



**HKSCAN**

Annual and  
Responsibility Report  
**2021**

*We make  
life tastier*  
- today and tomorrow

## What is food that does good really like?

It's high-quality food made from safe and reliable ingredients.  
It's tasty, healthy and sustainably produced food that you can trust.  
It's food that nourishes naturally.

It's food that creates good all around it:  
Good for the people who grow our raw materials and  
for the northern nature where it grows.  
Good for those of us who produce food and for those who buy it.  
And definitely good for everyone who gets to enjoy it.

It's food that we make together  
in a way that's more sustainable, diverse and interesting than ever before  
for all those moments where we're eating better than ever before.  
It's food that promotes sustainable wellbeing on a scale that truly makes a difference.  
That's based on food democracy that values every taste.  
And that creates responsible prosperity for all of us to share.

**And that's what it's like...  
Food that does good.**



## Annual and Responsibility Report 2021

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**HKSCAN**

**Year 2021**





## CEO'S REVIEW

# Profit development twofold in 2021, the journey into a versatile food company continues

HKScan's three-year Turnaround programme ended at the end of 2021. During this period, HKScan rose from a deep financial crisis to a situation where the company's financial base is significantly more stable. During the Turnaround programme, we improved the company's comparable EBIT cumulatively by some EUR 61 million. This is a good achievement, taking into account the very exceptional changes in our operating environment.

It is clear that our profit improvement is not yet sufficient, and therefore we will continue to focus on improving the competitiveness and profitability of our core business before implementing our strategy more comprehensively. The very exceptional operating environment will continue to challenge us in 2022 with rising prices for feed, energy and other production inputs. Our target is to perform even better commercially and to manage our operations more cost-effectively and profitably.

### Profit development twofold in a very exceptional operating environment

In 2021, HKScan's net sales were stable. Full-year food service sales got back on growth track. In retail, sales of our branded products continued to grow. Our sales developed well especially in processed meat products, meal components and meals, reducing the need for more cyclical and less profitable exports.

HKScan's full-year profit development was twofold and the reasons for this are clear. In our key market areas, Sweden and Finland, our comparable EBIT continued to improve due to an increase in the added value of our products and higher branded product sales. In Denmark, comparable EBIT weakened, but our strategy to strengthen through fresh and ready-to-eat poultry products in Denmark and Sweden progressed well, reducing our dependence on the exports of frozen products outside the EU.

Weak profit development in the Baltics resulted in the most significant negative deviation from the Group's profit target. The overproduction of pork in Europe put strong pressure on market prices in the Baltics, also lowering the value of biological assets tied up in our business. At the same time, prices of feeds and energy increased significantly. In the Baltics, the capability of our business has not weakened, but the exceptional market situation is not favourable for our business model, which is based on long vertical integration.

### **Responsibility is the basis of our business**

Building responsibility as a value-creating basis for business plays a key role. Responsibility is the new normal in the operating environment and its role in managing profit and the balance sheet will become more important. Ability to operate within the carrying capacity of the environment and nature and to build a strong social foundation for the company's operations, enables HKScan to perform well and create responsible prosperity.

HKScan is committed to the UN Global Compact sustainability initiative. We also promote the targets of the UN's sustainable development as part of our

responsibility programme. HKScan continues its goal-oriented climate work through its Zero Carbon programme aiming at a carbon-neutral food chain by the end of 2040.

### **We aim to grow into a versatile food company**

HKScan is looking for new growth and actively pursuing new business opportunities within its financial resources, in line with its strategic target to grow into a versatile food company. HKScan needs a stronger balance sheet to complete a more comprehensive food company transformation as we build new food businesses alongside our existing core businesses. To increase financial flexibility, we are constantly assessing the position of our businesses within the Group.

The key drivers of value creation in HKScan's operations are growth in the core business by increasing the added value of products and strengthening the value creation capabilities of the brands. The aim is also to grow in meals, snacks and new food businesses, by taking advantage of new raw material bases. It is essential to strengthen the company's position in growing and new sales channels. The food service channel offers interesting opportunities to build new business models. Increasing productivity in all our business processes is an important driver of value creation.

### **Continued challenges in the value chain of meat business**

The value chain of HKScan's meat business is facing some major questions particularly in Finland and the Baltics. The weak financial situation of the meat

producing farms is due to the surplus in the European pork market, sharp price increases in feeds and other production inputs and the scarcity of grain harvests. Increased prices for feeds and other production inputs, both on farms and in HKScan's own operations, have widely increased costs. The unstable geopolitical situation continues to create upward pressure on prices.

We have already increased producer prices to secure the profitability of meat production and the availability of meat raw material. In 2022, prices will continue to rise in the markets where the profitability of farms is particularly weak. Clear pressure for higher consumer prices for meat products will continue.

### **Our journey to become a food company with strong shareholder value continues**

The year 2022 has started in a very unstable geopolitical environment. In 2022, we will develop our business comprehensively and focus on improving profitability. Our longer-term strategic target is to grow into a versatile food company that creates strong shareholder value.

I would like to thank our shareholders, personnel, customers, contract farmers, financiers and all other stakeholders for good collaboration in 2021.

#### **Tero Hemmilä**

CEO

HKScan Corporation

HKSCAN IN BRIEF

# We make life tastier

- today and tomorrow

Net sales 2021

**1,815 M€**

Comparable EBIT 2021

**14.5 M€**

Home market areas

**Finland, Sweden, Baltics and Denmark**

Our people

**7,000** skilled food professionals

Locations

Nearly **20** units | **7** countries

**Our purpose**

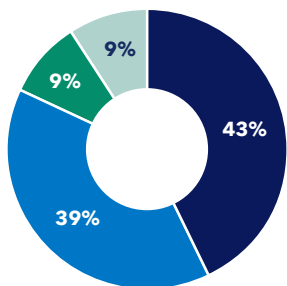
We make food that does good.

We work for the sustainable wellbeing of people and nature.

We make food that is responsibly produced and naturally nutritious.

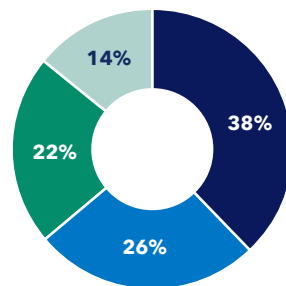
We promote food democracy by offering joyful moments with food for every taste - today and tomorrow.

**Net sales by market area 2021**



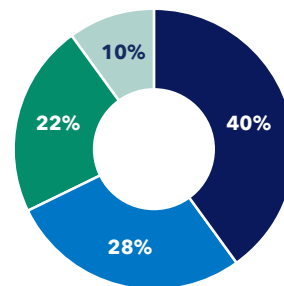
■ Finland ■ Sweden (incl. Poland)  
■ Baltics ■ Denmark

**Net sales by product category 2021**



■ Beef and pork ■ Charcuterie, sausages and bacons  
■ Poultry ■ Meals and components

**Personnel by market area 2021**



■ Finland ■ Sweden (incl. Poland)  
■ Baltics ■ Denmark



# Food that does good

- because we care

## HKScan and Corporate Responsibility

### Zero Carbon

We do climate work across the food chain targeting **carbon neutrality by the end of 2040.**

We are committed to set **Science Based Targets** for climate.

### Safety First

We work determinedly towards **zero accidents.**

We were ranked in **ESG ratings** within the top **20%** among hundreds of international food companies in 2021.

Delicious food by our famous brands valued by consumers



## HKSCAN'S YEAR 2021

# First steps on our strategic transformation journey

2021 was the last year of our three-year Turnaround programme. During Turnaround, we took the first steps on our transformation journey and achieved growth in strategically important product categories.

In line with our strategy, we are growing into a versatile food company. In 2021, we increased sales of strategically important products with higher added value, such as meals, meal components and snacks. We expanded our offering through partnerships into new product categories and raw material bases. Our investments in 2021 will improve our efficiency and profitability.

Strategic renewal will require us to continue to diversify our competences and develop our operations with determination. We need a stronger balance sheet to complete a more comprehensive food company transformation as we look to build new food businesses alongside our existing core businesses. On our transformation journey, we will build on our current strengths and develop them further. Responsibility is a strong basis for our strategy and business.



