki's Foodservice manufacturing unit in Hämeenlinna, Finland, will move to new premises in 2019. The new unit is designed to be highly energy-efficient and will enable lean manufacturing operations as well as top work safety.

Sustainability has been a key driver when planning the new Huhtamaki factory. The unit will be highly self-contained when it comes to energy. Heating will be generated from the waste energy from the factory and geothermal heat from the factory ground. Additionally, some natural gas will be used.

The wall and roof structures of the building are optimized for energy saving, and more savings will come from smart building technology. When there is no one working in a particular area, the lighting is automatically switched off. Also, the LED lights in the factory play an important role in reducing energy consumption. It is calculated that they are up to 80% more efficient than the traditional fluorescent lights.

Even though the new factory will be slightly smaller in size, the production area is larger. Volumes will increase with automation, new machinery, new product ranges and new ways of working. Increasing overall operational efficiency has been one of the focus areas in factory design. The factory's material and goods flows are optimized using LEAN principles to minimize transportation within the factory area.

Automation will be used primarily in tasks that are physically straining, ergonomically challenging or include a lot of manual work. This improves production safety and, at the same time, increases Huhtamaki's competitiveness.

Factory machinery and production methods will be modernized



as well, and this will create additional sustainability benefits. For example, the facility will switch from solvent-based to water-based print colors, and the need for solvent vapor treatment will thereby be eliminated.

The new factory project team at Huhtamaki has about

30 members. In addition to the dedicated project manager, there are a number of internal experts representing manufacturing operations, safety, risk management, factory maintenance, automation, printing and procurement, to name a few. All the factory employees have been invited to contribute in different phases of the planning.



GRI Performance Review 2018

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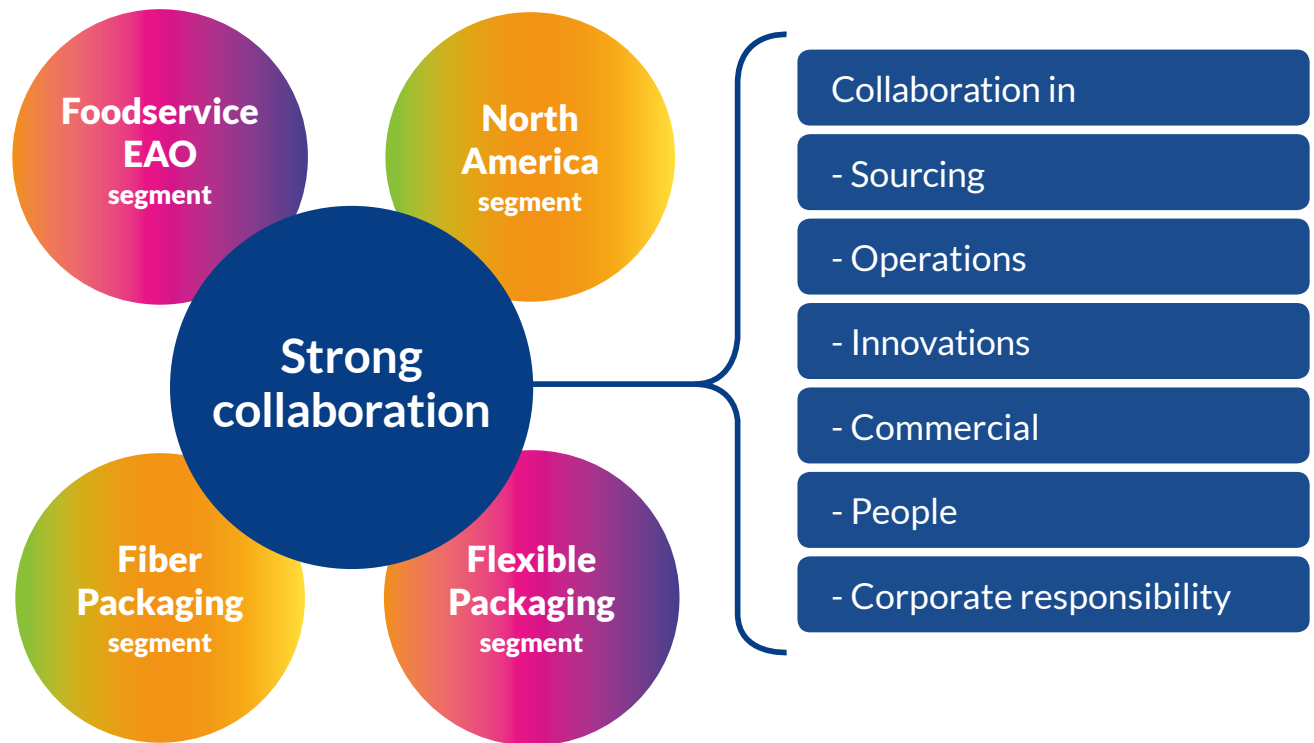
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Global specialist in packaging for food and drink

Mastering three distinctive technologies, Huhtamaki manufactures and sells safe and sustainable packaging solutions for food-on-the-go and pre-packed foods. Our aim is to use our input resources as efficiently as possible, minimizing the negative impacts of our operations and products on the environment and maximizing the positive impacts on our stakeholders and society.

Our growth ambition is supported by the global megatrends of growing population, urbanization and increased demand for sustainability. More people live in cities, further away from where food is produced. Consequently, packaging is needed to allow efficient transportation of food closer to consumers as well as to ensure safe consumption. Urbanization and modern lifestyles have also created the need for on-the-go consumption of food. All this needs to happen with as little burden to the environment as possible.

Huhtamäki Oyj was founded in 1920. At the end of 2018, Huhtamaki had 77 manufacturing units and 24 sales offices in 34 countries. Huhtamaki's headquarters is located in Espoo, Finland. The parent company Huhtamäki Oyj is listed on Nasdaq Helsinki Ltd. At the end of 2018, we had 31,755 registered shareholders. The largest shareholder is a long-term owner, the Finnish Cultural Foundation – one of the most significant non-profit organizations in Finland. Our business and global network of manufacturing units have been organized into four reporting segments: Foodservice Europe-Asia-Oceania, North America, Flexible Packaging and Fiber Packaging. Our own brands include, among others, Chinex, Bioware and FutureSmart.



CREATING VALUE FOR STAKEHOLDERS

OUR PURPOSE: Helping great products reach more people, more easily
OUR VISION: The first choice in food packaging



INPUTS

> Nature

- Main raw materials use in 2018:
 - >> - Renewable 67%
 - Non-renewable 33%
 - Energy 2,182 GWh
 - Water 9.5 million m³

> Operational

- Global footprint: 77 manufacturing units in 25 countries

> Intellectual

- Immaterial rights, patents
- Brand & reputation



OUR ACTIVITIES

> Conversion to packaging

- Raw material sourcing
- Manufacturing
- Delivery

> Innovations

- Packaging design and functionality
- New product development

> Resource efficiency

- Material usage
- Energy: 16% improvement in energy efficiency in 2014–2018



OUTPUTS

> Safe, convenient and fit-for-purpose consumer packaging e.g.

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

> Intellectual

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

> Emissions and waste

- Relative GHG emissions reduced 16% in 2014–2018
- Process water discharges
- Waste in 2018
- Recycling 82%
- Energy recovery 7%
- Landfill 11%



IMPACTS

> Nature

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

> Customers

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

> Intellectual

- Huhtamaki brand value



> Human

- Competence and know-how of 17,663 employees



> Social

- Key stakeholder relationships
- Collaboration with key customers & suppliers



> Leadership and management

- Strive for excellence and collaboration between our four segments and centralized functions to benefit our customers
- Workplace safety improved 39%* in 2014–2018
*Lost time incident rate decreased from 2.9 to 1.8 (2014–2018)
- Guiding principles and systems (e.g. Code of Conduct)
- Continuous improvement (Lean Six Sigma)

> Human

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

> Social

- Customer satisfaction
- Code of Conduct for Huhtamaki Suppliers

> Financials 2018

- Equity M€ 1,274
- Net debt M€ 808

> Growth investments 2014–2018

- Growing both organically and through acquisitions
- Capital expenditure M€ 197
- Acquisition spend M€ 70

> New manufacturing assets

- Through investments and acquisitions

> Economic value generated in 2018

- Gross profit M€ 471

> Financial economic value distributed in 2018

- Profit M€ 158
- Wages & benefits M€ 637
- Interests M€ 27
- Taxes and similar M€ 38
- Dividends M€ 83



In addition to what is presented in the model, there are essential factors that may have an impact on Huhtamaki's value creation over time. These factors may be related to e.g. megatrends, business environment, strategy, performance, risks and opportunities, as well as governance.

