

Corporate Governance Statement 2019



Compliance with the Corporate Governance Code

Corporate governance in HKScan Corporation ("HKScan" or the "Company") is based on Finnish legislation, EU-level regulations, HKScan's Articles of Association, the Finnish Corporate Governance Code 2015 (the "Code") issued by the Securities Market Association, as well as HKScan Group's Code of Conduct and Governance Policy. HKScan furthermore complies with the rules and regulations of Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority. This corporate governance statement has been drafted in accordance with the above-mentioned Code, which entered into effect on 1 January 2016, and with Chapter 7:7 of the Finnish Securities Markets Act. The Finnish Corporate Governance Code 2015 has been updated to a new version, the Finnish Corporate Governance Code 2020, and that new code is also applied in HKScan starting on the first of January 2020. The corporate governance statement is issued separately from the Report of the Board of Directors 2019.

HKScan observes the Code subject to the following exceptions:

Recommendation 15: Members of the Nomination Committee may also be appointed from outside the Board of Directors in order to bring additional knowledge and expertise to bear on key appointments within the Company. The Board of Directors appoints the members of the Nomination Committee.

HKScan's corporate governance statement may be viewed on the Company's website at www.hkscan.com under "Investor information". The website also gives access to a list of the Company's largest shareholders, the notifications of changes in holdings submitted to the Company and the Company's Articles of Association. The Code is available for review on the Securities Market Association website at <http://cgfinland.fi/en/>.

Board of Directors

The Board of Directors is responsible for the administration and the proper organisation of the operations of the Company. The duties and accountability of the Board are determined primarily under the Articles of Association and the Finnish Limited Liability Companies Act. The Board's meetings procedure and duties are described in the charter adopted by the Board for each year.

Board members are elected annually by the Annual General Meeting ("AGM") based on a proposal put forward by the Board's Nomination Committee. The Articles of Association contain no mention of any special order of Board member appointments.

The Company's Board of Directors comprises between five and eight (5-8) members. In addition, a maximum of three (3) deputy members may be elected to the Board of Directors. All Board members possess the particular competence and independence consistent with the position. The Board members are proposed by the Nomination Committee taking into account the diversity principles determined by the Company in accordance

with Recommendation 9 of the Code.

The Company has determined the following diversity principles:

- both genders should be represented in the Board;
- the Board members should have a versatile professional and educational background that benefits the Company's business;
- the Board members should have experience of international tasks; and
- the Board members should represent a varied age range.

The composition of the Board of the Company in 2019 represented well the Company's diversity principles.

The term of the Board members begins at the end of the General Meeting at which they were elected and ends at the end of the Annual General Meeting first following their election. The Board of Directors elects a chair and deputy chair from among its number.

The Board conducts an annual evaluation of the independence of its members in accordance with Recommendation 10. A member of the Board is required to submit to the Company the information necessary to conduct the evaluation of independence. A Board member is also required to notify the Company of any changes in information relating to independence.

An Extraordinary General Meeting was held on 30 January 2019 in Turku. This meeting elected Jari Mäkilä, Harri Suutari and Terhi Tuomi as new members of the Board. Ilkka Uusitalo was elected as new deputy member of the Board. At the Board meeting after the EGM, the Board re-elected Reijo Kiskola as Chairman and elected Jari Mäkilä as Vice Chairman.

The Annual General Meeting held on 11 April 2019 elected the following persons to the Board:



Reijo Kiskola (b. 1954)

Chair of the Board since 11/2018
Dairy Engineer

Shareholding at HKScan on
31 December 2019: 20,341

Independent of the Company
and significant shareholders.



Jari Mäkilä (b. 1970)

Deputy Chair of the Board since 2019
Agricultural technician

Shareholding at HKScan on
31 December 2019: 11,934
(direct ownership) and 97,499
(through Mäkilän Tila Oy)

Not independent of the Company
nor a significant shareholder.



Anne Leskelä (b. 1962)

Member of the Board since 2019
M.Sc. (Business Administration)

Shareholding at HKScan on
31 December 2019: 9,878

Independent of the Company
and significant shareholders.



Per Olof Nyman (b. 1956)

Member of the Board since 2017
M.Sc.
(Industrial & Management Engineering)
President & CEO, Lantmännen ek. för.

Shareholding at HKScan on
31 December 2019: 15,214 (nominee-reg.)