Towards a versatile food company

Sale of the **Vantaa property**

Broader funding base with a **bond**

**Investment in Rauma** improving the poultry unit's productivity

Partnership with **Mäkitalon Maistuvat Oy** strengthens position in plant-based meals

Decision to **invest in snack products** in Finland responds to demand growth

In Denmark, shift of sales focus to **products with higher added value**

Centralisation of **Baltic** logistics operations in a **new logistics centre**

Launch of restaurant-level fresh meals of the **Vietävä concept** in Finnish retail

In Sweden, offering widens into fish through **Gårdsfisk** collaboration

Commercial cooperation agreement in **Maten é klar ready meals** in Sweden

KEY EVENTS OF HKSCAN'S YEAR 2021

HKScan joined the **UN Global Compact**

HKScan in the **Nasdaq OMX Sustainability Finland** index

**Zero Carbon** climate targets published

**Climate training for contract farmers** to reduce the carbon footprint of farms

Reduction of CO<sub>2</sub>e emissions with **biogas trucks** in Sweden and Finland

Commitment to set **climate targets** based on the **Science Based Targets (SBT)**

**Environmental and water footprints of Kariniemen** chicken calculated

Improved ranking in the **ESG assessments**

HKScan included in the listing of **Europe's Climate Leaders** by Financial Times

**Artificial intelligence cameras** on the Kariniemen farm

**Less plastic** with new packaging solutions

- Kariniemen new minced meat packaging with 74% less plastic
- Scan Falukorv in recyclable packaging made from renewable materials

**Environmental impact reduced** through the new logistics centre in the Baltics

**European Week for Safety and Health at Work** celebrated in all locations

**Next Generation** training programme for contract farmers continued

Advanced responsibility work

Net sales

**1,815 M€**

1,781 M€\*

Comparable EBIT

**14.5 M€**

17.0 M€\*

Cash flow from operating activities

**54.6 M€**

63.7 M€\*

Net gearing

**95.2%**

91.0%\*

\* Key figures of 2020



## TURNAROUND PROGRAMME 2019-2021

# The company's financial base significantly more stable

The three-year Turnaround programme ended at the end of 2021. During 2019-2021, the company rose from a deep financial crisis to a situation where our financial base is significantly more stable. Our work to improve the profitability of our core businesses and further strengthen our balance sheet continues.

During the Turnaround programme, we stabilised our business, rebalanced our financial situation, secured continued financing and promoted measures to strengthen our balance sheet. In addition, we renewed our operating model and processes in ways that support business development and profitability improvement.

During the Turnaround programme 2019-2021, we improved the company's comparable EBIT cumulatively by some EUR 61 million. The cumulative improvement in cashflow from operating activities during the same period was EUR 69 million.

The following picture summarises the key measures of our Turnaround programme through which we strengthened our foundation and took the first steps in implementing our strategy.

Read more about the strategic action we took in 2021 and about our advanced responsibility work on page 11.



## Work to improve profitability continues

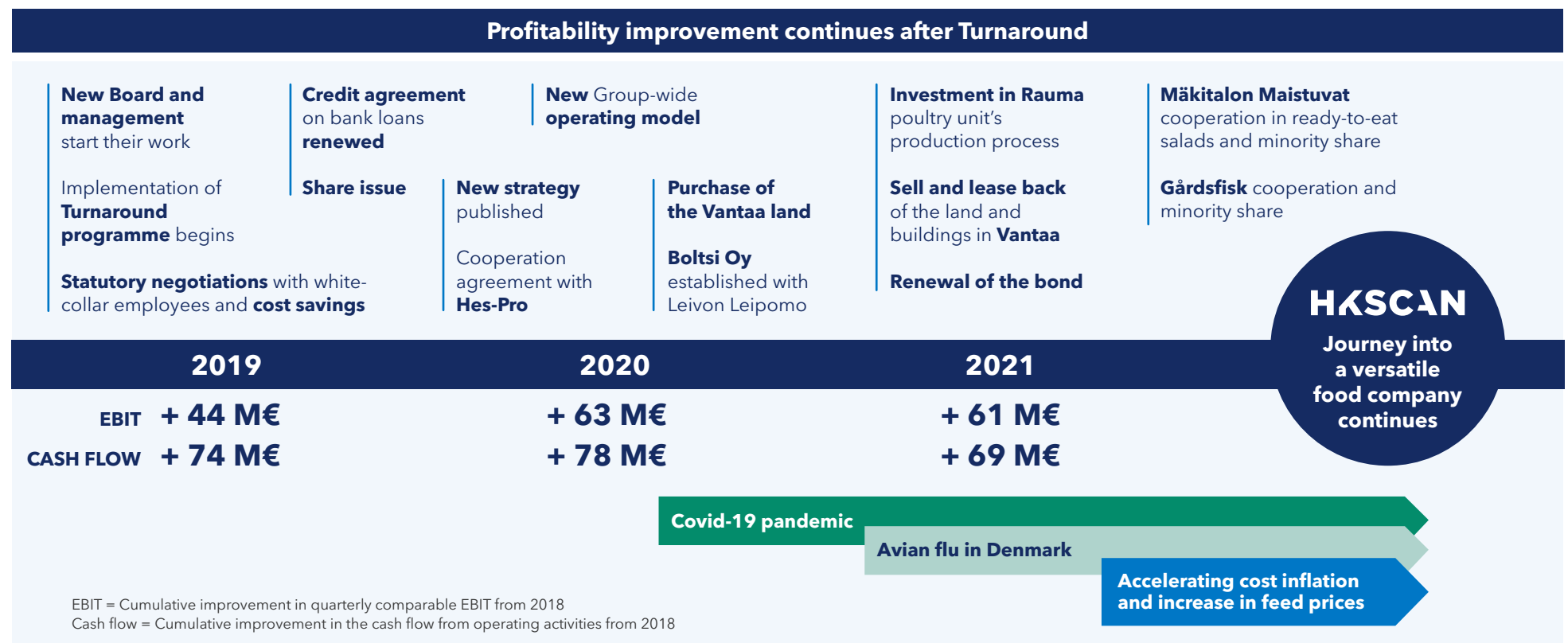
In 2020 and 2021, the progress of our Turnaround programme was slowed down by the additional costs due to the Covid-19 pandemic and the impact of the avian flu outbreak in Denmark in November 2020 on our business. In the second half of 2021, accelerating cost inflation created significant volatility for our business in all our home markets. Increased energy, feed and other production input prices, both on farms and in HKScan's own operations,

have widely increased costs. In addition, low market prices for pork in the Baltics, due to European overproduction, and record-high feed and energy costs significantly reduced our profitability.

In 2022, our focus will be firmly on improving the competitiveness and profitability of our core business and strengthening our balance sheet. The exceptional operating environment will continue

to challenge us in 2022 with sharply rising prices for feed, energy and other production inputs, requiring us to take decisive action on sales pricing and other commercial measures to increase net sales and strengthen profitability. Equally important in strengthening profitability will be a significant improvement in cost efficiency and productivity in our industrial operations.

### Profitability improvement continues after Turnaround



**HKSCAN STRATEGY**

# We grow into a versatile food company

In line with our strategy, we are growing into a versatile food company. Prior to our more comprehensive strategy implementation and a significant food company transformation, our priority is to strengthen our financial base.

We are on a transformation journey towards a versatile food company. Following the completion of our Turnaround programme, we will enter a phase in which we will improve profitability in our core business and create a basis for a successful food company transformation. In 2022, we will be determinedly working on commercial activities that will increase net sales and profitability, such as sales pricing. Equally important is an improvement of production efficiency and managing cost levels, as exceptionally strong cost inflation continues to challenge our operations.

## We are expanding and diversifying our business

Our strategic target is to build new food businesses alongside our existing businesses, strongly based on meat raw materials, and to thereby expand and diversify our activities. At the same time, we will successfully respond to changes in our operating environment, both at the customer and consumer interface. We want to strengthen our relationship

with consumers through our trusted brands and renew the company commercially. In addition to strong customer relationships, understanding consumer behaviour and changes in the customer interface is the basis for this work.

Execution of a significant food company transformation requires new expertise and stronger financial flexibility. We will therefore diversify our skills and continue to develop our operations with determination. We will actively strengthen our balance sheet through various means and in order to increase our financial flexibility, we are also constantly assessing the position of our different businesses as part of the Group.