To gain more in-depth understanding of our performance, please read our Annual Accounts 2018, available at www.huhtamaki.com.

Updated materiality assessment

To ensure that our corporate responsibility work continues to concentrate on the most material issues, we updated our materiality assessment in 2018. To increase the scope of

the assessment, a new data-driven approach was applied, using the Datamaran platform. Datamaran tracks around 100 environmental, social and governance (ESG) topics from

different sources including corporate reports, hard and soft law, news and social media. All data is fully traceable to the original source.

Methodology

The goal of the materiality assessment was to track the relevance of each Datamaran ESG topic for Huhtamaki. The following Datamaran sources were analyzed:

- Corporate reports of 42 companies identified as main peers, customers and suppliers. The total of 82 reports included annual financial reports, SEC filings (10-Ks and 20-Fs), and sustainability reports (published in 2017 reporting on 2016 performance).
- 203 online news sources, more specifically 4,732 articles published between July 2017 and December 2017.
- Hard law and soft law which either contain corporate disclosure requirements or are essential to the understanding of the current regulatory development. These included sector-free regulations, sector-specific regulations as well as expected regulations.
- Over 36 million tweets in Twitter published between July 2017–December 2017 that mentioned the tracked ESG topics.

Additionally, to include stakeholder opinions in the materiality assessment, questionnaires were sent to targeted external and internal stakeholders. External stakeholders included customers, suppliers and investors. Internal stakeholders were management level employees working on corporate responsibility matters within Huhtamaki. Out of a total of 32 respondents, half were external and half internal.

We also strengthened the analysis by integrating sustainability-related standards. Standards were chosen according to their relevance for Huhtamaki's business sector: Sustainability Accounting Standard Board (SASB) standard for the containers and packaging industry, the GRI Food Processing sector standard (as a proxy for food packaging), the UN Sustainable Development Goals and the RobecoSAM Dow Jones Sustainability Index.

By using computational linguistics that made it possible to quantify qualitative information, each of the tracked ESG topics received a score retrieved for each source. A specific weight was applied to the scores to refine the results. Finally, the topics were ranked by importance for Huhtamaki. Out of the original 95 topics, the 44 most relevant topics were included in a materiality matrix.

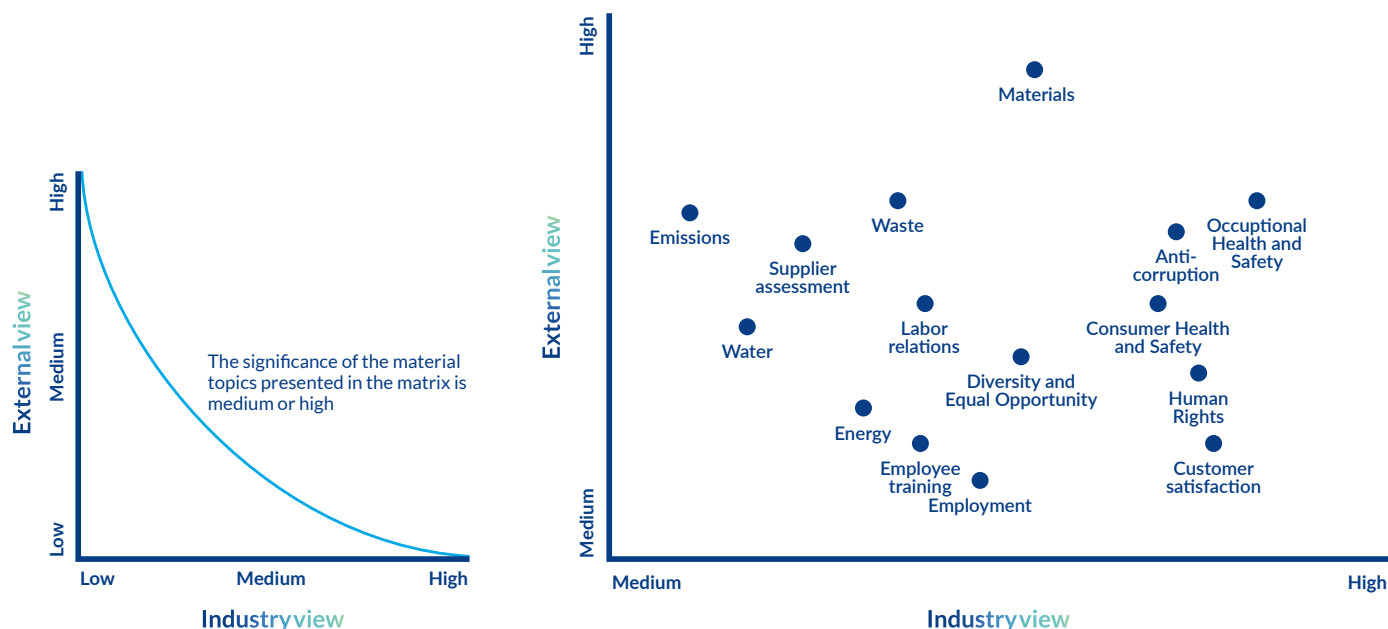
Materiality matrix

The matrix was built as follows:

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

Combining the 44 Datamaran topics in a matrix showed that 26 topics are material for Huhtamaki (scoring medium to high in the matrix, located above the curve line in the picture below). To avoid overlapping between the topics, these 26 topics were grouped by Datamaran using an adaptation of the groupings used in GRI Standards. After the grouping, the number of topics was reduced to 15. The following picture represents the final Huhtamaki materiality matrix.

Huhtamaki materiality matrix







The materiality assessment shows that material topics for Huhtamaki have remained largely the same during the years. The assessment reaffirms that the choices made in the Packaging for Good program are valid and that Huhtamaki is focusing its corporate responsibility efforts on the right topics.

The new materiality methodology identified anti-corruption as an additional material topic. Anti-corruption has always been one of the basic principles of the Packaging for Good program, but due to its status in the materiality assessment, we will address it in more detail in this report.

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

Packaging for Good

Our corporate responsibility program and achievements in 2018

THEME	GOAL	KPIs	STATUS IN 2018
People 	By 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 Survey is conducted every second year. The next survey will be in 2019. LTIR: 1.8 In progress
Packaging 	By 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 (KPIs under development) 	<ul style="list-style-type: none"> In progress Zero significant incidents of non-compliance reported In progress
Supply Chain 	By 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"> In progress 98% of all fiber sourced from recycled or certified sustainable sources
Operations 	By 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"> In progress In progress

Managing corporate responsibility

Doing well by staying true to our values

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. Violation of any laws or regulations or unethical business dealings are not accepted.

The foundation of Huhtamaki's corporate responsibility work is our heritage values: 'We know our business', 'We like to get it done', and 'We treat our world with respect'. The Huhtamaki Group 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 and maximize the positive impacts on both our business and the societies around us.

The previous section of this report presented our corporate responsibility program, Packaging for Good, which was validated through the updated materiality assessment. The goals set for each theme in the Packaging for Good program guide the management of Huhtamaki's corporate responsibility work. We have defined step-by-step internal actions to achieve the goals by 2020 (and beyond, because Packaging for Good is a long-term program) and track the progress through regular performance assessments at the manufacturing unit, business segment and Group levels. Our corporate responsibility work is also evaluated by benchmarking other companies and best practices, listening to stakeholders and reviewing grievances reported through the grievance system.

The managers of our manufacturing units are trained on the Huhtamaki Working Conditions Requirements, which include topics such as anti-corruption, 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. Additionally, Lean Six Sigma methodology is used to implement Business Excellence primarily in manufacturing operations, but also in other functions throughout the Group since 2006. At the end of 2018, we had 112 trained Black Belts and 401 trained Green Belts working actively with Lean Six Sigma. We continue to share best practices among manufacturing units. In 2018, we also strengthened the Huhtamaki corporate responsibility team by hiring two new employees to the global function and two new employees to business segments. We also established a Global Compliance function.