Independent of the Company, but not
independent of a significant shareholder.

More detailed CV's of the Board members can be found on the Company's website.

The Annual General Meeting held on 11 April 2019 elected the following persons to the Board:



Harri Suutari (b. 1959)

Member of the Board since 2019
B.Sc. (Engineering)
Chair of the Board, Componenta Oyj

Shareholding at HKScan on
31 December 2019: 9,628

Independent of the Company
and significant shareholders.



Terhi Tuomi (b. 1966)

Member of the Board since 2019
M.Sc. (Econ.)
CFO, Boreal Plant Breeding Ltd

Shareholding at HKScan on
31 December 2019: 8,378

Independent of the Company, but
not independent of a significant
shareholder.



Carl-Peter Thorwid (b. 1964)

Deputy member of the Board since 2017
M.Sc.
(Industrial Engineering and Management)
CEO Lantmännen Cerealia AB

Shareholding at HKScan on
31 December 2019: -

Independent of the Company, but
not independent of a significant
shareholder.



Ilkka Uusitalo (b. 1968)

Deputy member of the Board since 2019
Farm entrepreneur

Shareholding at HKScan on
31 December 2019: 105,000

Not independent of the Company
nor a significant shareholder.

More detailed CV's of the Board members can be found on the Company's website.

During 2019, the Board held 21 meetings. The average attendance rate of Board members and deputy members was 96.3 per cent. The Board constitutes a quorum when more than half of its members are present. Besides the members and deputy members, the Group's CEO, the CFO and the EVP Administration as secretary to the Board also regularly attended the Board meetings.

Charter of the Board

The work of the Board of Directors is based on the provisions of the Finnish Limited Liability Companies Act and the Company's Articles of Association as well as on the charter adopted by the Board.

According to the charter, the following key matters are among those to be resolved by the Board of Directors at HKScan:

- appointments and dismissals of the CEO and senior executives, and decisions on the terms of employment of management;
- terms of employment of managing directors of HKScan Group companies and senior management;
- HKScan Group management's and personnel's incentive schemes and bonus criteria;
- HKScan Group and organisation structure, commencement of new business, changes in and discontinuation of central business;
- HKScan Group strategy, business plan and performance targets for the following year, and related underlying assumptions;

- HKScan Group's significant investments, as well as company, business and real estate arrangements, and sales and outsourcing of significant equipment and machinery;
- other significant contracts of the HKScan Group;
- dividend policy and division proposal to the Annual General Meeting;
- principles of risk management and communication related to HKScan Group's business as well as follow up of the legality of business operations;
- approving of investment plans and approval of relevant investments deviating from the plan;
- taking out HKScan Group loans and giving securities;
- giving procuration and other representative rights of the Company.

The meetings of the Board of Directors follow the annually agreed management calendar. Extra meetings may be convened if required. The chair of the Board convenes the Board meetings and prepares the meeting agenda together with the CEO.

Performance evaluation of the Board

The Board conducts an annual evaluation of its performance and working methods in the interest of enhancing its operations. The evaluation addresses the composition and processes of the Board, the quality of the Board's performance, cooperation between the Board and operative management, and the expertise and participation of Board members.

Board Committees

Five committees have been set up in HKScan to streamline the preparation and management of matters for the consideration of the Board. The Special Committee is a new Board Committee, which was established in February 2019.

The Board selects the members and chairs of the committees from among its members or deputy members, except for the Nomination Committee, to which members may be selected from outside the Board in order to bring additional knowledge and expertise to bear on key appointments within the Company. With respect to the Nomination Committee, the Company deviates from Recommendation 15 of the Code.

Audit Committee

The Board elects at least three members of the Audit Committee from among its members or deputy members. At least one of the members must possess particular expertise in the fields of accounting, bookkeeping or auditing. The majority of the members of the Audit Committee shall be independent of the Company and at least one member shall be independent of significant shareholders. The CEO of the Company or other senior executives may not be elected to the Audit Committee.

The Audit Committee assists the Board by preparing matters within its remit for the consideration of the Board and by submitting proposals or recommendations for Board resolution.