## Transformation supported by partnerships

While we are strengthening our base, we are actively pursuing new business opportunities, within our financial resources, which support our growth into a versatile food company. Partnerships allow us to move to new business areas quickly and flexibly.



Our aim is to pilot new openings locally, and to scale up the most commercially attractive concepts to our other home markets using our extensive commercial and operational platform. Examples of our latest partnerships include Boltsi and Mäkitalon Maistuvat in Finland and Gårdsfisk and Maten é klar in Sweden.

**We create customer-driven value**

In line with our strategy, we are increasing the added value of our products, taking into account changes in consumer behaviour. We will grow in product

categories that make consumer’s everyday life easier, such as meals, meal components and snacks. We will expand our food business activities and make use of new raw material bases. At the same time, we will improve the ability of our brands to create value for consumers and our customers.

We will determinedly strengthen our position in strategically attractive and growing sales channels, such as food service channel, and in new commercially interesting ways to engage with consumers.

Advanced corporate responsibility work serves as an increasingly solid basis for HKScan’s business. Our ability to operate within the carrying capacity of the environment and nature enables us to generate good performance and create responsible prosperity in our home markets. We will continue our goal-oriented climate work through the Zero Carbon programme aiming at a carbon-neutral food chain by the end of 2040.

**Three stages of HKScan strategy**



**2019**

**2022**

**2030**

**OPERATING ENVIRONMENT**

# Our strategic renewal progresses with the consumer in mind

We aim to strengthen our position in the changing food market and grow into a versatile food company in a way that is both consumer-driven and profitable. We closely follow and analyse the trends and phenomena of our operating environment. Close cooperation with our customers and changes in consumers' consumption and purchasing behaviour provide key information for developing our business in both the short and long term.

We want to have an even stronger presence in consumers' diverse and evolving food moments - at the right time, in the right place and with the right products and services.

## We are renewing with the consumer in mind

To better respond to changing customer and consumer demand, we are strengthening our core business and expanding into new product categories and raw materials. We will be increasingly present in new ways to meet consumers, both face-to-face and digitally.





We are actively involved in the development of various sales channels. We are piloting service and concepts that bring our trusted brands even closer to consumers also in situations where food is enjoyed while being on the move.

The picture shows examples of the phenomena we identify in the evolution of food consumption. We recognise trends that are occurring simultaneously in several areas: in what we eat, where we buy food, and how and where we enjoy it.



**Development of food consumption in the future**

**WHAT WILL WE EAT?**



Convenience and time saving drives consumption from raw materials to ready and semi-ready meals and meal components.



Environmental and health aspects guide consumption between product categories. Consumption of poultry and plant-based products increases. Red meat consumption may decrease, but at the same time the demand for ready meals containing meat increases.



Eating habits and perceptions of meals are changing. Snacks replace traditional main meals.

**WHERE WILL WE BUY FOOD?**



Sales channels are evolving: grocerant concepts become more common in retail and food will be picked up and delivered from restaurants to homes.



Online retailing expands and new players are entering the market.



New, fast and flexible sales channels have become part of consumers' consumption habits. Food goes where people are. Product ranges are widening.

**WHERE AND HOW WILL WE EAT?**



Demand growth in the food service channel will continue after the Covid-19 pandemic.



On-the-go trend will continue. Food will be enjoyed on the move.



Services will account for a growing share of consumer spending on food. New food concepts will be launched more frequently.



## Lines blurring between retail and restaurants

While following changes in consumer behaviour, we monitor trends in the local and international food industry as well as industry-specific trends of our customers, such as the retail and food service sector. Technological developments in food production, improvements in agricultural production and digitalisation, both at the consumer interface and throughout the value chain, also play an important role as we develop our business.

Examples of the changes at the customer interface include the blurring of boundaries between retail and restaurants and the growth of food online sales. In addition to ordering food from retail stores, there is a growing trend to order and pick up food from food service sector operators. The grocerant trend, combining the traditional food grocery and restaurant offering, has strengthened. Retailers have expanded their offerings by building in-store restaurants, cafés and counters selling restaurant-level meals.

## HKScan as part of international food market

As an international food company, our operations are also affected by global phenomena and megatrends. Examples include climate and demographic change, health and responsibility awareness, digitalisation and urbanisation. Renewal of competences and availability of workforce are also key factors in driving forward our food company transformation.

Despite the global characteristics of the food market, such as global exports, imports and the impact of raw material prices, the food industry is essentially regional and even local. Consumers' awareness of responsibility and understanding of the importance of the food industry to the national economy has increased the appreciation of domestic and locally produced food. It also impacts purchasing decisions. By proactively identifying external factors that affect our operations, we can best respond to the opportunities and challenges they bring.

## Impact of the pandemic on categories and sales channels

Two years of Covid-19 pandemic have affected our key sales channels and product categories. Changes described below have affected all our home markets. Some of the changes will be permanent even after the pandemic, and will offer new and interesting opportunities. We are responding to the development through our own product development and brand-related work, as we diversify our offering to better meet consumers' diverse food moments.

- Eating shifted from workplaces and restaurants to homes. Sales focused on the retail sector.
- Quality and responsibility consciousness as well as the value of local brands were emphasised.
- The emphasis between sales of different product categories changed during the pandemic. First, demand for basic raw materials and traditional processed food products increased. As the pandemic continued, the share of ready meals, meal components and restaurant-level portions in sales strengthened.
- New service counter concepts diversified the range of retail offering.
- The number of hot main meals decreased and they were replaced by snacks.
- Eating on-the-go increased.
- Shopping for holidays was characterised by high quality. Quality replaced quantity.
- The Grocerant trend, combining food grocery and restaurant offerings, strengthened.
- Increased retail assortments led to smaller sizes of production batches.



HKSCAN

Responsibility



## RESPONSIBILITY AND STRATEGY

# Advanced responsibility work is the basis of our strategy

We promote the responsibility of HKScan's food chain through real actions. The key goal of our responsibility work is a carbon-neutral food chain by the end of 2040. Responsibility work creates the basis for our company strategy: we promote the wellbeing of people and nature as part of profitable business.

HKScan is on a journey to become a versatile food company. Responsibility work creates value for our business and our stakeholders and contributes to our competitiveness. We reduce our environmental impact, produce tasty and nutritious food, promote the wellbeing of our personnel and support the competence of our contract farmers and the welfare of animals. Responsibility work also supports business profitability.

Development of a responsible food chain is long-term work to which the company's senior management and all our employees are committed. We do this work together with our contract farmers and partners.

Read more about HKScan's strategy on page 14.



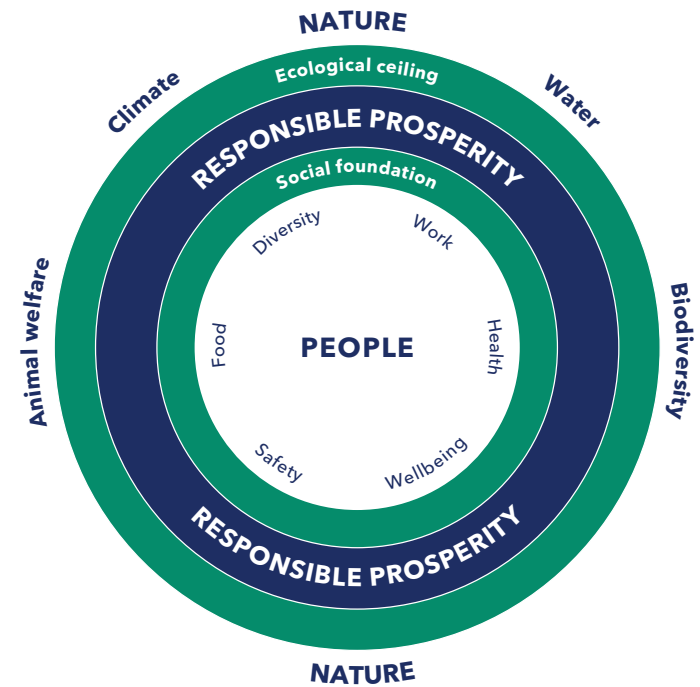


### Framework for HKScan's responsibility work

HKScan's business aims to create comprehensive, responsible prosperity within the limits of a strong social foundation and environmental ceiling. The measures and targets to promote the wellbeing of people and nature are defined in the company's responsibility programme.

### Long value chain from farms to consumers

HKScan works on responsibility throughout the food chain, from farms to consumers, together with its contract farmers and other partners.



