

# REMUNERATION REPORT 2022

February 8, 2023

# Remuneration Report 2022

## Introduction

Huhtamäki Oyj (the Company, and together with its group companies Huhtamäki) complies with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association. This Remuneration Report has been prepared in accordance with the Code effective from January 1, 2020. The Code is available in its entirety on the internet at [www.cgfinland.fi/en](http://www.cgfinland.fi/en). Huhtamäki Oyj is a support member of the Securities Market Association.

This separate Remuneration Report has been issued and published in connection with the Directors' Report. The Human Resources Committee of the Board of Directors has reviewed the report and it has been approved by the Board of Directors. The Company's Auditor has reviewed that the report has been issued.

The Remuneration Report provides information on the remuneration paid to the Board of Directors (Board) and the Managing Director (President and CEO since April 26, 2019) during the financial year 2022. Updated information on the remuneration of the Company is available on the Company's website in section "Remuneration" ([www.huhtamaki.com](http://www.huhtamaki.com) – Investors – Corporate Governance – Remuneration).

Remuneration paid to the Board members and the President and CEO during the financial year 2022 was in line with the Remuneration Policy for the Governing Bodies (Remuneration Policy) approved by the Annual General Meeting of the Company (AGM) on April 29, 2020. There were no deviations from the Remuneration Policy. The Company uses clawback and malus provisions in its incentive plans (in both short- and long-term incentives) and no claw back on compensation has been used during the financial year 2022.

According to the Remuneration Policy, the annual compensation of Board members shall be in proportion to the time commitment required from the Board members and be competitive to attract and retain professionals with strong expertise and knowledge relevant in conducting the Board's responsibilities, such as establishment of strategic and financial directions and monitoring their implementation. Thereby, the remuneration contributes to the Company's long-term financial performance and success. The remuneration of the Board members during the financial year 2022 consisted of annual compensation and meeting fees paid for each meeting attended as approved by the AGM.

According to the Remuneration Policy, the remuneration principles applied to the President and CEO contribute towards creating shareholder value through competitive remuneration based on performance and linking remuneration to the business strategy. Total remuneration shall be in line with the relevant market practices in corresponding global industries to ensure motivation and engagement. The President and CEO's remuneration during the financial year 2022 consisted of a non-variable annual base salary, benefits and performance-based short-term incentive plan. The Company also focused on shareholder value creation by aligning the interests of the President and CEO with those of the shareholders through share-based long-term incentive plans.

Shareholders views and positions on remuneration are constantly followed and potential amendments in remuneration principles and practices as well as relative disclosures are made. External service providers and consultants are engaged by the Company for monitoring and securing market practice alignment for remuneration.

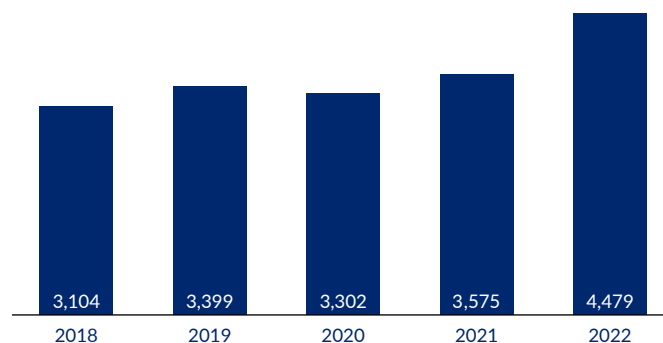
### Development of remuneration over the past five financial years

During the past five financial years the Company's net sales has increased with 44%. Improvement in adjusted EBIT was 57% and improvement in adjusted EPS was 47% during the same period. The Company's adjusted EBIT margin has changed from 8.1% in 2018 to 8.8% in 2022.

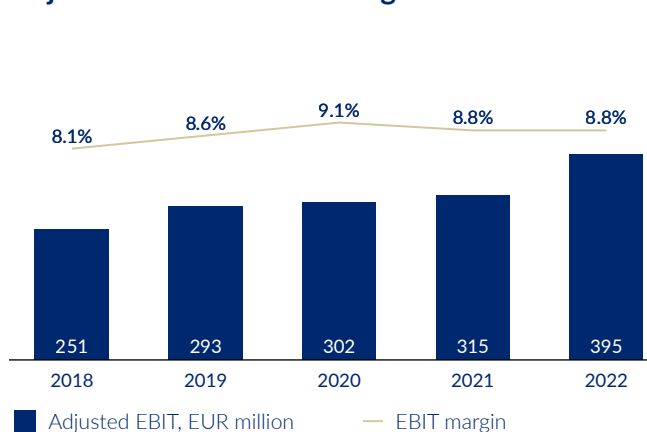
The remuneration of the Board of Directors has been decided by the AGM of the Company. The annual remuneration of the Chair was increased in 2022. The previous increase in Board remuneration was done in 2021 when the AGM increased the annual remuneration for Chair, Vice-Chair and other members of the Board. The AGM in 2021 decided also on annual remuneration to the Chair and members of the Board Committees. At the same time the meeting fee paid for each Board and Committee meeting attended was unified to EUR 1,500.