The duties of the Audit Committee have been determined in its charter adopted by the Board, in keeping with Recommendation 16 of the Code. The tasks of the Audit Committee of HKScan's Board of Directors include, among other things, the following:

- to monitor the reporting process of financial statements;
- to supervise the financial reporting process;
- to monitor the efficiency of the Company's internal control, internal auditing and risk management system;
- to evaluate and review the corporate governance statement covering the internal control and risk management related to the financial reporting process;
- to monitor the statutory audit of the financial statements and consolidated financial statements;
- to evaluate the independence of auditors and the provision of related ancillary services to the Company in particular; and
- to prepare the proposal for decision on the election of the auditors.

The Audit Committee reports on its work to the Board at the Board meeting first following the meeting of the Committee and submits for the information of the Board the minutes of the committee's meeting.

The Audit Committee was chaired by Anne Leskelä, and its other members were Reijo Kiskola, Terhi Tuomi and Carl-Peter Thorwid.

The Audit Committee held five meetings during 2019. The average attendance rate of Committee members was 100 per cent. Committee meetings were also regularly attended by the Company's CEO, the CFO, the internal auditor and the external auditors. The chair of the Audit Committee prepares the agenda for the meeting based on a proposal made by the CFO and convenes the meetings, under normal circumstances with at least one week's notice.

Nomination Committee

The Board elects the three members of the Nomination Committee. The members of the Committee need not be Board members. The CEO of the Company or other senior executives may not be elected to the Nomination Committee.

The duties of the Nomination Committee are defined in its charter adopted by the Board. The Committee is tasked with preparing the proposals to be presented to the General Meeting of Shareholders concerning the number, appointment and remuneration of Board members. The Nomination Committee convenes at least once before the General Meeting of Shareholders and reports on its work to the Board of Directors immediately following the meeting of the Committee.

When the Nomination Committee plans the composition of the Board of Directors, the target is to ensure that the Board of Directors forms a functional entity. The prerequisite is sufficient diversity of the Board of Directors.

The Board's Nomination Committee searches, evaluates and recommends members to be elected to the Board of Directors and evaluates the number of the members of the Board of Directors. When preparing the proposal for election of Board members, the diversity principles determined by the Company shall be taken into account:

- both genders should be represented in the Board;
- the Board members should have a versatile professional and educational background that benefits the business of the Company;
- the Board members should have experience of international tasks; and
- the Board members should represent a varied age range.

The members of the Nomination Committee were Jari Mäkilä (Chair), Reijo Kiskola and Per Lindahl.

Introduction:

Per Lindahl (b. 1964)

Chair of the Board of Lantmännen Farmer, Kristianstad, Sweden

The Nomination Committee held two meetings during 2019. The average attendance rate of Committee members was 100 per cent.

Compensation Committee

The Board elects at least three members of the Compensation Committee from among its members or deputy members. The majority of the members of the Compensation Committee must be independent of the Company. The CEO of the Company or other senior executives may not be elected to the Compensation Committee.

The duties of the Compensation Committee are defined in its charter adopted by the Board of Directors. The Compensation Committee is tasked with preparing matters pertaining to the Company's compensation schemes, such as CEO compensation, other management compensation, the Company's incentive and benefit plans and review of other arrangements or agreements between the Company and the CEO or other senior executives.

The Compensation Committee convenes at least twice a year and reports on its work to the Board following the meeting of the Committee and submits for the information of the Board the minutes of the Committee's meetings.

The Committee is chaired by Per Olof Nyman and its other members were Harri Suutari and Ilkka Uusitalo.

The Compensation Committee held six meetings during 2019. The average attendance rate of Committee members was 94.1 per cent. The Compensation Committee has used external consultants in its work.

Working Committee

Within the Working Committee, the Board considers matters without the presence of the operative management of the Company.

The duties of the Working Committee are defined in its charter adopted by the Board of Directors. The Working Committee is tasked with promoting the efficient accomplishment of the duties of the Company's Board of Directors. The aim of the Committee is to advance compliance with the Finnish Corporate Governance Code in HKScan.

All members and deputy members of the Board are members of the Working Committee. The Chair of the Board, Reijo Kiskola, acts as the Committee's Chair. The Working Committee held nine meetings during 2019. The average attendance rate of Committee members was 92.9 per cent.

Special Committee

A new Committee, called Special Committee, was introduced in 2019. The Board elects in its annual convening meeting at least three members from among its members or deputy members to the Committee. The CEO of the Company attends the meetings and prepares the agenda and minutes.