Life cycle assessments provide us with information on the environmental impact of our products, from the raw materials to the disposal of the used product. We use a Packaging Life Cycle Assessment tool that allows for systematic evaluation of the potential environmental impacts of products manufactured by us throughout their life cycle. The system is connected to a database, allowing us to simulate the environmental impacts of different product recipes in given scenarios. We have used the tool since 2009 and continue to collaborate with our customers in assessing and improving the environmental performance of our products in different life cycle scenarios.

The primary goals of the life cycle assessments are:

- to evaluate the environmental performance of our products
- to provide reliable and up-to-date data to meet the information needs of our customers and internal stakeholders

- to help Huhtamaki and its customers reach their environmental goals through benchmarking products and production processes, and subsequently identifying targets for improvement.

Risks are assessed and managed actively

Risk management is an essential part of the internal control system of Huhtamaki. The Group Enterprise Risk Management (ERM) Policy defines the objectives, scope and responsibilities of risk management. Compliance with the risk management policy assures timely identification and recording of risks as well as the application of relevant risk management measures to address them. Detailed risk management procedures are set forth in Huhtamaki's ERM framework and process guideline.

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 the Group is capable and prepared to accept so that there is reasonable assurance and predictability on the achievement of the objectives. The risk management process of Huhtamaki is based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

To systematize and facilitate the identification of risks, 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.

Global Compliance function

To strengthen the further development of the company's ethics and compliance program, a new Global Compliance function was established in January 2018. The Global Compliance function is an advisory function. It supports the company in conducting its business in compliance with laws, regulations and Huhtamaki's ethical standards by advising and supporting in certain key areas, such as Code of Conduct, anti-bribery, supply chain transparency, conflict of interest, competition compliance and data privacy related matters. In addition, the Global Compliance function helps the business to create policies and processes to identify and mitigate compliance related risks. The Global Compliance function also organizes trainings on various compliance topics. Furthermore, the Global Compliance function coordinates the Huhtamaki Speak Up channel.

The development of the company's ethics and compliance program continued during 2018. One of the key areas was data privacy and information security, where improvements were made to ensure compliance with the new legislative requirements of the General Data Protection Regulation (GDPR) in the European Union. Within this framework, several actions were taken: a new data privacy policy was implemented, e-learning was launched, and a network of local data privacy representatives was established. As part of the introduction of the new Global Compliance function, general awareness of various compliance topics was further raised with several functions and target groups throughout the year, fostering the company's compliance culture.

Global compliance training program

Huhtamaki's global compliance training program continued in 2018 with an emphasis on three key trainings: Code of Conduct,

anti-corruption and competition compliance, as well as data privacy.

Code of Conduct training is given to the employees through both face-to-face training sessions and e-learning. The Code of Conduct e-learning training program was repeated in 2018. In addition, Code of Conduct face-to-face training was organized for all Huhtamaki units in China.

The anti-corruption and competition compliance program continued also in 2018: a common face-to-face training session on anti-corruption and competition compliance was conducted for all Huhtamaki units in China. In addition, the competition compliance e-learning program continued globally.

New data privacy and information security training was introduced in 2018 as part of the further development of the company's data privacy and information security program. The purpose of the training is, among other things, to raise awareness of the company's new data privacy policy, educate employees on the new legislative requirements (GDPR) and give pragmatic training about the different data privacy and information security aspects that the employees may face in their daily working life.

Huhtamaki Speak Up Channel

Huhtamaki introduced a new global web-based grievance system, the Huhtamaki Speak Up channel, in December 2018. The system provides a simple way for Huhtamaki employees, suppliers, customers and other stakeholders to report suspicions of violations, i.e. anything that is not in line with Huhtamaki values, Code of Conduct, any other Huhtamaki policies or any laws or regulations. The system enables reporting either by

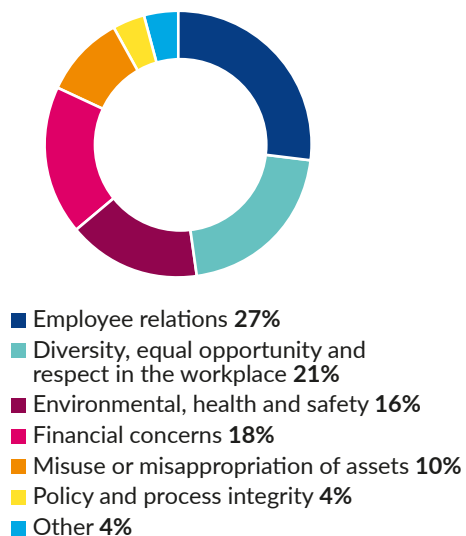
name, or anonymously if allowed by local laws and regulations. The Huhtamaki Speak Up channel can be accessed by visiting the website: <https://report.whistleb.com/Huhtamaki>.

Going forward, if an employee finds out that another employee has violated the rules, the employee is expected to report the violation by contacting his/her manager, one-over manager or a local Human Resources representative. Alternatively, the employee can report any suspected violation to the Global Compliance function or through the new Huhtamaki Speak Up channel. 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.

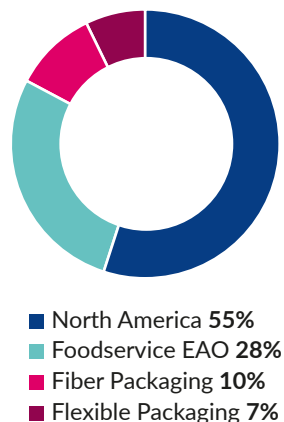
A total of 68 (27) incidents of potential violations in 11 (6) different countries were reported in 2018. This data contains notifications of incidents reported through the grievance systems and reports made to the HR or other management. Most of these incidents were reported in the North America segment as in previous years. However, general awareness of ethics and compliance matters was raised, and actions were taken to improve the systematic reporting also in other segments. An increased number of incidents were reported in segments outside of North America during 2018.

Incidents have been investigated by the respective business segments, with the support of compliance and internal audit functions as needed. Corrective and preventative actions have been taken on the basis of the outcome of the investigations. The Global Executive Team and the Audit Committee of the Board of Directors follow the reported incidents regularly.

Reported incidents by type 2018



Reported incidents by business segment 2018



External initiatives and memberships of associations

Huhtamaki is a signatory to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. Our Global Human Rights Policy reflects Huhtamaki's 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 2018, Huhtamaki was a member of the following key associations:

- Confederation of Finnish Industries (EK)
- European Bioplastics
- European Moulded Fibre Association (EMFA)
- European Organization of 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 Chamber of Commerce ICC
- International Foodservice Manufacturers Association (IFMA)
- International Molded Fiber Association (IMFA)
- Pack2Go Europe
- Programme for the Endorsement of Forest Certification (PEFC)
- Sedex
- Sustainable Forestry Initiative (SFI)

Our key guiding principles

PACKAGING FOR GOOD THEME	GUIDING PRINCIPLES AND MANAGEMENT SYSTEMS	MANAGEMENT BODIES
Foundation	Huhtamaki Group Code of Conduct Finnish Corporate Governance Code Group CG Policy for Subsidiaries Huhtamaki Group Policy on Compliance with Competition and Antitrust Laws Group Claims Policy Group Disclosure Policy Group Insider Policy Group risk management Internal audit Group Data Privacy Policy	Board of Directors Chief Executive Officer (CEO) Global Executive Team (GET) Corporate Responsibility Excellence team Global functions
People	Huhtamaki Group 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 Standard (in development)	GET CR Excellence team Business segments Manufacturing units Global functions OHS working group
Packaging	Huhtamaki Group Code of Conduct Quality management system ISO 9001 Food safety management systems (BRC/AIB) Group Food Contact Packaging Safety Policy	GET CR Excellence team Business segments Manufacturing units Global functions
Supply chain	Huhtamaki Group Code of Conduct Code of Conduct for Huhtamaki Suppliers Global Human Rights Policy Huhtamaki Human Trafficking and Modern Slavery Statement	GET CR Excellence team Business segments Manufacturing units Global functions
Operations	Huhtamaki Group Code of Conduct Group Environmental Policy Group Property Risk Control and Business Continuity Policy ISO management systems 14001, 50001	GET CR Excellence team Business segments Manufacturing units Global functions

Our governance structure

Board of Directors: The highest body to approve the guiding policies for corporate responsibility and to outline corporate responsibility principles in relation to the Group's strategy. Approves the annual corporate responsibility 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: Monitors corporate responsibility performance and revises corporate responsibility targets. Adapts and deploys the Group's internal control principles and procedures relating to risk management.