## Long value chain from farms to consumers

FARMS	SUPPLIERS	HKSCAN	CUSTOMERS	CONSUMERS
				
<p><b>Trusted, locally produced raw materials</b></p> <ul style="list-style-type: none"> <li>• animal farming and welfare</li> <li>• farming and feeds</li> </ul>	<p><b>High-quality raw materials and services</b></p> <ul style="list-style-type: none"> <li>• raw materials</li> <li>• packaging</li> <li>• energy, transportation, services and similar purchases</li> </ul>	<p><b>Reliably produced tasty food</b></p> <ul style="list-style-type: none"> <li>• product development</li> <li>• procurement</li> <li>• production</li> <li>• sales and marketing</li> </ul>	<p><b>High-quality products and strong brands close to consumers</b></p> <ul style="list-style-type: none"> <li>• retailers</li> <li>• food service</li> <li>• industrial customers</li> <li>• digital sales channels</li> </ul>	<p><b>Naturally nutritious food for consumers' diverse food moments</b></p>
<p><b>HKScan promotes responsible food production in cooperation with the entire food chain.</b></p>				

# Food that does good

- because we care

## HKScan's responsibility programme

Food that does good, our responsibility programme, defines the targets, measures and KPIs of our responsibility work. In this Responsibility Report, we report on the progress of our programme in 2021.

HKScan's 2019 Materiality Assessment defined our material responsibility themes based on an extensive stakeholder analysis. Our responsibility work focuses on the environment, animal welfare, healthy food, personnel and farming community. In 2021, we grouped the material themes of our responsibility programme under two priority areas - nature and people.

In 2021, we used a digital working platform to organise two CR Live dialogue events for our white-collar employees in Finland, Sweden, the Baltics, Denmark and Poland to discuss our responsibility work. The CR Live discussions confirmed that our employees feel that our responsibility work supports the implementation of our strategy and are committed to the company's responsibility themes.

## Responsibility programme targets

NATURE	PEOPLE
<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>• Zero Carbon                             <ul style="list-style-type: none"> <li>- Carbon-neutral food chain 2040</li> <li>- Carbon-neutral own production 2025</li> </ul> </li> <li>• Water usage -25%* by 2030</li> <li>• Sustainable packaging, targets 2025                             <ul style="list-style-type: none"> <li>- 100% recyclable packages</li> <li>- 20% packaging plastic*</li> <li>- 20% carbon footprint packages*</li> </ul> </li> </ul> <p><b>ANIMAL WELFARE</b></p> <ul style="list-style-type: none"> <li>• Continuous improvement in key animal welfare aspects</li> <li>• Zero animal welfare breaches in our operations</li> </ul> <p><small>* Indexed to production volume</small></p>	<p><b>PERSONNEL</b></p> <ul style="list-style-type: none"> <li>• Systematic work towards zero accidents</li> <li>• Continuous improvement in employee wellbeing</li> </ul> <p><b>HEALTHY FOOD</b></p> <ul style="list-style-type: none"> <li>• Annually 60% of new or renewed products are a healthier choice in their category</li> <li>• 100% of raw materials in line with our sustainable procurement principles in 2025</li> </ul> <p><b>FARMING COMMUNITY</b></p> <ul style="list-style-type: none"> <li>• Ensuring the continuity of local meat production</li> <li>• 100% of raw materials from contract production in line with HKScan's new sustainable farming operating model in 2030</li> </ul>



The baseline for the reduction targets is 2019.

**NATURE**

**Towards increasingly environmentally friendly food production**

Our responsibility programme sets ambitious goals for reducing environmental impacts and promoting responsible packaging and animal welfare.

*Food that does good*  
- because we care

Responsibility programme targets	Results 2021
<b>ENVIRONMENT</b>	
<p>Zero Carbon: carbon-neutral food chain</p> <ul style="list-style-type: none"> <li>• carbon neutrality of our own production (scope 1 and 2) by the end of 2025</li> <li>• carbon neutrality of primary production and other external impacts (scope 3) by the end of 2040</li> </ul> <hr/> <p>Water consumption -25% / sold product tonne by the end of 2030 (vs. 2019)</p> <hr/> <p>Packaging, targets by the end of 2025</p> <ul style="list-style-type: none"> <li>• 100% recyclable packaging</li> <li>• 20% less plastic / sold product tonne (vs. 2019)</li> <li>• -20% carbon footprint of packages / sold product tonne (vs. 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Climate impacts of own production (scope 1 and 2) 55,000 (55,000) tCO<sub>2</sub>e, carbon intensity 0.09 (0.09) tCO<sub>2</sub>e / sold product tonne</li> <li>• Climate impacts of the entire food chain (scope 1-3) 2.4 (2.4) MtCO<sub>2</sub>e, carbon intensity 3.8 (3.9) tCO<sub>2</sub>e /sold product tonne</li> <li>• Energy use 0.93 (0.90) MWh / sold product tonne</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Water consumption 6.84 (6.86) m<sup>3</sup> / sold product tonne</li> <li>• Water consumption +2.6% / sold product tonne vs. 2019</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• 70% of packaging recyclable</li> <li>• Amount of packaging plastic 9,900 t, 0.02 t / sold product tonne</li> <li>• Packaging data management system renewed to cover collected data more comprehensively 2021</li> </ul>
<b>ANIMAL WELFARE</b>	
<p>Continuous improvement of key animal welfare aspects</p> <hr/> <p>Zero animal welfare breaches in own production</p>	<p>Continuous development activities to promote animal health and welfare</p> <hr/> <p>0 (1) animal welfare breaches in own production</p>

**Our responsibility work on the environment and animal welfare contributes to the UN's Sustainable Development Goals:**



Comparison figures from 2020 in parantheses. Subsidiaries Kivikylän Kotipalvaamo and Tamminen have been added to reporting of environmental figures retroactively from 2019. The environmental figures related to tonnes of products sold do not include HKScan's own farms in Estonia. The figures reported here have been adjusted for the issues identified in the recalculation, so the figures partly differ from the report on non-financial information published previously as part of the Financial Statements Bulletin and the Report of the Board of Directors.

**ENVIRONMENT**

# Boosting climate work across the food chain

We launched our Zero Carbon climate plan in 2021 and will continue our journey towards a carbon-neutral food chain. We are doing climate work throughout the food chain, from farms to consumers, together with our partners.

In early 2021, we published our Zero Carbon climate plan with a goal of carbon-neutral food chain by the end of 2040. For our own production (scope 1 and 2), our target is carbon-neutrality by the end of 2025. In addition, we committed to setting climate targets through the Science Based Targets initiative (SBTi). Science-based climate targets, validated by a panel of experts, will be integrated into HKScan's Zero Carbon climate plan. The targets will support the company's journey towards the carbon-neutral food chain.

In May, the Financial Times included HKScan in the listing of Europe's Climate Leaders.