The purpose of the Committee is to efficiently support the Board of the Company in potential M&A or divestment activities of HKScan. In addition, the Committee assists the Board and the management of the Company in other duties related to the Committee's work as specified by the Board.

The Committee is chaired by Reijo Kiskola and the other members are Jari Mäkilä and Harri Suutari.

The Special Committee held five meetings during 2019 and the average attendance rate was 100 per cent.

Chief Executive Officer (CEO)

The CEO and the possible deputy CEO are appointed by the Company's Board of Directors. The CEO is tasked with managing HKScan Group's business activities and administration in accordance with the Articles of Association, the Finnish Limited Liability Companies Act and instructions provided by the Board of Directors. The CEO is accountable to the Board of Directors for the implementation of the objectives, plans, procedures and goals laid down by the Board. In managing HKScan Group, the CEO is supported by the Group Management Team.

The Company's CEO does not serve on the Board but attends its meetings and provides monthly reports to the Board on HKScan Group's financial performance, financial position, solvency and market position. The CEO also presents the materials of the financial statements and interim reports to the Board. The CEO furthermore reports to the Board on the implementation of the Board's resolutions and on the measures and outcomes to which these have given rise.

On 28 November 2018 Tero Hemmilä, M.Sc. (agr. econ.), was appointed as CEO of the HKScan Corporation and he started in his position on 4 February 2019.

The duties of the CEO were temporarily carried out by the Chairman of the Board, Reijo Kiskola before Tero Hemmilä's commencement.

Meeting attendance of the Board and its Committees

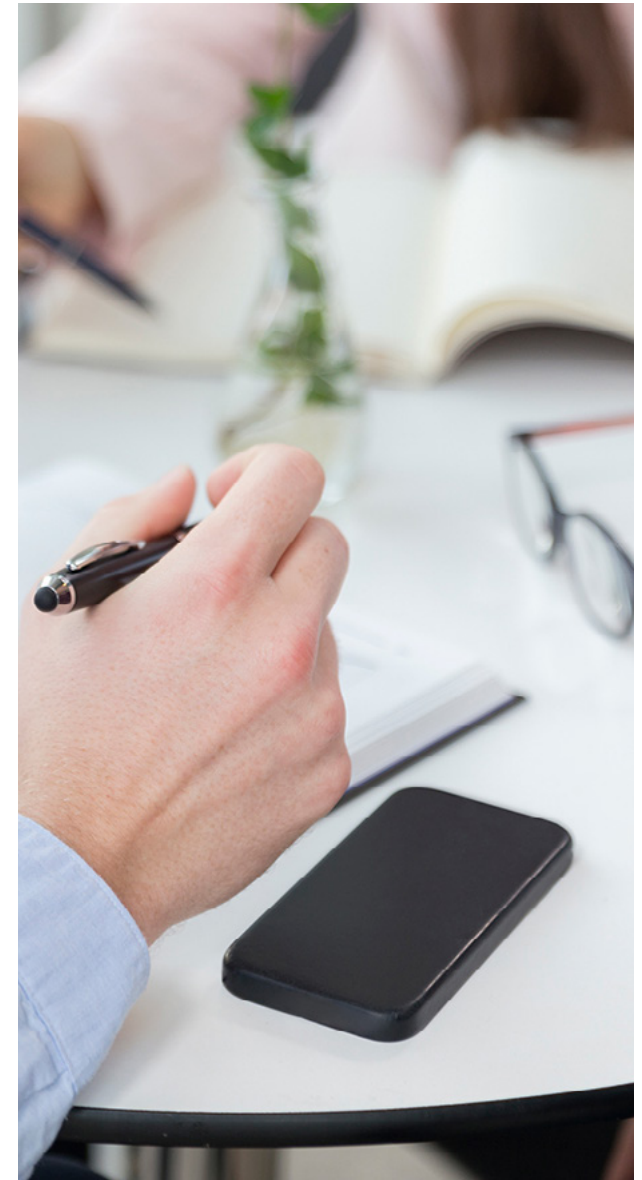
	Board	Audit Committee	Nomination Committee	Compensation Committee	Working Committee	Special Committee
Reijo Kiskola	21/21	5/5	2/2	1/1	9/9	5/5
Jari Mäkilä	21/21		2/2		8/9	5/5
Anne Leskelä ³⁾	16/16	4/4			6/6	
Terhi Tuomi ¹⁾	20/20	5/5			9/9	
Harri Suutari ²⁾	19/20	1/1		5/5	9/9	5/5
Per Olof Nyman	18/21			6/6	7/9	
Carl-Peter Thorwid	19/21	5/5			7/9	
Ilkka Uusitalo ⁴⁾	20/20			4/5	9/9	
Per Lindahl			2/2			