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

Corporate Responsibility Excellence team: Develops corporate responsibility strategy and projects and submits these to the Global Executive Team for approval. Members represent all business segments, various geographies as well as relevant Global functions and expertise. The team is led by the Head of Corporate Responsibility and reports to the GET.

Global Functions: Support the business segments and units in corporate responsibility matters, identify Group-level corporate responsibility opportunities and risks, promote responsible operating practices throughout the value chain, and are responsible for publishing the Group's annual corporate responsibility report. In 2018, the Foodservice Europe-Asia-Oceania and the Flexible Packaging segments added dedicated Sustainability Directors to their structure.

More information on corporate governance, including a description of the governance structure and processes, can be found in the Corporate Governance Statement 2018 (part of the Annual Accounts 2018) and from our website www.huhtamaki.com.

Stakeholder engagement

Collaboration with stakeholders is an increasingly important way to achieve sustainable development. It helps Huhtamaki to stay abreast of the latest developments and expectations and to develop our operations and products. In other words, stakeholder engagement creates value.

We continue to collaborate closely with:

- Customers
- Suppliers
- Employees
- Shareholders
- Investors
- Industry associations
- Public authorities
- Civil society (including non-governmental organizations and trade unions)
- Communities near our manufacturing units
- Media

Identifying and selecting stakeholders

We use multiple routes to identify and select stakeholders to engage with. When issues grow in importance, as happened

in 2018 with the EU Single Use Packaging Directive, our stakeholder engagement adapts through a mix of stakeholder self-selection (for example customers enquiries, media enquiries) and Huhtamaki's own initiative (for example stakeholder mapping and engaging with employees, industry bodies and public authorities).

In the case of our updated corporate responsibility materiality assessment, our global functions and business segments worked together to identify the most important stakeholders to ask for input. We sent these stakeholders a questionnaire and received valuable feedback. In 2019, we plan to build on this success by increasing the number of stakeholders and by including a wider range of stakeholder groups.

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

Key topics and concerns raised

By far the most high-profile topic to be raised in 2018 was 'single use plastics'. This was particularly true in Europe (with the EU Single Use Plastics Directive) and in Asia, and across stakeholder groups. Whilst Huhtamaki was already working on this topic well before 2018, for example by working with industry associations to improve the coffee cup collection and recycling infrastructure in the UK, the increased profile of the topic meant we reached out to more stakeholders than before. This more proactive stance was especially important as there were misconceptions to address. For example, several stakeholders believed that single use coffee cups are not recyclable, which is not correct, or that it is possible to use recycled plastic in our coffee cups, which in fact is not legal due to strict food safety regulations.

Our focus is to keep the discussion fact-based and truthful, thereby preventing unintended consequences for people, planet and business.

Anti-corruption



The Huhtamaki Code of Conduct contains anti-bribery and anti-corruption provisions that all employees are expected to comply with. The Code of Conduct is part of mandatory compliance training at Huhtamaki, and training is given to our employees through face-to-face training sessions and a regular e-learning program. 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.

205-1: Operations assessed for risks related to corruption

Corruption risk is included in Huhtamaki's 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 potentially impacting Huhtamaki's reputation.

While the risk of corruption, bribery and fraudulent activity in general is considered medium-low in the 2018 ERM assessment, the updated materiality assessment indicates that anti-corruption is a material topic. It is also one of the basic principles for the Packaging for Good program. More information about the materiality assessment can be found in the previous section of this report.

Huhtamaki has increased its resources in corporate responsibility and compliance management. As of January 2018, Huhtamaki has had in place a Global Compliance function that focuses on further development of the Group's ethics and compliance program, including anti-bribery matters. During 2018, the work in this area has concentrated on further raising the awareness of corruption risks in the geographies where Huhtamaki operates. Huhtamaki also continued to screen its key suppliers with the NAVEX RiskRate tool for adverse media, sanction lists, watch lists and Politically Exposed Persons lists.

205-3: Confirmed incidents of corruption and actions taken

Huhtamaki's employees are expected to report any violations against Huhtamaki values, Code of Conduct, any other Huhtamaki policies or any laws or regulations. This can be done through the employee's manager, one-over manager, a local human resources representative, Global Compliance or a new web-based grievance system, the Huhtamaki Speak Up channel. The Huhtamaki Speak Up channel is also open to our suppliers, customers and other stakeholders. The Global Compliance function coordinates the Huhtamaki Speak Up channel and supports the business segments together with the internal audit function in the investigation of the reported incidents, as needed. Although the number of reported incidents in the category "Financial concerns" increased (please see page 34), there were no substantiated corruption-related incidents in 2018.

Confirmed incidents of corruption

	2018
Total number and nature of confirmed incidents of corruption	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0
Public legal cases regarding corruption brought against Huhtamaki or its employees and the outcomes of such cases	0

People



THEME	GOAL	KPI	PERFORMANCE 2018
People	By 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 Survey is conducted every second year. The next survey will be in 2019. LTIR: 1.8 In progress

The foundation for our People strategy lies in our values, Code of Conduct and commonly defined Huhtamaki behaviors. The objective of the People strategy is to support the execution of our business strategy and to achieve our short and long-term business targets. This will be achieved by providing all our employees with a safe workplace, developing our people, fostering excellent internal communications as well as ensuring

systematic performance and talent management and succession planning.

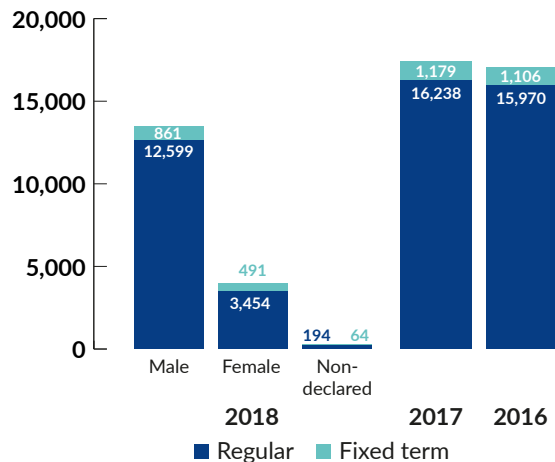
In 2018, we invested in digitalizing our global processes and practices, such as enhanced virtual meeting and online team facilitation tools. We also implemented a global HR information system, which brings together employment and talent data of

all our employees globally. It also serves as a platform for our annual people processes and enables our employees to plan their careers.

The new global HR information system has been in use since September 2018, and therefore some of the annual data is not available for the full year 2018.

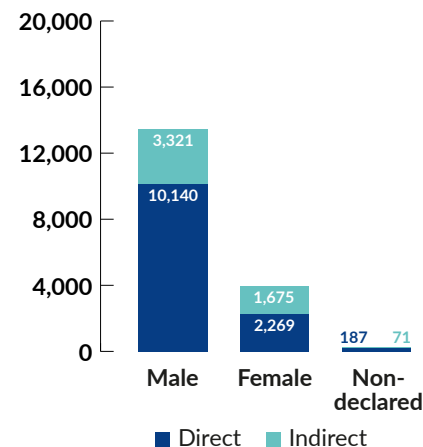
102-8 Information on employees and other workers

Employees by employment contract type



Regular: Employees with an indefinite contract with Huhtamaki
Fixed term: Employees with a fixed term contract with Huhtamaki
Data from previous years was not collected by gender.

Employees by gender 2018



Direct employees: Employees in production
Indirect employees: Non-production employees
Data from previous years was not collected by direct/indirect categorization and is therefore left out.