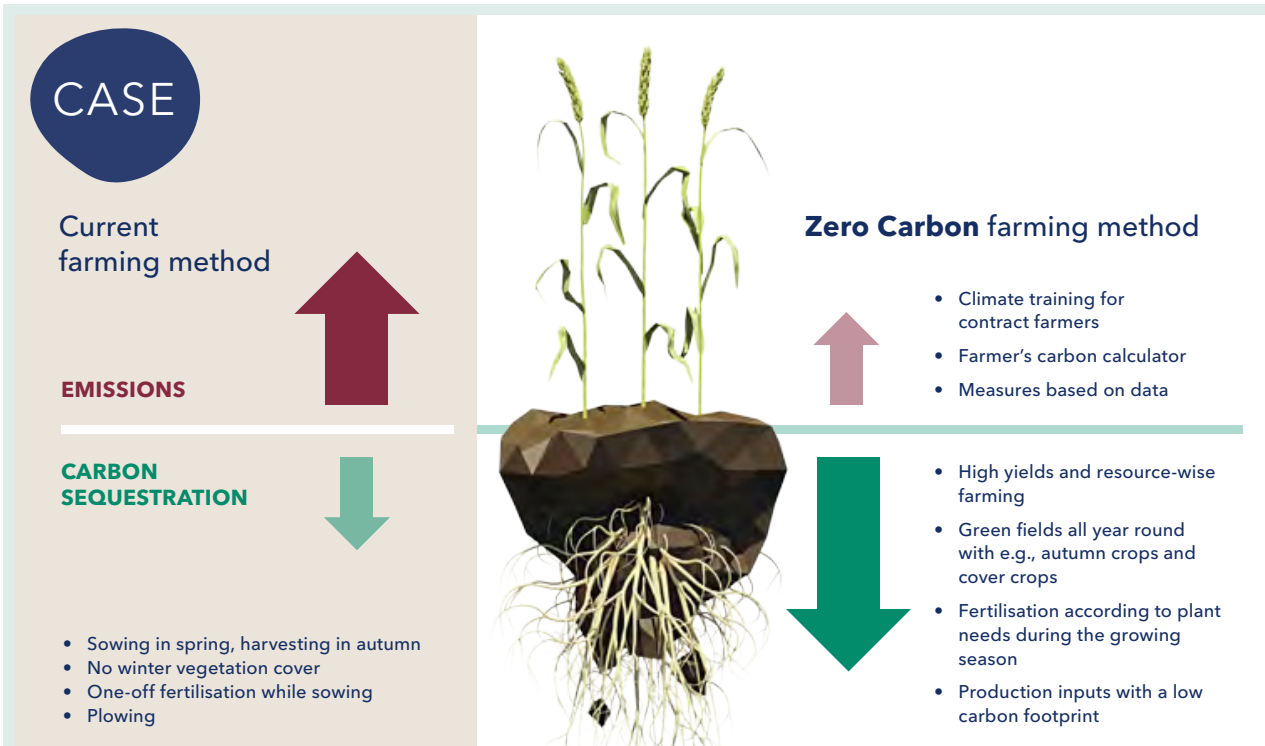
We committed to setting climate targets through the **Science Based Targets initiative (SBTi)**.

The list included 300 European companies that have reduced climate emissions from their own production the most in relation to net sales between 2014 and 2019. We were the only food company in the Baltic Sea region to be named one of the climate leaders.

In the summer, HKScan joined the Call on Carbon climate appeal and, together with dozens of Nordic companies, appealed to the world's decision-makers to promote the pricing models of climate emissions. There are several business communities behind the Call on Carbon initiative, such as the Finnish Climate Leadership Coalition, Swedish Haga Initiative and Norwegian Skift Business Climate Leaders.







## Forage fields into carbon sinks

In food production, field farming is the main source of emissions, but there is significant potential to increase carbon sequestration in fields. We have measured carbon emissions and sequestration in the fields of our Finnish contract farmers in 2020 and 2021. Based on the data from the carbon flux measurements, we are training our contract farmers to increase carbon sequestration in the fields.

The longer and more abundantly a field grows green, the more carbon it sequesters. A field with good yields is best for both the climate and the farmer. Our goal is that our contract farmers' fields will sequester 500 kg of carbon per hectare a year.

Carbon sequestration can be increased, for example, with catch crops sown together with the main crop. After harvesting, catch crops continue to grow, increasing carbon sequestration. Grass farming, too, has a positive climate impact. In contrast, a tilled or stubbled field turns into carbon emissions in the autumn after harvest.



New ways of producing food are part of the solution to climate change



# Our climate actions in 2021

## *Zero Carbon* targets:

### Carbon-neutral food chain from farms to consumers by the end of 2040

### Carbon-neutral own production by the end of 2025

95% of climate impacts generated in primary production

Fields can sequester carbon up to **500 kg/ha** per year

#### New data on carbon sequestration of fields

We aim to develop the carbon sequestration of our contract farmers' fields so that they sequester 500 kg of carbon per hectare during the growing season. Carbon measurements carried out over the last two growing seasons have provided us with a lot of information on the effects of farming techniques and growing season on local carbon sequestration.

#### Greener fields sequester more carbon

We encourage our contract farmers to promote carbon sequestration in their fields through crop choices. Catch crops sown among the main crop, autumn-sown grains and perennial grasses keep the field green for longer and thus effectively sequester carbon over their long growing season.

#### Towards more uniform environmental footprints of foods

We are involved in a project led by the Natural Resources Institute Finland (Luke) that aims to harmonise the calculation of environmental footprints, which would enable the comparison of environmental impacts of products and product categories.

## FARMS

## ANIMAL TRANSPORT

#### We were the first in the world to calculate the water and environmental footprints of chicken

We were the first in the world to calculate a chicken's water footprint from the farm to the production unit gate using the AWARE method, which takes into account the impact of regional water scarcity. With Kariniemen chicken, we extended the calculation to the environmental footprint, including not only the water footprint but also the carbon footprint of the chicken's primary production and the effects on water eutrophication and biodiversity from the farm to the production unit gate. Kariniemen chicken's carbon and water footprints are at good levels and the eutrophication impact was estimated to be marginal. Biodiversity measures have also been well taken into account. Thanks to abundant water resources, our home markets are an excellent place for meat production in terms of the environment.

#### 80 pilot farms in Finland, Sweden and Denmark

We study and develop climate-friendly primary production on the pilot farms. We scale up best practices to the use of our contract farmers.

#### Optimal fertilisation reduces climate impact and eutrophication

We examined the optimisation of fertilising using, for example, satellite technology. Our contract farmers will have accurate information on the nutrient requirements of their crops.

#### Close cooperation with partners

We develop climate-friendly primary production of food together with our partner companies and research institutes. Our partners include Yara, Biolan, Datasense, Vaisala, Luke and Rise.

#### Climate training for contract farmers

We provide our contract farmers with trainings on climate-friendly farming methods in Finland and Sweden.

#### Farm-specific carbon footprints of meat help understand climate measures

We have calculated farm-specific carbon footprints of meat in Finland, Sweden and the Baltics. Calculation helps us understand which measures are most effective in reducing the climate impact of meat production. We provide our contract farmers with concrete advice how to reduce the carbon footprint of their own farm.

#### Circular economy use of manure

Chicken manure collected from the farms of our contract farmers is used to produce recycled fertiliser for home gardeners. We also study the functionality of a new type of recycled manure in field trials.

#### Less emissions by optimising driving routes

In March, we introduced a new animal transport planning system in Sweden that reduces climate impacts from transport by almost 160 tonnes of CO<sub>2</sub>e per year thanks to more effective route optimisation.



# Our climate actions in 2021

## Zero Carbon plans for all our production units

The plans define steps towards carbon neutrality of own production by the end of 2025. The measures will be prioritised and implementation will start in 2022.

## Heat recovery in Rakvere reduces climate emissions by 420 tCO<sub>2</sub>e

We invested in heat recovery allowing us to preheat process water with recovered heat and reduce the use of natural gas.

## 1.5 tonnes less climate impacts with just a small change

In Sweden, we straightened the tube packaging of Scan cooked sausages. The small change resulted in 41,000 metres less packaging plastic being used, equivalent to 1.5 tonnes of CO<sub>2</sub>e.

## Lighter packaging reduced plastic use by 16 tonnes

In the Baltics, we continued to reduce the use of plastic by looking at ways to make our packaging lighter. During the year, we managed to reduce packaging plastic by 16 tonnes without changing packaging types or compromising product safety.

Packaging with the focus on recyclability and reducing plastic and the carbon footprint

## Product packaging from recycled plastic bottles

In Denmark, we use recycled plastic from plastic bottles for our box packaging.

## Up to 90% lower emissions with biogas trucks

Our transport partners introduced new biogas trucks for product transport in Finland and Sweden.

### OUR PRODUCTION UNITS

## Lighting renewal in Forssa reduced energy consumption by almost 500,000 kWh

In the Forssa production unit's warehouse, we replaced the lighting with LED lamps, which significantly improved energy efficiency.

## We take climate impacts into account in all our investments

We made maintenance investments in production equipment, which also reduced emissions from production. We invested in energy efficiency, for example through a number of projects promoting heat recovery.

### PACKAGING

## Wood-based Woody plastic with 50% less climate emissions

In the autumn, HK Maakarit and Kariniemen BBQ sausages were packaged in wood-based Woody plastic, helping us to reduce the use of fossil raw materials and the climate impact of our packaging.

## Kariniemen minced meat packages with 74% less plastic

In Finland, the new bag packs of Kariniemen minced poultry meat products contain 74 per cent less plastic than conventional box packages. Similar packaging was already introduced in 2020 for HK minced meat packaging.