¹⁾ Member of the Board and Audit Committee as of 30. January. Between 30. January - 31. December 2019 the Board had 20 meetings, the Working Committee 9 meetings and the Audit Committee 5 meetings.

²⁾ Member of the Board, Compensation Committee and Special Committee as of 30. January. Between 30. January -31. December 2019 the Board had 20 meetings, the Working Committee 9 meetings, the Compensation Committee 5 meetings and the Special Committee 5 meetings. Member of the Audit Committee until 31. January. Between 1. January - 31. January 2019 the Audit Committee had 1 meeting.

³⁾ Member of the Board and Audit Committee as of 11. April. Between 11. April - 31. December 2019 the Board had 16 meetings, the Working Committee 6 meetings and the Audit Committee 4 meetings.

⁴⁾ Deputy member of the Board and member of the Compensation Committee as of 30. January. Between 30. January - 31. December 2019 the Board had 20 meetings, the Working Committee 9 meetings and the Compensation Committee 5 meetings.



Group Executive Team

The Group Executive Team of HKScan, called Group Management Team before 1 January 2020, assists the CEO in the management of the Group, in the preparation of matters such as business plans, strategy, policies and other matters of importance, as well as in the implementation of the strategic and operative targets. The members of the Group Executive Team are appointed by the Board.

The Group Executive Team on 1 January 2020:



Tero Hemmilä (b. 1967)
CEO
M.Sc. (Agr. & Econ.)
Shareholding at HKScan on 1 Jan 2020:
35,000



Mika Koskinen (b. 1972)
EVP, Strategic business development
and investments
M.Sc. (Chem. Eng.)
Shareholding at HKScan on 1 Jan 2020:
19,000



Jari Leija (b. 1965)
EVP, Business Unit Finland
Shareholding at HKScan
on 1 Jan 2020:
-



Denis Mattsson (b. 1953)
EVP, Business Unit Sweden
eMBA
Shareholding at HKScan on 1 Jan 2020:
4,000 (DSM Consulting Oy)



Anne Mere (b. 1971)
EVP, Business Unit Baltics
MBA
Shareholding at HKScan on 1 Jan 2020:
18,018



Jukka Nikkinen (b. 1962)
EVP, Business Unit Denmark
M.Sc. (Econ.)
Shareholding at HKScan on 1 Jan 2020:
15,657

The Group Executive Team on 1 January 2020:



Jyrki Paappa (b. 1965)

CFO
M.Sc. (Econ.)
Shareholding at HKScan on 1 Jan 2020:
20,000 (Airisto Capital Oy)



Juha Ruohola (b. 1965)

EVP, Export, import and meat balance
M.Sc. (Agr.), eMBA
Shareholding at HKScan on 1 Jan 2020:
-



Markku Suvanto (b. 1966)

EVP, Administration
LL.M, trained on the bench
Shareholding at HKScan on 1 Jan 2020:
1,855

During the year 2019, the following persons
have also been members of the Group Management Team:

Anu Mankki as EVP, HR
until 3 April 2019

Pia Nybäck as EVP,
Animal Sourcing & Primary Production
until 3 April 2019

Mikko Saariaho as EVP,
Communications and Corporate
Responsibility until 3 April 2019

Kati Rajala as EVP,
Market Area Finland
until 3 April 2019

Heli Arantola as EVP,
Categories & Concepts
until 3 April 2019

Mikko Forsell as CFO
until 3 April 2019

Sami Sivuranta as COO
until 3 April

Esa Mäki as EVP,
Meat balance & Supply Chain
until 31 August 2019

Sofia Hyléen Toresson as EVP,
Market Area Sweden
until 19 November 2019

Main features of the internal control and risk management systems pertaining to the financial reporting process

Internal control framework

HKScan Group's ("the Group") internal control framework is within the remit of Board of Directors. The Group's management is responsible for maintaining and further developing effective internal control. Internal control aims to ensure compliance with laws and regulations as well as the Group's values, policies and guidelines. The internal control system has the further objective of supporting activities in line with HKScan Group's strategy. The reliability of financial reporting and measures in the service of this goal are an integral component in the Group's internal control framework.