Largest countries by number of employees in 2018



Professional development

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. With the new digital workplace and collaboration practices, we encourage our people to take charge of their careers and make their competencies and skills visible. 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. Going forward, we aim to increase job rotation to give our people more and diverse opportunities to grow. More information on 'Trace your own path' and 'Make yourself visible' is presented in the Insights section of this report.

404-3 Percentage of employees receiving regular performance and career development reviews

From 2018, the annual performance review process is conducted in our new HR information system for all indirect employees. Since the performance review processes for direct employees are local, they are not reported on the global level. 85% (76%) of indirect (non-production) employees received a performance review for 2018.

Working conditions

Huhtamaki business units continued to implement the global working conditions requirements that cover topics such as anti-corruption, safety, work ergonomics, work contracts, working hours, grievances and supplier management. Focus in 2018 was on manufacturing unit level trainings, self-assessments and actions for continuous improvement.

102-41 Collective bargaining agreements

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

43% of our employees were covered by collective bargaining agreements in 2017. The data for 2018 is unavailable due to a ramp-down of our previous HR data collection portal. We expect to report the data again in our next corporate responsibility report.

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 2018 the European Works Council's annual meeting was held in Espoo, Finland.

405-1 Diversity of governance bodies and employees

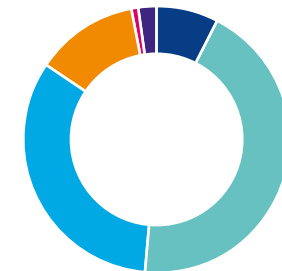
Composition of governance bodies – Gender

	Male	Female
Board of Directors	62.5%	37.5%
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%	50%	50%

Breakdown of all employees – Age



- Under 24 years 8%
- 25-39 years 44%
- 40-54 years 33%
- 55-64 years 12%
- 65 and over 1%
- Non-declared 2%

Employee engagement

Huhtamaki's own KPI: Employee engagement index

Our global employee engagement survey is conducted every second year to identify the key areas that affect employee engagement at Huhtamaki. The next survey will be conducted in 2019. In 2017, our response rate was 80%, and the index referring to employee engagement was 69%. The results of the 2017 survey indicated a need to enhance communication especially on strategy and the future direction of the Group, and to encourage open and honest two-way communication. Each business unit has identified key areas for improvement and is monitoring the progress. The Group has also taken steps to develop internal communication and tools. More information is available in the Insights section of this report.

Huhtamaki's own KPI: Community programs in place on site level and Group level

Our segments already have some community projects in place. We are currently in the stage of developing more ideas for such programs. Our goal is to have them in place in 2020, at which point we will report on the subject in more detail.

Workplace safety

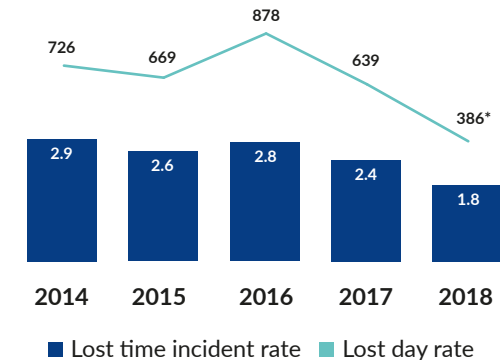
403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities Huhtamaki's own KPI: Huhtamaki Group Lost Time Incident Rate

Occupational Health and Safety is an important part of the Packaging for Good program. In 2018 the Global Executive Team approved for the first time a group-level target for Lost Time Incident Rate (1.7 by 2020, compared to 2.4 in 2017). In addition, a working group consisting of representatives from the business segments worked to develop a new Occupational Health and Safety Standard, which will form the minimum requirements for all our manufacturing units, wherever they may be based. An important part of this Standard is contractor safety, as this was identified as an improvement area. The Standard is expected to be implemented in 2019.

In 2018, our Lost Time Incident Rate (LTIR) improved ahead of expectations, to 1.8. This is very close to our 2020 target of 1.7. When calculating LTIR, we consider the lost time incidents and actual working hours of Huhtamaki employees.

The improvement in safety was driven by the North America, Flexible Packaging and Foodservice Europe-Asia-Oceania segments. There were no fatalities. Severity of incidents, measured in Lost Day Rate, was also down to 386 compared to an average of 728 between 2014-2017. When calculating LDR, we count the scheduled work days lost starting from the next work day after the incident. Notwithstanding these positive developments, we continue our work to improve our occupational health and safety performance.

Incident frequency and severity



*Figure has been updated since the publication of Directors' Report 2018.

Our workplace safety has improved 39% since 2014.

Lost time incidents and fatalities

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

Lost time incident rate and severity by business segment

	Foodservice EAO	North America	Flexible Packaging	Fiber Packaging
LTIR	2.1	2.7	0.8	3.8
LDR	532	580	86	1,105

LTi: 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

All manufacturing units monitor safety monthly and performance is assessed against targets. The main occupational health and safety indicators include lost time injuries (LTI), medical treatment injuries and near misses. Incidents are reported within 24 hours from occurrence to the unit's Human Resources, Plant Manager, segment-level Health & Safety

Manager and the Executive Vice President heading the segment. At Group level, health and safety data is consolidated through a globally implemented reporting tool, which is also used to upload incident reports. Group and segment health and safety KPIs are reported to the Board of Directors on a quarterly basis and the Global Executive Team on a monthly basis.

Incidents or injuries are carefully investigated, including 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.

Packaging



THEME	GOAL	KPI	PERFORMANCE 2018
Packaging	By 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 (KPIs under development) 	<ul style="list-style-type: none"> In progress Zero significant incidents of non-compliance reported In progress

Product safety

Optimized food contact packaging that meets the intended purpose of use requirements has a very important role to play in the life cycle of packed food. By protecting the food it contains, food contact packaging provides for efficient resource use throughout the life cycle of packaged food. Safe and fit-for-purpose food contact packaging reduces the probability of food waste. Packaging protects the food from physical damage and keeps the food intact and safe during its life cycle. Optimally designed packaging prolongs the shelf life of the produced food. Appropriately protecting the food to ensure that it meets safety, hygiene and shelf life requirements increases the probability that the produced food reaches the end consumer in fresh and good condition. The larger the share of produced food that is enjoyed by the end consumer, the smaller the amount of food that is discarded in the different life cycle stages of food.

Huhtamaki's own KPI: Product innovation

We are building product innovation related key performance indicators (KPIs) that would better address sustainability requirements. We will report more on this in our next corporate responsibility report.

Huhtamaki's own KPI: All our products comply with Huhtamaki's Global Food Safety Policy

Our customers value our ability to provide safe, convenient

and fit-for-purpose food and drink packaging with consistent quality around the world. The Group Food Contact Packaging Safety Policy applies worldwide to all segments and units of Huhtamaki. This Policy applies to all direct and indirect food contact packaging products sold by Huhtamaki.

All food contact articles manufactured by Huhtamaki are regularly assessed according to requirements applicable for materials and articles intended to come into contact with food. Our approach for improving product safety and quality is based on systematic implementation of certified quality, product safety and hygiene management systems and procedures.

416-1: Assessment of the health and safety impacts of product and service categories

All food contact packaging manufactured by Huhtamaki goes through rigorous safety and hygiene assessments. Raw materials are all qualified for food contact suitability for the intended purpose of use prior to being introduced. This entails suppliers providing us with disclosures on compositional information. The finished articles are assessed and tested in accordance with the legal requirements. This includes scientific assessments as well as migration testing. Packaging conversion (manufacturing) is continuously assessed against good manufacturing practice requirements. Quality systems including ISO 9001, Hygiene and Safety systems including BRC and hazard analysis and critical control point (HACCP) assessments provide a solid

base for securing manufacturing consistency. In addition to our internal procedures and controls, we are regularly audited by our customers and their auditing partners on matters related to product health, safety and hygiene.

Manufacturing units with certified quality, hygiene and safety management systems in 2018 (% of manufacturing units)

	ISO 9001	BRC, AIB or ISO 22000
Group	72%	81%
Foodservice EAO	90%	100%
North America	22%	100%
Flexible Packaging	88%	73%
Fiber Packaging	82%	55%

416-2: Incidents of non-compliance concerning the health and safety impacts of products and services

Huhtamaki's own KPI: Zero food contact compliance related claims reported

During 2018 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.