## Scan brand's best-selling product in recyclable packaging made from renewable materials

From the beginning of 2021, the Scan Falukorv classic sausage is packed in fibre packaging made entirely from renewable materials, suitable for cardboard recycling. Compared to the previous plastic packaging, climate impacts were reduced by more than 200 tonnes of CO<sub>2</sub>e.

## Cardboard-based boxes

Several HK and Kariniemen's new products for the autumn were packed in cardboard-based boxes suitable for cardboard recycling. Thanks to the recyclable carton wrap in the new Via fresh soups, significantly less packaging plastic was needed.

### PRODUCT LOGISTICS

## New logistics centre in the Baltics

Solar panels installed on the roof of a new logistics centre in the Baltics, opened in August, reduce energy emissions by some 30%. Thanks to the good location of the centre, carbon dioxide emissions from transport will be significantly reduced as transport will be cut by about 400,000 kilometres per year.

## Climate risks and opportunities according to TCFD

We deepened our understanding of the risks and opportunities of climate change for HKScan's business. We analysed the risks and opportunities according to the TCFD (Task Force on Climate-related Financial Disclosures) and divided them into transition risks and

physical risks caused by climate change. Transition risks are related to the transformation of society to become low-carbon and physical risks are related to the physical impacts of climate change, such as weather conditions. HKScan's key climate related risks and opportunities are described in the tables below in line with the TCFD classification.

Climate change related risks				Climate change related opportunities			
Category	Description	Potential negative financial impact	Time horizon	Category	Description	Potential positive financial impact	Time horizon
<b>Transition risks</b>				<b>Resilience</b>			
<b>Policy &amp; Legal</b>	Possible impact of national and EU legislative developments related to climate change on food production	Moderate / high	Medium- / long-term		Strategic growth into a versatile food company to promote competitiveness and profitability	High	Medium-term
	Increasing regulation of carbon emissions may increase their costs	Moderate	Medium-term	<b>Markets</b>	Consumer-driven value creation through the promotion and commercialisation of responsible food production	High	Short- / medium-term
	Rise in energy costs	Moderate	Short-term	<b>Products and services</b>	Commercialisation of responsibly produced meat	High	Medium-term
<b>Technology</b>	Growing demand for lower emission technologies may cause delays in the implementation of investments in renewable energy and energy efficiency	Moderate	Medium-term		Expansion into new raw materials and categories to diversify the product range	High	Medium-term
<b>Market</b>	Impact of changes in consumer behaviour on meat demand	Moderate	Long-term		Using data and digitalisation in responsible meat production and consumer engagement	Moderate	Medium-term
<b>Reputation</b>	Impact of the meat value chain carbon footprint on customer and consumer attitudes and potential impact on demand and sales	High	Medium-term	<b>Resource efficiency</b>	Goal-oriented work to achieve carbon neutrality in own production and throughout the food chain	High	Long-term
	Impact of the carbon footprint of the meat value chain on the company's attractiveness as an employer and investment. Impact of the carbon footprint on the price of financing.	Moderate / high	Short- / medium-term		More climate friendly feed production and promotion of carbon sequestration in fields to reduce climate impact of the entire food chain	High	Long-term
<b>Physical risks</b>					Northern Europe's good conditions for food production in environmental terms	Moderate	Long-term
<b>Acute and chronic</b>	Impact of animal and plant diseases becoming more common in the home markets on the supply chain and exports	Moderate	Short- / medium-term		More efficient use of production side streams as circular economy products and in energy production	Moderate	Short-term
	Impact of extreme weather events on crop yields and the availability and prices of raw materials	Moderate / high	Short-term	<b>Energy sources</b>	Increasing the use of renewable energy to reduce the price risk of fossil fuels	Moderate	Short-term

**Time horizons:** Short-term = less than 5 years | Medium-term = 5-10 years | Long-term = more than 10 years

# HKScan's response to climate change

## 1 Zero Carbon climate plan

Carbon-neutral food chain

**Strengthening the foundation of business to meet the new stakeholder expectations**

## 2 Strategic transformation into a versatile food company

Expanding into new raw materials and categories

**Securing profitability and reducing business risk**



### Maintaining biodiversity supports climate work

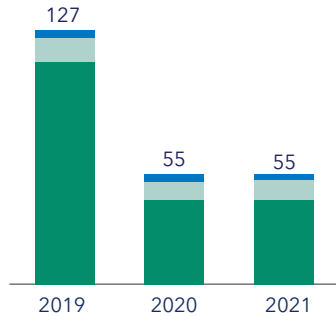
We are committed to maintaining and promoting biodiversity in our primary production. On farms, biodiversity can be promoted by placing particular emphasis on the development of field farming and animal grazing practices.

In field farming, key measures for carbon sequestration and biodiversity are, for example, maintaining crop rotation and optimising the use of nutrients and plant protection products. Vegetation cover maintains soil health and underground biodiversity.

In Sweden, a list of measures was developed in 2021 to help contract farmers increase their practical actions to promote biodiversity on their farms. The aim is to improve the measurement of biodiversity at farm level and support farm productivity.

# Environmental performance 2021

**Climate emissions from own production (Scope 1 & 2), thousand tonnes CO<sub>2</sub>e**



- Energy for processes
- Direct emissions\*
- Other

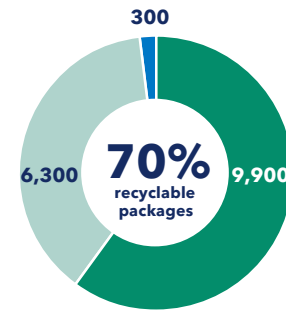
\* Leakage of refrigerants and CO<sub>2</sub> for packaging gases, freezing and stunning

**Climate emissions from the entire food chain (Scope 1 - 3)**



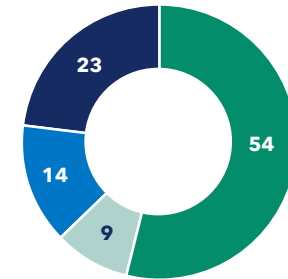
- Meat raw materials (Scope 3)
- Packaging (Scope 3)
- Waste generated in operations (Scope 3)
- Logistics (Scope 3)
- Emissions from own production (Scope 1 & 2)

**Packaging materials, tonnes**



- Plastic
- Cardboard
- Metal

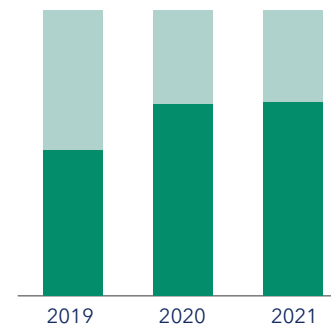
**Origin of packaging materials, %**



- Non-renewable material, virgin origin
- Non-renewable material, recycled origin (e.g. rPET)
- Renewable material, virgin origin
- Renewable material, recycled origin

	2021	2020	2019
<b>Energy consumption, GWh</b>	587	570	576
<b>Energy consumption MWh / sold product tonne</b>	0.93	0.90	0.91
<b>Carbon intensity of own production (Scope 1 &amp; 2) tCO<sub>2</sub>e / sold product tonne</b>	0.09	0.09	0.20
<b>Carbon intensity of the entire food chain (Scope 1 - 3) tCO<sub>2</sub>e / sold product tonne</b>	3.8	3.9	
<b>Water consumption, million m<sup>3</sup></b>	4.32	4.35	4.22
<b>Water consumption, m<sup>3</sup> / sold product tonne</b>	6.84	6.86	6.65
<b>Waste disposal method, tonnes</b>			
- Recycling	1,930	4,430	1,800
- Energy recovery	21,040	21,350	15,320
- Biogas and biodiesel	99,000	85,180	77,330
- Compost and farm fields	13,210	13,030	17,140
- Landfill waste	30	0	60
- Hazardous waste	50	50	100
- Material recovery	260	80	

**Energy sources, %**



- Renewable<sup>1)</sup>
- Non-renewable<sup>2)</sup>

<sup>1)</sup>Electricity from renewable sources, district heating from renewable sources, biogas, wood pellets

<sup>2)</sup>District heating from non-renewable sources, natural gas, LPG, oil

**100%** carbon-neutral electricity

In Finland, we reduced water consumption by **7%**

Comparison figures from 2020 in parantheses. Subsidiaries Kivikylän Kotipalvaamo and Tamminen have been added to reporting of environmental figures retroactively from 2019. The environmental figures related to tonnes of products sold do not include HKScan's own farms in Estonia. The figures reported here have been adjusted for the issues identified in the recalculation, so the figures partly differ from the report on non-financial information published previously as part of the Financial Statements Bulletin and the Report of the Board of Directors.