Control environment

HKScan Group's values, guidelines and policies form the basis for the internal control environment.

The Board of Directors and the Audit Committee in particular monitor the Group's financial position and the quality of the financial reporting. The Board carries out this duty by, among other things, adopting HKScan Group's risk management policy and determining the objectives and principles of internal control. The CEO and CFO are responsible for maintaining and further developing an effective control environment relating to financial reporting.

At HKScan Group, the internal audit is a management tool for carrying out supervision. The Head of Internal

Audit reports to the CFO and the Board of Directors. In addition to this, EVP Administration especially ensures that all operations are lawful. He reports directly to the CEO.

The aims of internal auditing are integrally linked with the Group's management system, which is built on a principle of continuous improvement. The implementation of corrective and preventative measures is a key part of the entire process.

Risk management

The aim of risk management within HKScan Group is to safeguard the conditions to achieve business objectives and enable uninterrupted business operations. The risks faced by the Group are by nature strategic (e.g. acquisitions), operative (e.g. animal diseases), financial (e.g. currency exchange rates, interest rates, tax related risks) and risks of damage (e.g. accidents and interruptions in production).

The Board of Directors and CEO have responsibility for the strategy and principles of risk management within the Group, and for managing risks that threaten the achievement of strategic intents. Operative risks are the responsibility of the managers of the respective business and Group entities. The CFO is responsible for the management of financial risks and the Group's insurance policies.

HKScan Group uses a systematic Enterprise Risk Management (ERM) process, which contains consistent principles and systematic practices for risk management. The aim of

the ERM process is to promote the Group's risk awareness, effective risk management and to ensure that the Group's management and the Board of Directors are in possession of sufficient information on risks to support their decision-making. The ERM process is an integral component of the management system and strategy process. The risk management policy is applied in all companies in HKScan Group which carry out business operations.

Risk management is a key element in the financial reporting process. At the Group level, HKScan strives to identify and assess, at least once a year, all significant risks inherent in material balance sheet and income statement items and to determine the key controls for risk prevention.

Control measures

Control measures are designed to ensure that

- the Group's business is managed efficiently and profitably,
- the Group's financial reporting is accurate, transparent and reliable and
- the Group complies with laws and regulations and all internal principles.

Control measures can take the form of manual or automated system controls. Examples of controls to ensure the reliability of financial reporting include reconciliations, approvals, reviews, analyses and the elimination of high-risk combinations of duties. HKScan Group also uses an anonymised channel through which personnel and partners can report unethical behaviour.

HKScan Group's financial administration has determined, via risk assessment, key controls to the financial reporting process. The implementation and effectiveness of the controls is the responsibility of financial administration in the business segments. The Group has in place a self-evaluation process, which seeks to ensure the functioning and effectiveness of controls relating to financial reporting. In addition to ensuring control effectiveness, the self-evaluation also seeks to locate possible gaps and areas for further development in the controls.

Monitoring

HKScan Group's earnings performance is monitored in meetings of the Board and the Group Management Team with the help of monthly reporting. The Audit Committee evaluates and the Board approves all interim reports and financial statements prior to their release to the market. HKScan Group's Internal Auditor provides the Audit Committee with an internal audit plan annually and regularly reports internal audit observations. In addition, the external auditors provide the Audit Committee with an annual report on their audit plans and a quarterly report on their audit observations and the functioning of internal control. The Audit Committee in turn conducts an annual evaluation of the performance and independence of the auditors.

In 2019, the development of the internal control framework continued among other things by introducing new HKScan Group guidelines, especially relating to internal and external security. During 2019, the Group arranged competition law training for persons in management positions.

Related party transactions

HKScan Group has identified its related parties and maintains a list of them in accordance with Recommendation 28 of the Code. The Group has defined its related parties according to the definitions of the IAS 24.9 standard. The Group is engaged in transactions with its related parties and evaluates and monitors such transactions in accordance with Recommendation 28 and the Group's internal guidelines for related party transactions.