Supply chain



THEME	GOAL	KPI	PERFORMANCE 2018
Supply chain	By 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"> In progress 98% of all fiber sourced from recycled or certified sustainable sources

We work together with a total of approximately 20,000 suppliers globally. 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. Huhtamaki does business with large global suppliers as well as small local suppliers. There have not been significant changes in Huhtamaki's supply chain.

The main direct materials we source are paperboard, recycled fiber, plastics and chemicals. Indirect raw materials and services include for example logistics services, energy and protective packaging.

Supplier requirements

All suppliers are expected to comply with the Code of Conduct for Huhtamaki Suppliers. This Code of Conduct is available on our website and it is also referred to in our General Terms and Conditions of Purchasing. Huhtamaki's suppliers are also responsible for their subcontractors' compliance with the requirements.

The Code of Conduct for Huhtamaki Suppliers covers requirements related to the following topics:

Compliance with laws and regulations:

- Suppliers shall ensure that all specifications as well as quality and safety requirements and guidelines are met and that supplied materials and products are suitable and safe for their intended use.
- Competition for business shall be fair and honest; suppliers shall strictly comply with all anti-trust and competition laws and regulations.
- Bribes or other similar payments to uphold or contribute to business shall not be paid or accepted.

Fundamental rights of employees:

- A safe workplace in compliance with all applicable laws and regulations
- Adequate occupational health and safety policies, and practices and measures to monitor health and safety performance
- Respect for human rights and fair labor practices by following the United Nations' Universal Declaration of Human Rights; the Declaration of the Rights of a Child; and the ILO's Declaration on Fundamental Principles and Rights at Work
- Compliance with all applicable wage and working hour laws and regulations

Environmental impact:

- Compliance with all environmental requirements defined in applicable laws and regulations
- Environmental policies in place

Monitoring compliance with the Code of Conduct for Huhtamaki Suppliers is carried out through the NAVEX RiskRate tool. Our main focus is on our key suppliers, defined as the top 10 suppliers per segment based on annual spend. At the end of 2018, approximately 62.5% (68%) of the Group's key suppliers have confirmed their adherence to the Code of Conduct for Suppliers. We notice that the confirmation level has dropped and we will pay extra attention to follow up with suppliers in 2019.

Huhtamaki is in the process of enhancing its supply chain due diligence processes. For 2019, this includes an update and translation of the Code of Conduct for Huhtamaki Suppliers into relevant languages as well as an update of our approach to (key) suppliers.

We also expect suppliers to comply with our Human Trafficking and Modern Slavery Statement, which is available on our website. Suppliers, including labor agencies and recruiters, are required to have processes to ensure that they do not take part in human trafficking or modern slavery.

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



Enhancing supply chain due diligence

Huhtamaki's own KPI: Supply chain due diligence system in place covering ethical, social and environmental criteria

Work to strengthen the supply chain due diligence system continued in 2018. In order to harmonize the supplier assessment practices among business segments, Huhtamaki is developing Group-wide procedures for supplier evaluation and development. Our aim is a risk-based due diligence approach that allows us to identify the issues and suppliers that need most support, and to focus our resources on them.

Huhtamaki continued to review suppliers with the NAVEX RiskRate tool for different types of supply chain risk, including adherence with Code of Conduct for Huhtamaki Suppliers, and screening for adverse media, sanction lists, watch lists and Politically Exposed Persons lists. In 2018, focus was also on planning some new features for the tool, which will be implemented in 2019. The new features will strengthen supplier monitoring by for example automating and systemizing risk screening.

Huhtamaki is a corporate member of Sedex. In 2018, Huhtamaki continued to optimize its membership by starting to combine the separate accounts of Huhtamaki manufacturing units under a common Huhtamäki Oyj account. Additionally, SMETA 4-pillar audits were conducted in China for certain external suppliers of our North America business segment. As we continue to strengthen our supply chain due diligence, we will begin to utilize more of the tools available in the Sedex platform as well as SMETA audits for supplier assessments, focusing our efforts first on one business segment before rolling out further.

Huhtamaki has reserved audit rights in the Code of Conduct for Huhtamaki Suppliers, which permits Huhtamaki to audit suppliers' compliance. Currently, our business segments conduct their own audits of main suppliers, focusing mainly on quality matters.

Certified and recycled fiber

Huhtamaki's own KPI: All fiber sourced from recycled or certified sustainable sources

Huhtamaki wants to advance sustainable management of all forest types. This is why our goal is that by 2020, all the fiber we use is sourced either from recycled or certified sustainable sources. We are already close to that target: by the end of 2018, 98% of the fiber met these criteria. The work to achieve this goal continues while we recognize that the remaining 2% is under constant change as we develop new products and test alternative materials. To reach our target, we use virgin fiber that comes from certified sources, such as Forest Stewardship Council (FSC®), the Programme for the Endorsement of Forest Certification PEFC™ and Sustainable Forest Initiative (SFI®). Recycled fibers are derived from either post-industrial or post-consumer recycled materials, including cutting waste from Huhtamaki's own paper cup manufacturing.

Operations



THEME	GOAL	KPI	PERFORMANCE 2018
Operations	By 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"> In progress In progress

We continuously look for ways to optimize the use of raw materials and to manage waste according to the waste hierarchy. This is beneficial for the environment and for our business. Greenhouse gas emissions and production waste are the main negative environmental impacts of our manufacturing operations.

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 Group 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 2018, 49 (45) manufacturing units, representing 66% (62%) 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.

Huhtamaki's own KPI: Natural Resource Plan

In 2018, we started work on the Natural Resource Plan, a cross-segment project to further improve our efficiency and minimize our impact on the environment. In the ongoing work, we will reset targets and complement the key performance indicators (KPIs) for our natural resource use: raw materials, water and energy. More information on the progress is available in the Insights section of this report.

Materials

301-1 Materials used by weight or volume

301-2 Recycled input materials used

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

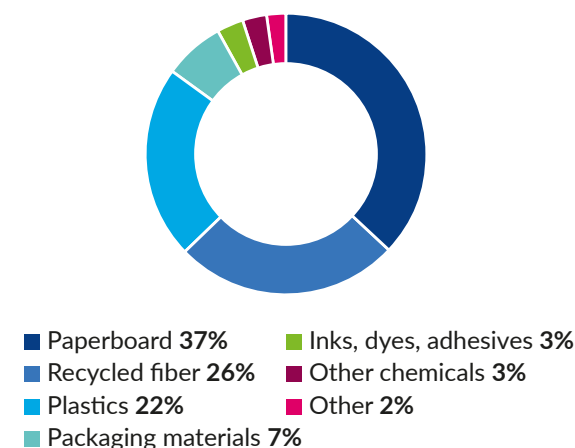
- Post-consumer recycled paper** (such as old newspapers) is used to manufacture molded fiber packaging, such as egg and fruit packaging and foodservice cup carriers.
- Post-industrial recycled paper** (such as cutting waste from our paper cup manufacturing) is used to manufacture molded fiber disposable 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, rPET and PLA 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 (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.

Material use (1,000 metric tons)

	2018	2017	2016
Total material usage	1,364	1,352	1,222
Renewable materials used	917	898	786
Non-renewable materials used	448	454	436
Share of renewable raw materials, %	67	66	64
Share of recycled input materials, %	27	27	26

Material use by volume in 2018 (%)





In 2018 the share of renewable materials of all raw materials used across Huhtamaki was 67% (66%).

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 2018 remained essentially stable at 27% (27%).

Energy

302-1 Energy consumption within the organization

We use both primary energy sources (fuel) and secondary energy (electricity and heat) in our operations.

Our total energy consumption in 2018 remained essentially flat compared to 2017 at 2,182 GWh (2,177 GWh). Consumption of primary energy, which is mainly used in the drying process of recycled fiber-based packaging, was 991 GWh (996 GWh). Consumption of secondary energy in 2018 was 1,191 GWh (1,181 GWh). The main source of secondary energy was electricity, which accounted for 99% (98%) of the total consumption. The share of renewable energy remained stable year-on-year at 3%.