### Net sales

EUR million



### Adjusted EBIT and EBIT margin



### Adjusted earnings per share and share price, year-end



	Paid compensation (EUR)				
	2022	2021	2020	2019	2018
Board of Directors <sup>1</sup>	997,365	826,365	687,490	679,790	687,590
President and CEO Charles Héaulmé (President and CEO since April 26, 2019)	2,063,476	2,699,262	1,732,507	1,368,666	-
Interim Deputy CEO Thomas Geust (during January 1, 2022–April 18, 2022)	156,462	-	-	-	-
CEO Jukka Moisio (CEO until April 25, 2019)	-	-	-	243,143	2,538,525
Employees' average remuneration <sup>2</sup>	35,438	29,753	32,601	29,990	29,200

<sup>1</sup>Total compensation of the Board of Director's

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

## Board of Directors

In accordance with the resolution passed by the AGM held on April 27, 2022, as of the AGM 2022 the annual compensation for the Chair of the Board is EUR 160,000, for the Vice-Chair EUR 75,000 and for other members EUR 62,000. In addition, the following annual remuneration is paid to the Chair and members of the Board Committees: to the Chair of the Audit Committee EUR 15,000 and to the other members of the Audit Committee EUR 5,000 as well as to the Chair of the Human Resources Committee EUR 5,000 and to the other members of the Human Resources Committee EUR 2,500. In addition, a EUR 1,500 meeting fee is paid for each Board and Committee meeting attended. Traveling expenses of the Board members are compensated in accordance with the Company policy. In addition, the Chair of the Board has a mobile phone benefit.

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

The following remuneration was paid to the members of the Board for the financial year 2022.

	2022 (EUR)		
	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä <sup>1</sup>	160,240	37,500	197,740
Kerttu Tuomas	80,000	40,500	120,500
Mercedes Alonso <sup>2</sup>	48,375	24,000	72,375
Doug Baillie	64,500	39,000	103,500
William R. Barker	64,500	39,000	103,500
Anja Korhonen	77,000	40,500	117,500
Heikki Takala <sup>2</sup>	50,250	22,500	72,750
Sandra Turner	67,000	39,000	106,000
Ralf K. Wunderlich	64,500	39,000	103,500
<b>Total</b>	<b>676,365</b>	<b>321,000</b>	<b>997,365</b>

<sup>1</sup>Annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit.

<sup>2</sup>Board member since April 27, 2022.

## President and CEO and Interim Deputy CEO

The following remuneration was paid to the President and CEO and Interim Deputy CEO for the financial year 2022.

Remuneration	President and CEO (EUR)	Interim Deputy CEO (during January 1, 2022–April 18, 2022)
<b>Non-variable annual base salary and benefits<sup>1</sup></b>	<b>1,263,476</b>	<b>156,462</b>
<b>Short-term incentives<sup>2</sup></b>		
Remuneration based on the performance in the year preceding the payment year	800,000	-
<b>Long-term incentives<sup>3</sup></b>		
Number of shares received as a reward	-	-
Value of the shares at the time of the transfer	-	-
Amount of income taxes and tax-like charges arising based on the shares received	-	-
Total value of the reward	-	-
<b>Total remuneration</b>	<b>2,063,476</b>	<b>156,462</b>

<sup>1</sup>Non-variable annual base salary and benefits includes cash payments for pension for the President and CEO.

<sup>2</sup>Short-term incentives are presented in the table on the year they have been paid. The total amount of remuneration includes remuneration paid under the short-term incentive plan 2021 and under a one-time incentive plan for 2021 decided by the Board of Directors for retention purposes. This one-time incentive plan did include a performance target being Group adjusted EBITDA in 2021. The total amount of the short-term incentive for the President and CEO for 2021 amounted to EUR 800,000 and was paid in March 2022. Of this total amount, the short-term incentive plan 2021 amounted to EUR 560,000 and the one-time incentive plan for 2021 amounted to EUR 240,000. Interim Deputy CEO's Short-term incentive payment is not disclosed since the payment made in 2022 relates to his role as CFO.

<sup>3</sup>Share-based incentives include the monetary value of the payments based on the performance share plans at the time of awarding the shares and including the value of taxes and tax-like charges arising based on the received shares. The share-based incentives are based on the performance in the year preceding the payment year and they are presented in the table on the year they have been paid. The adjusted EPS target for the performance share plan 2019–2021 was not reached and, therefore, no shares under the long-term incentive plan was paid during the financial year 2022.