As a general principle, all transactions with the related parties shall relate to the Group's normal business operations (e.g. sale and purchase of animals) and be in line with the purpose of the Group and executed on market or market equivalent terms and practices.

To ensure that possible conflicts of interest are appropriately taken into account in the decision-making process, the Company's Board of Directors ultimately decides upon execution of any related party transactions that are considered to be material to the Group, deviate from the Group's normal business operations or are not made on market or market equivalent terms.

The principle defined in the Group's internal guidelines is that the Internal Auditor regularly monitors transactions concluded between the Group and its related parties and reports to the Board's Audit Committee.

Insider administration

The Board of Directors of HKScan Corporation has approved the insider guidelines including rules and regulations on the Company's insiders, trading

restrictions, insider lists, notification obligation related to the top managers' and their closely associated persons' transactions and supervision of insider matters.

The insider guidelines are based on the following laws and regulations: Market Abuse Regulation (596/2014/EU, as amended), Market Abuse Directive (2014/57/EU, as amended), Commission Delegated Regulation (2016/522/EU, as amended), Commission Implementing Regulation (2016/347/EU and 2016/523/EU, as amended), the regulations and guidelines of the European Securities and Markets Authority, Finnish legislation, especially Chapter 51 of the Criminal Code (39/1889) and Securities Markets Act (746/2012, as amended), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies which came into force on 3 July 2016 (as amended), and the guidelines of the Finnish Financial Supervisory Authority. The purpose of the guidelines is to summarise the most important rules and restrictions regarding inside information and the use and management thereof, of which all employees of the Company should be aware. Regardless of the insider guidelines, each person is always personally responsible for complying with the laws, regulations and guidelines concerning inside information. Each person must in each case personally assess whether the information he or she possesses constitutes inside information. This obligation applies always regardless of whether the person is entered into an insider list and from whom or in which way he or she has obtained the information, and whether he or she has received general or specific instructions in the matter.

The top managers of the Company include the members of the Board of Directors, the CEO and other members of HKScan Group's management team.

The Company's top managers have an obligation to notify transactions relating to the financial instruments of the Company to the Company promptly on the day of the transaction. The top managers also have an obligation to notify the Finnish Financial Supervisory Authority of the transactions, but the Company will deliver the notifications received from the top managers to the Finnish Financial Supervisory Authority on the top managers' behalf based on an authorisation given by each of the top managers. The notification obligation also applies to persons closely associated with the top managers. The Company will deliver notifications regarding the notification obligation to closely associated persons and preserve the said notifications on the top manager's behalf. The top manager in turn has an obligation to inform the Company of changes in his or her closely associated persons or alternatively to deliver the said notifications to the new closely associated persons him/herself as the top manager is ultimately responsible for delivering such notifications.

Trading in the Company's financial instruments is always prohibited, when the person is in possession of inside information related to the Company or its financial instruments. The Company's top managers are always prohibited from trading in the Company's financial instruments during 30 days before the publication of an interim report and a financial statements bulletin, including the day of publication (the so-called closed window), regardless of whether the person possessed inside information at the time. During other times, i.e. as of the day following the publication of interim reports and financial statement bulletin, there is the so-called open window during which top managers are allowed to trade provided that they do not possess inside

information at such time and that they have gone through the internal checking process. The closed window also applies to persons who participate in the preparation and drafting of interim reports and financial statements bulletins. A person entered into a project-specific insider list must not trade in the financial instruments issued by the Company or disclose inside information to a person outside the project during the project.

The Company ensures compliance with insider holding guidelines by regularly reminding insiders of permitted trading windows. HKScan's Group administration maintains and manages the insider lists. Insider administration uses the system maintained by Euroclear Finland Ltd.