302-3 Energy intensity

302-4 Reduction of energy consumption

We are continuously looking for ways to reduce energy use and improve efficiency, for the benefit of our business and the environment. This work is mainly driven by the Lean Six Sigma community within Huhtamaki, who identify and address opportunities to save energy. In addition, we are working on the Natural Resource Plan, a collaborative project to identify the natural resource reduction opportunities across our entire

Energy consumption (GWh and %)

		2018		2017		2016	
Primary energy consumption	Gas	912	42%	923	43%	849	41%
	Oil	79	3%	72	3%	80	4%
	Coal	0	0%	0	0%	11	1%
	Renewable fuels	0	0%	0	0%	0	0%
Secondary energy consumption	Electricity	1,176	54%	1,162	53%	1,111	53%
	Share of renewable electricity	69	6%	62	5%	-	-
	Other secondary energy	15	1%	19	1%	17	1%
Total energy consumption		2,182	100%	2,177	100%	2,069	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.

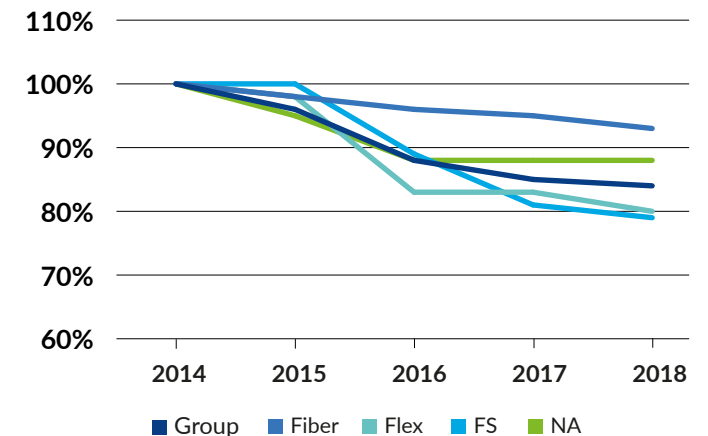
business. Energy is an important part of this project, which will be completed in 2019.

In 2018, our energy efficiency continued to improve, by 2% compared to 2017. Energy consumption per sellable ton produced (STP) was 2.04 MWh/STP (2.08 MWh/STP).

As a result of the energy efficiency improvements, we have reduced energy consumption by 21 GWh compared to 2017 when corrected for the production volume. Reductions are typically achieved through operational excellence projects. These numbers include all forms of energy used within Huhtamaki.

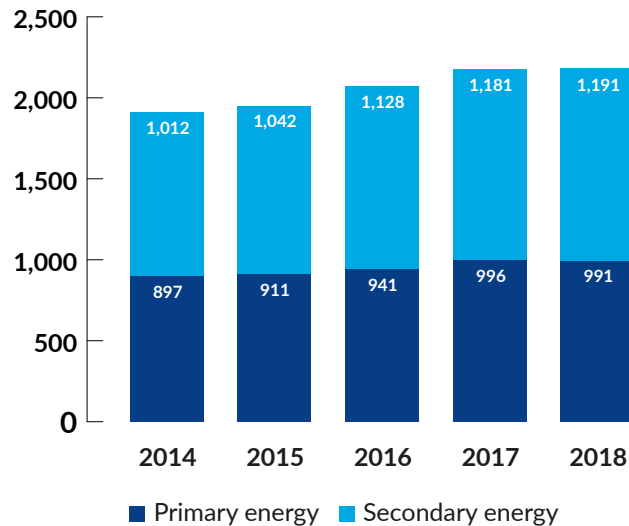
Our energy efficiency in relation to production output has improved by 16% over the past five years.

Indexed energy efficiency (MWh/STP)





Total energy consumption (GWh)

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

	2018		2017		2016	
Surface water	4.8	50%	4.5	49%	4.4	49%
Ground water	1.2	13%	1.1	13%	1.2	13%
Municipal water supply	3.5	37%	3.5	38%	3.4	38%
Total	9.5	100%	9.1	100%	9.0	100%

the Group somewhat decreased as water intake in relation to manufacturing output increased by 3%. Half of our water intake is surface water. The most water-intensive business at Huhtamaki is rough 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. For example, our fiber manufacturing unit in South Africa engaged with local authorities and communities during the drought in the Cape Town area and acted on this by reducing our withdrawal of surface water.

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

We have used the World Resources Institute's Aqueduct water risk mapping tool to investigate the possible water risk at our manufacturing units. Three of our manufacturing units are in areas of "highest physical risk". However, when corrected for the relatively low volume of water consumed by these three units, their overall water risk is low to medium. Fresh water scarcity is an important topic to address and water is also a material topic for Huhtamaki. Therefore, water management plans for these manufacturing units are important and we will report on the progress in our next corporate responsibility report.

Emissions

305-1 Direct (Scope 1) GHG emissions

305-2 Energy indirect (Scope 2) GHG emissions

305-4 GHG emission intensity

305-5 Reduction of GHG emissions

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 Scope 1 emissions essentially stayed flat in 2018 compared to 2017, in line with our energy use. 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 increased by less than 2%. 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.

Our GHG intensity per sellable ton produced decreased by 1%. Given the reduced energy intensity, we have reduced the GHG emissions by 8,500 metric tons of CO₂ eqv. compared to 2017 when corrected for the production volume. The emission intensity and reduction cover Scope 1 and Scope 2 emissions.

Water

303-1 Water withdrawal by source

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 fresh water intake in 2018 increased to 9.5 million m³ (9.1 million m³), driven by an increase of surface water intake due to relatively hot weather in the United States requiring more cooling water for certain units. The water efficiency of



More than 70% 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. A project to investigate options to increase renewable energy will start in 2019.

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 2018, 16% (16%) of printing inks used in the Group were water- or oil-based.

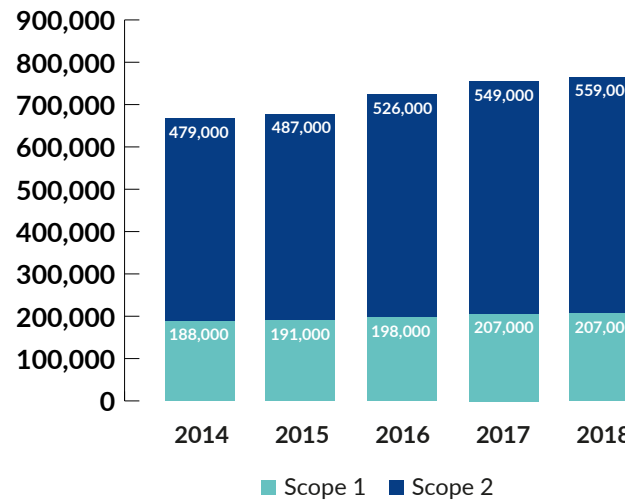
Waste

306-2 Waste by type and disposal method

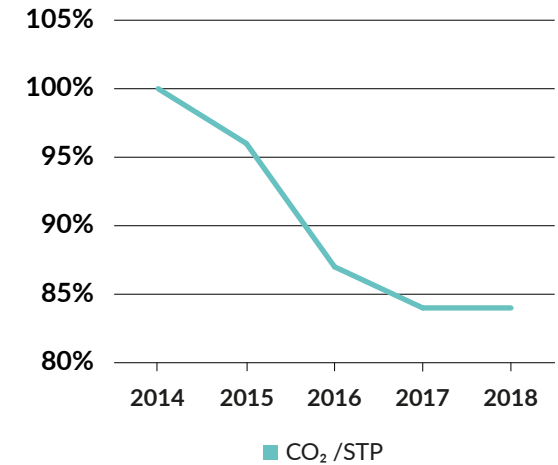
The main waste streams in our processes are cutting waste from paperboard packaging manufacturing, materials rejected during the fiber pulping process, and plastic waste. Cutting waste from our paperboard packaging manufacturing is either recycled as raw material for fiber packaging inside the Group 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 4%, mainly due to growth in our Foodservice and North America segments. 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.