## ANIMAL WELFARE

# We promote animal welfare

We acquire animals directly from our contract farmers or our own farms, so we know the origin of meat and growing conditions of animals. Animal welfare is a guarantee for safe and competitive food production.

We are committed to promoting animal welfare with our contract farmers in Finland, Sweden, Baltics and Denmark and on our own farms in Estonia.

Animal health and welfare are based on compliance with EU and local legislation and on HKScan's animal welfare policy and guidelines. They strictly define practices and conditions for animal farming in terms of housing and density, for example. Finland and Sweden have the strictest animal welfare laws in the world.

In Finland, we invested in the renovation of Outokumpu unit's barn and the expansion of animal reception area. These changes made the movement of cattle during unloading operations safer and less stressful. At the same time, cattle behaviour patterns were taken into account: dark and shadowy areas and steep passages to the pens were removed.



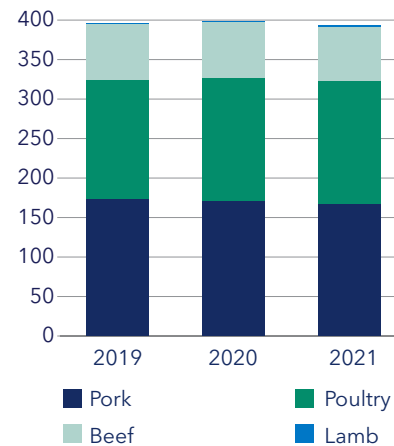


## Promoting animal welfare across the chain

In Denmark, we develop chicken welfare concepts in close cooperation with our contract farmers and customers. We use the concept to pilot different breeds and farming conditions, for example.

Animal welfare concepts have been well received by retailers and consumers. We aim to further develop and expand them.

Meat procured by HKScan, million kg



In the Baltics, we installed cameras to monitor animal welfare on all our own farms in 2021. On our contract farm in Sweden, Halla Gård, pigs can move freely also outdoors.

We highlight our contract farmers' practices that enhance animal welfare and encourage their widespread use. Animal welfare is a key criterion in the selection of the Farmers of the Year. In Finland, Teemu Tuuliniemi, who has invested in calf health, was chosen as Cattle Producer of the Year in 2021.

### We monitor animal welfare

We continuously promote and monitor animal welfare through a wide range of indicators. During 2021, we defined our internal Group-wide animal welfare indicators for pig, cattle and poultry farming. Common indicators help us learn from best

0 animal welfare breaches in own production and transport in 2021

We make 50,000 farm visits a year

practices of different markets. We carefully examine and identify any deviations and take necessary corrective actions. Our processes are closely monitored and we actively improve our practices.

We work closely with the authorities and veterinarians. HKScan's own vets as well as vets representing authorities visit farms and help farmers in animal welfare issues. A veterinarian representing authorities supervises the activities of our slaughterhouses.

### Partnership in scientific studies

We are involved in a number of scientific studies on animal health and welfare in collaboration with universities, research institutes and other companies. We make use of the latest scientific information to promote animal welfare. In 2021, we studied stimuli use and pig tail health, for example.



## Healthy animals need no antibiotics

Animals grow healthy in conditions that promote good disease prevention and welfare. Antibiotics are not utilised at all in our food chain for growth promotion and disease prevention. The use of hormones for growth promotion is also forbidden. In HKScan's food chain, animals are treated with antibiotics only when they are ill, on the prescription and under the supervision of a veterinarian and in accordance with withdrawal periods. The meat we use is always safe. We invest in disease prevention in many ways together with the authorities, vets and contract farmers. At the farm-level, guidelines for animal disease control and high hygiene standards are followed. In addition, a Biocheck survey has been carried out on several of our contract farms to improve disease prevention.

## Cameras and artificial intelligence to help with animal welfare monitoring

We are piloting the use of cameras and AI to monitor animal welfare on the Finnish Kiiski farm, where Kariniemen chickens are farmed. New technologies offer a new perspective on animal welfare. Our vet analysed the data generated by the cameras and AI, which we used to test new stimuli, for example.

We reported on Kiiski farm's experiences in using AI data in a monthly blog on the Kariniemen website.



### We promote animal welfare across our food chain

#### ANIMALS ON THE FARM

- close cooperation with farmers
- health and disease prevention
- guidance and training
- development programmes and piloting of new practices

#### TRANSPORT OF ANIMALS

- trained personnel
- vehicles designed for animal transport, taking into account ventilation, space, compartments, bedding, etc.
- shortest possible transport distances
- regular monitoring by vets and the authorities

#### SLAUGHTERHOUSES

- trained personnel
- independent veterinarian representing the authority on site
- carefully controlled process
- recording surveillance cameras
- continuous improvement of operations

Read more about animal welfare:  
<https://www.hkscan.com/en/responsibility/animal-welfare/>

PEOPLE

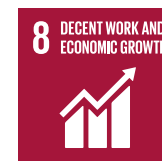
## Our community makes life tastier

The goals of our responsibility programme guide our work to promote key social responsibility themes. We advance the safety and wellbeing of our personnel, make healthy food and safeguard the vitality of the farming community.

*Food that does good*  
- because we care

Responsibility programme targets	Results 2021
<b>PERSONNEL</b>	
<p>Determined work towards zero accidents</p> <hr/> <p>Continuous promotion of wellbeing at work, eNPS over 10</p>	<ul style="list-style-type: none"> <li>• Accidents at work leading to at least one day's absence (LTIR) 21.2 (21.1) /million working hours</li> <li>• Personnel satisfaction eNPS -3 (5, comparison figure excl. the Baltics)</li> <li>• Absences 6.6 (6.2)% of working hours</li> </ul>
<b>HEALTHY FOOD</b>	
<p>Annually, 60% of new and renewed products healthier alternatives in their own categories</p> <hr/> <p>100% of raw materials procured in line with the responsible procurement principles 2025</p>	<ul style="list-style-type: none"> <li>• 35 (44)% of new and renewed products healthier alternatives in their own categories</li> <li>• 100% of the raw material suppliers committed to Supplier Guidelines (excl. animal procurement)</li> <li>• Development of responsible procurement principles started</li> </ul>
<b>FARMING COMMUNITY</b>	
<p>Ensuring the continuity of local meat production</p> <hr/> <p>100% of raw materials from contract production in line with HKScan's sustainable farming operating model by the end of 2030</p>	<ul style="list-style-type: none"> <li>• 70 young farmers in Next Generation programme in Finland and in Sweden</li> <li>• Cooperation with schools and universities in the Baltics</li> </ul> <p>Agrofood Ecosystem network involves 80 pilot farms; scaling up of sustainable farming practices started</p>

**Our responsibility work on personnel, healthy food and the farming community contributes to the UN's Sustainable Development Goals:**



PERSONNEL

# Promoting safety and wellbeing at work across the Group

At HKScan, we have some 7,000 food professionals whose safety and wellbeing we determinedly promote in all our operations. Together, we are making HKScan an even better place to work.

We develop employee experience by listening to our people. In spring 2021, units and teams worked on action plans to develop issues raised in the extensive Voice employee survey in autumn 2020, and progress was monitored throughout the year.

In autumn 2021, we conducted a follow-up Voice survey to assess progress on the employee experience during the year. We had achieved improvements in employees' commitment to their work and satisfaction with supervisory work. We do not tolerate any form of inappropriate treatment such as bullying, harassment or discrimination that has come to light in our personnel surveys, and we work to tackle this in a variety of ways.

Almost **5,000** work safety observations from our employees

We also invest in the employee experience by providing opportunities to develop personal competence. We hold annual performance dialogues with our employees to draw up a development plan. The results of the Voice surveys show that our employees value these discussions and find them useful.

We provide our employees with a wide range of training opportunities. In 2021, we carried out, for example, a Digital Bootcamp training programme specifically targeted for sales and marketing personnel. We also continued our License to Lead coaching for supervisors. We will strengthen learning and development opportunities for our employees and make greater use of digital solutions to make learning opportunities available to all.