Auditors

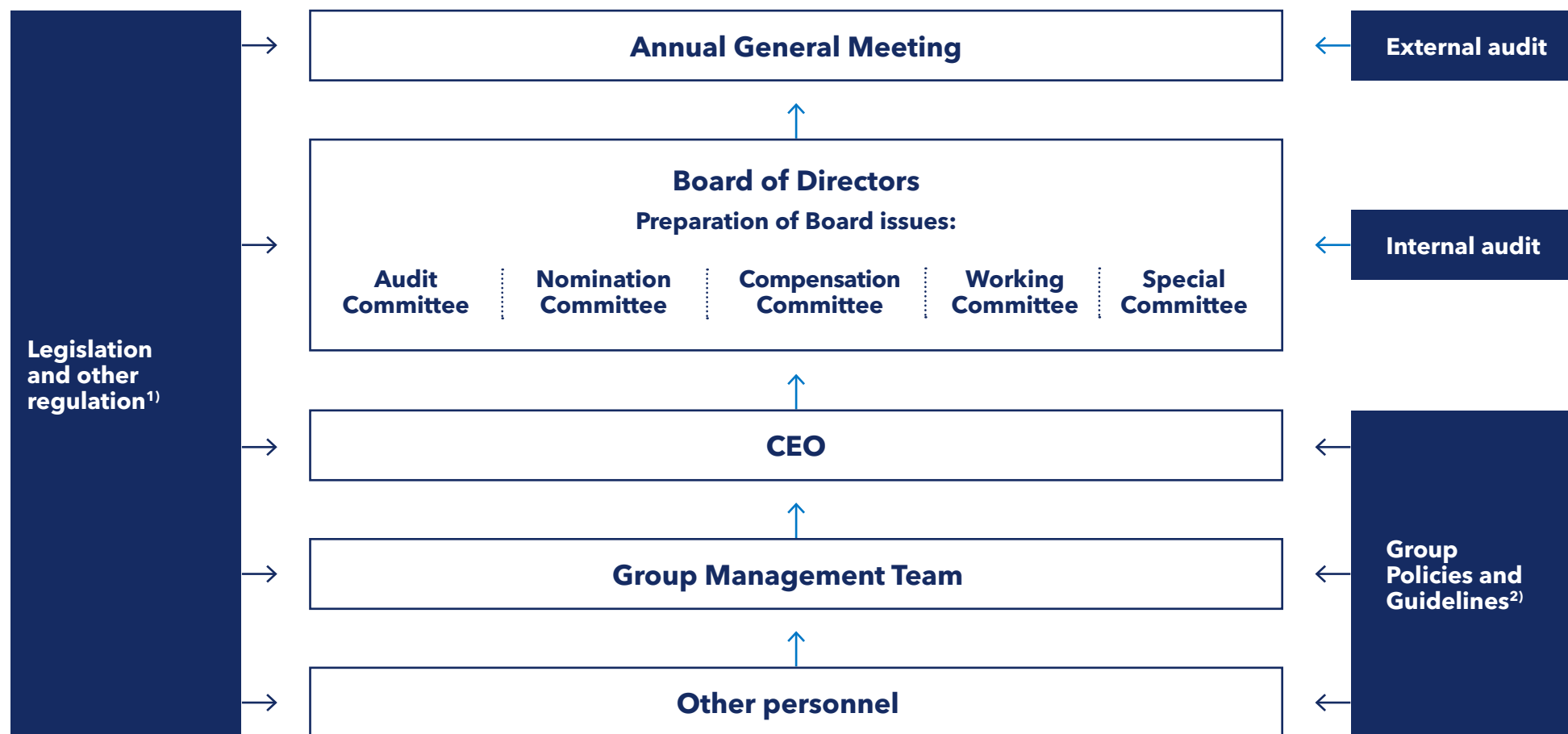
The external auditors are nominated annually by the Annual General Meeting. The AGM 2019 elected Ernst & Young Oy, the firm of authorised public accountants, with APA Erkka Talvinko as responsible auditor of HKScan until the closing of the next AGM.

The Group's audit fees paid to independent auditors are presented in the table below. The fees are in respect of the audit of the annual accounts and legislative functions closely associated therewith. Other expert services include tax consulting and advisory services in general labour & employment law issues.

EUR thousand	2019	2018
Audit fees	-542	-487
Tax consultation	-2	-16
Other fees	-102	-5
Audit fees, total	-646	-508

Ernst & Young Oy was paid in total 82,228 euros during the financial year 2019 for non-audit services to entities of HKScan.

HKScan Group governance and control system



→ Compliance → Reporting

¹⁾ Limited Liability Companies Act, Securities Markets Act, Auditing Act, Accounting Act, EU-level regulations, Financial Supervisory Authority's regulations, Rules of the Stock Exchange, Corporate Governance Code, industry-related legislation, Market abuse regulation/MAR

²⁾ Articles of Association, other internal policies, guidelines and operating procedures