Total greenhouse gas emissions
(metric tons CO₂ eqv)



Indexed greenhouse gas emissions
(metric tons CO₂ eqv)



Waste by type and disposal method (metric tons)

		2018	2017	2016	2015	2014
Non-hazardous waste	Landfill	20,000	21,000	18,000	18,000	19,000
	Recycling	157,000	149,000	131,000	113,000	107,000
	Energy recovery	13,000	13,000	16,000	16,000	13,000
Hazardous waste	Landfill	1,200	900	1,200	700	500
	Recycling	4,500	4,200	4,000	2,800	3,000
	Energy recovery	1,100	1,100	700	700	1,000
Total		196,800	189,200	170,900	151,200	143,500
Recycling rate (%)		82	81	79	76	77
Hazardous waste (% of total)		4	4	3	3	3

Incineration without energy recovery is applied to less than 1% of total waste and therefore left out of this table for the sake of clarity.

Economic responsibility



As a publicly listed company, Huhtamaki is committed to earning profit for its shareholders. Huhtamaki has several financial long-term ambitions, which are available in our investor relations materials. The most important of these are our growth ambition, 5% organic growth complemented by 5% growth by acquisitions, and our profitability ambition of 10+% EBIT margin. In addition, our ambition is to pay 40–50% of our profit as dividend to our shareholders.

Huhtamaki's economic responsibility in 2018

In 2018, the economic value generated by the Group was EUR 1,049 million (EUR 1,063 million) of which EUR 786 million (EUR 760 million) was distributed to stakeholders and EUR 263 million (EUR 303 million) retained in the Group for operational development and further growth. The Group achieved 5% organic and 3% acquisitive growth, and a 7.2%

EBIT margin. (Adjusted EBIT margin, excluding IAC of EUR -26 million, was 8.0%.) Dividends paid to shareholders correspond to a 42% payout ratio (of 2017 profit).

Huhtamaki as a tax payer

Huhtamaki is committed to paying all taxes and complying with other related obligations according to local laws and regulations. Moreover, the Huhtamaki values, the requirements of our Code of Conduct and the Code of Conduct for Huhtamaki Suppliers transcend national boundaries and complement the framework for our business operations. Huhtamaki's Public Tax Strategy is available on our website.

One of our operating principles is to ensure the predictability and optimization of taxation. In addition to ensuring that taxes are paid correctly in all locations, we also seek to ensure that we

do not pay excess taxes and that we capitalize on tax deductions enabled by local tax regulations. The Group's tax expenses in 2018 decreased to EUR 38 million (EUR 50 million) and paid taxes amounted to EUR 38 million (EUR 44 million). The corresponding tax rate was 19% (20%).

In intercompany business transactions, we comply with the OECD guidelines on transfer pricing. Intersegment net sales were EUR 16 million (EUR 17 million), less than 1% of the Group's net sales. Our business decisions are made keeping our strategy, financial ambitions and commercial environment in mind whilst at the same time aiming to serve our customers better. While taxation is one factor to be considered, it is not a dominant factor.

GRI 201-1 Direct economic value generated and distributed (MEUR)

		2018	2017
Customers	Net sales	3,104	2,989
Suppliers	Purchases	2,055	1,926
	Economic value generated	1,049	1,063
Personnel	Personnel expenses	637	616
Shareholders	Dividends	83	76
Debt investors	Net financial expenses	27	18
Public sector	Taxes	38	50
	Economic value distributed	785	760
	Economic value retained in the Group	264	303

Reporting principles and scope

This GRI Performance Review 2018 contains information on Huhtamaki's corporate responsibility performance in the period January 1–December 31, 2018. Some indicators also include historical data where it is available. The previous GRI Performance Review 2017 report was published in April 2017. The corporate responsibility report and financial statements are published annually by calendar year.

This report has been prepared in accordance with the GRI Standards Core Option. We have reported at least one disclosure for each GRI standard that has been identified most material according to our updated materiality assessment. 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 of this report.

Report boundaries

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

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
	Employment	GRI 401 Employment	Huhtamaki Group
Packaging	Consumer health and safety	GRI 416 Customer health and safety	Consumers, customers
	Customer satisfaction	GRI 416 Customer health and safety	Customers
		201 Economic performance	
Supply chain	Supplier assessment	GRI 103 Management approach	The Group's Key suppliers
	Human rights	GRI 103 Management approach	The Group's Key suppliers
Operations	Materials	GRI 301 Materials	Huhtamaki Group manufacturing units
	Waste	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
	Emissions	GRI 305 Emissions	Huhtamaki Group manufacturing units
Foundation for Packaging for Good agenda	Anti-corruption	GRI 205 Anti-corruption	Huhtamaki Group, The Group's Key suppliers, Customers, Partners

*Since the introduction of the Huhtamaki Group Global OHS policy in late 2017, we have made a conscious effort to expand OHS performance data coverage beyond manufacturing units. For example, all our warehouses in Australia are now included in the OHS data. This process will be completed in 2019.

This GRI Review follows the same consolidation principles as Huhtamaki Financial Statements 2018 and covers all four reporting segments. To be aligned with the Group'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 2018 environmental efficiency indicators for energy, greenhouse gas (GHG) emissions and water consumption per sellable ton produced exclude printing cylinder manufacturing and label units (part of the Flexible Packaging segment). Environmental data included in this GRI report excludes the units that have been acquired during the reporting year 2018. Units closed during the reporting year 2018 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 2018 or closed during the reporting year.

The data on supply chain is based on key suppliers, which are currently defined as the ten most important suppliers from each segment based on spend. Each key supplier may consist of

several business and/or legal units in different locations.

A new HR information system was taken into use in Q3/2018, allowing more detailed reporting compared to earlier years. This has an impact on year-to-year comparability in some indicators, as reporting the indicators by gender was not possible before. As the system changed in the middle of the reporting year, it was not possible to include annual turnover for 2018 in the report. For the same reason, the Collective bargaining agreement coverage rate is not reported for 2018.

Social indicators have not been reported by gender where the difference between genders was not considered material. In addition, absenteeism is excluded from the consolidated data. For employee data we use the same age groups that are used in our internal reporting.

In 2018 it was noted that the cost of goods sold has been calculated incorrectly in 2017. Personnel costs adjustment and depreciation adjustment included all functions, not just gross profit. For this reason, the figures for direct economic value generated and distributed have been restated for year 2017.

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 sequence varies (monthly, quarterly, annually). Other employee data is gathered from the new 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 GHG Protocol/IEA (2018), and for district heating/cooling according to GaBi (2018), which are both updated annually. Scope 2 emissions for purchased electricity are calculated using a location-based method with national emission factors provided by GHG Protocol/IEA (2018).

The supply chain data is monitored by a risk assessment tool built for the purpose. Financial information originates from the financial reporting processes.

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

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 Corporate Responsibility Report, GRI Performance Review 2018 ("Report") for the reporting period 1st January to 31st December 2018.

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 201-1 Direct economic value generated and distributed (€)
- GRI 205-1 Operations assessed for risks related to corruption
- GRI 205-3 Confirmed incidents of corruption and actions taken
- 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 Total water withdrawal by source (m3)
- GRI 305-1 Direct greenhouse gas (GHG) emissions (scope 1) (tCO₂e)
- GRI 305-2 Indirect GHG emissions (scope 2) (tCO₂e)
- GRI 305-4 Greenhouse gas emissions intensity (%)
- GRI 305-5 Reduction of GHG emissions (%)
- GRI 306-2 Total weight of waste by type and disposal method (t)
- GRI 102-8 Total number of employees (number of)
- GRI 102-41 Percentage of employees covered by collective bargaining agreement (%)
- 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 Composition of governance bodies and breakdown of employees per employee category according to gender and age group (%)
- 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 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 50-51).

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;
 - Site visits to review process and systems for preparing site level data consolidated at Head Office at:
 - Huhtamaki Fiber: Okrisky, Czech Republic,
 - Huhtamaki Foodservice: Guangzhou, China, and
 - Huhtamaki North-America: Batavia, Ohio, 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

22nd March 2019

Mikael Niskala

Lead Auditor

DNV GL –
Business Assurance

Shaun Walden

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DNV GL –
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