### President and CEO

The remuneration of the President and CEO consisted in the financial year 2022 of a non-variable annual base salary and an annually determined short-term incentive plan. In addition, the President and CEO participated in the long-term incentive plans of the Company (Performance Share Plan and Restricted Share Plan) and had the following benefits:

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

The pension coverage is arranged by the President and CEO himself. The Company contributes towards the pension through monthly cash payments to the President and CEO. The total cash payment in 2022 was EUR 294,000 gross.

The total compensation paid (excluding EUR 294,000 pension allowance) to the President and CEO in the financial year 2022 was EUR 1,769,476 of which 45% consisted of variable compensation. Variable compensation consisted of short-term incentive 2021 and a one-time incentive plan for 2021 decided by the Board of Directors for retention purposes. Both plans were paid in 2022. There was no payout under the Performance Share Plan 2019–2021 (adjusted EPS target was not reached).

### Interim Deputy CEO

The total remuneration of the Interim Deputy CEO during January 1, 2022–April 18, 2022 consisted of a non-variable annual base salary, car benefit and a short-term incentive plan.

Under his role as CFO the Interim Deputy CEO participated in the long-term incentive plans of the Company (Performance Share Plan and Restricted Share Plan) but no additional shares were allocated for the role as Interim Deputy CEO. Also, under his role as CFO, he participated in a supplementary defined contribution pension plan where annual contribution is 15% of non-variable salary.

The total compensation paid to the Interim Deputy CEO role for the period of January 1, 2022–April 18, 2022 was 156,462. The amount includes a non-variable base salary and a car benefit. Short-term incentive for the period of acting as the Interim Deputy CEO will be paid in 2023.

## Variable remuneration earning opportunity and performance measures

The President and CEO's earning opportunity in short-term incentive (STI) plans 2021 and 2022 is 100% of the annual base salary (this same earning opportunity is applied for the Interim Deputy CEO during January 1, 2022–April 18, 2022). Group level criteria and payments under the short-term incentive plans are presented in the table below. Compensation under the short-term incentive plan is paid in cash which is aligned with Finnish Corporate Governance Code and market practice.

	Short-term incentive plan 2021 and 2022	Criteria weighting
Criteria	Adjusted EBIT	80%
	Free Cash Flow	
	Global Sustainability Index*	20%
	President and CEO	Interim Deputy CEO
Paid 2022 (STI 2021)	EUR 800,000 <sup>1</sup>	
Payment due in 2023 (STI 2022)	EUR 593,600	EUR 105,001

<sup>1</sup>The Board of Directors may decide on other short-term incentive plans for the President and CEO and other GET members. These plans are usually done on retention purposes and are aligned with existing short-term incentives. In 2021, the short-term incentive for the President and CEO included the short-term incentive plan 2021 and a one-time incentive plan for 2021 decided by the Board of Directors for retention purposes. This one-time incentive plan did include a performance target being Group adjusted EBITDA in 2021. The total amount of the short-term incentive for the President and CEO for 2021 amounted to EUR 800,000 and was paid in March 2022. Of this total amount, the short-term incentive plan 2021 amounted to EUR 560,000 and the one-time incentive plan for 2021 amounted to EUR 240,000.

## Long-term incentive and other share-based remuneration grants

President and CEO has been granted shares under the following Performance Share Plans and Restricted Share Plan. Interim Deputy CEO was not granted any shares for his role as Interim Deputy CEO.

Long-term incentive plan	Earning opportunity	Performance measure	Pay-out year	Achievement	Achievement (in shares)
Performance Share Plan 2019–2021	31,000 shares (net)	Adjusted EPS	2022	Target was not reach	-
Performance Share Plan 2020–2022	62,000 shares (gross)		2023	54.88%	34,026 <sup>1</sup>
Performance Share Plan 2021–2023	62,000 shares (gross)		2024	in progress	in progress
Performance Share Plan 2022–2024	62,000 shares (gross)		2025	in progress	In progress
Restricted Share Plan 2021–2023	11,000 shares (gross)	Continuous employment <sup>2</sup>	2023	100%	11,000 <sup>1</sup>

<sup>1</sup>Shares will be paid in March 2023. Number of shares represents the gross amount of shares. Applicable taxes are withheld from the gross reward.

<sup>2</sup>However, if Huhtamaki Group's adjusted EBIT margin in the result release preceding the payment of the rewards is under 8%, no shares will be paid. Group adjusted EBIT margin for the financial year 2022 was 8.8 % and thus shares can be paid.

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

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