## Securing health in the midst of the pandemic

One of the key themes for 2021 was ensuring the health of our employees in the midst of the Covid-19 pandemic. In addition to strict hygiene practices and regulatory guidelines, we followed a number of HKScan's own pandemic-related contingency measures, the extent of which we assessed during the year, taking into account the situation in different market areas.

At the end of 2021, we prepared a hybrid working model for HKScan, combining remote and office work. The results of a survey for remote workers were used to design the model. Not all jobs, such as production, allow for remote work.

## Focus on prevention in safety work

HKScan's key target is to be a safe workplace for our own employees and for our partners working in our units. We work in a goal-oriented way towards zero accidents at work and promote our safety culture through the Safety First programme. In 2021, we focused on turning the accident frequency down and on preventive safety work.

The long-term Safety First programme has delivered good results: lost-time injuries have been reduced almost by half since 2016.

# Safety First

During 2021, the trend levelled off and the accident rate was at the same level as in 2020. However, the number of absences due to accidents decreased significantly as accidents were less severe than before.

We invested in the prevention of accidents and took preventive safety measures. In 2021, our personnel reported almost 5,000 safety observations, which led to numerous improvements in our operations.

In 2021, there were no lost-time accidents in Eura production unit in Finland, Halmstad in Sweden as well as Jelgava and Riga in Latvia. The production units of Halmstad, Vinderup in Denmark and Forssa in Finland were the most successful in reducing accidents.

In 2021, we published a new occupational health and safety policy and guidelines to avoid life-threatening accidents. We call them HKScan's Blue Rules. The guidelines were distributed to all employees during the Wellbeing and Safety Week in October, when we intensified our communication on safety at work.



## Local needs as the basis for developing wellbeing at work

We promote wellbeing at work with our Group-wide programme Better Together, which aims to promote responsible management, a committed work community as well as workplace wellbeing and performance.

The programme started at the end of 2020. Our employees have actively been involved in the preparation of wellbeing action plans at production unit and country levels. Measures have been designed based on local needs.

Tasty food through cooperation of professionals in many fields

### Examples of measures to develop wellbeing at work 2021

## Better Together



**EMPLOYEE WELLBEING**

- Virtual wellbeing coaching
- Remote consultations in ergonomics for remote work
- Ergonomics trainings in production units
- Mental wellbeing webinars
- Physical activity apps and campaigns



**GOOD WORK COMMUNITY**

- Investing in high-quality performance dialogues
- Emphasizing wellbeing in supervisor trainings
- Determined work against inappropriate behaviour
- Open multi-channel workplace communication, e.g. production unit infos, department meetings



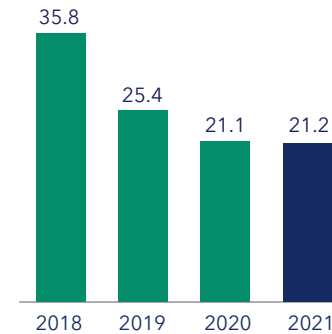
**GOOD WORK ENVIRONMENT**

- Developing work wellbeing together with employees
- Hybrid working model and learning new ways of working together
- Making daily life smoother, e.g. creating good remote meeting practices
- Sharing good practises between sites

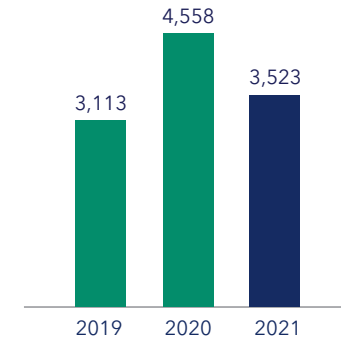
Personnel data

	2021	2020	2019
<b>Personnel on average*</b>	6,892	6,741	6,684
Finland	2,755	2,684	2,650
Sweden**	1,945	1,899	1,913
The Baltics	1,538	1,528	1,523
Denmark	655	629	598
Blue-collars / white collars %	83 / 17	84 / 16	82 / 18
Permanent / fixed-term %	89 / 11	89 / 11	88 / 12
Full-time / part-time %	95 / 5	96 / 4	
Supervisors of personnel %	7	6	
Internal recruitments, white-collars %	35	33	
Women / men %	40 / 60	40 / 60	40 / 60
Difference in promotion opportunities between women and men %***	0	0	
Female / male supervisors %	36 / 64	35 / 65	
Women / men in the Group Executive Team %	0 / 100	11 / 89	
Women / men in the Board of Directors %	25 / 75	25 / 75	
<b>Absences % of working hours</b>	6.6	6.2	6.2
Finland	6.5	6.1	6.5
Sweden	7.4	7.9	6.7
Denmark	6.2	5.6	6.5
The Baltics	6.3	5.0	5.2
Poland	5.8	5.7	6.8
Average length of employment, years	10	10	
Personnel's willingness to promote HKScan as an employer	-3	5****	
<b>Collective agreement coverage of personnel, %</b>			
Finland	89	89	
Sweden	100	100	
Denmark	89	89	
The Baltics	7	7	
Poland	27	23	
<b>Personnel by age, %</b>			
<30	17	18	
30-55	63	60	
55<	20	22	
Seasonal workers	1,058	1,049	
Fatal accidents	0	0	0

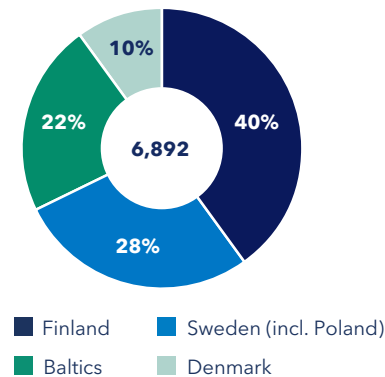
Lost time accidents /million working hours



Absence days due to accidents



Personnel by market area 2021



We had more than **1,000** seasonal workers

\* HKScan's employees converted into full-time employees (FTE).  
 \*\* Including Poland.  
 \*\*\* Difference in the level of promotion, when the job level, employment length and performance are standardised. The figure concerns white-collars.  
 \*\*\*\* Excluding the Baltics.

HEALTHY FOOD

# Tasty food for changing food moments

We make delicious food for varied diet using local and trusted raw materials. In 2021, we launched new products and expanded into new product categories to have stronger presence in consumers' changing food moments.

Responsibly produced beef and pork products are at the heart of our business, and we aim to grow especially in meals, meal components and poultry products. We represent food democracy without confrontation, with a wide range of products from meat products to plant-based foods.

Consumer need for convenient, nutritionally high-quality and delicious ready meals and meal components has further strengthened during the Covid-19 pandemic. In the autumn, we launched a range of Rakvere ready meals in the Baltics, with recipes based on familiar home-cooked dishes. In Finland, our new products included oven-ready HK and Kariniemen casseroles and several snack products.

We represent **food democracy** - there's room for both meat and plant-based foods on our table

In our Vantaa unit, we completed a restaurant-level kitchen where our Vietävä fresh meals are prepared for service counters. In Sweden, our range expanded to include Pärsons plant-based patties and balls. In Denmark, our product range increasingly focused on fresh and ready-to-eat poultry products.

In the Baltics, we continued our project to systematically reduce salt by renewing our recipes. This year, we reduced salt especially in Rakvere sausages and hams and in Tallegg cold cuts. We also paid particular attention to the salt content of our new products and expanded our range of low-fat products.



## Through partnerships into new product categories and raw materials

For HKScan, partnerships are a way to expand into new product categories and raw materials. During the year, our product range was complemented in Finland with Mäkitalon Maistuvat Oy's ready-to-eat salads and in Sweden with Gårdsfisk's fish products. HKScan is a minority shareholder in both the companies. Our partnerships in plant-based products with Boltsi and Hes-Pro Oy continued.

Mäkitalon Maistuvat ready-to-eat salads were very well received by our customers and consumers. We are strengthening our position in plant-based meals with Mäkitalon Farmi salads.

In the autumn, we took a strategic step into the fish business in Sweden through the Gårdsfisk partnership. Gårdsfisk specialises in fish farming based on an environmentally friendly recirculating water system on Swedish farms. Sales of fish products under the Gårdsfisk brand transferred to HKScan's Swedish organisation at the beginning of 2022. In addition, the product range expanded to include meal components made from Gårdsfisk's raw materials.

## Healthy alternatives in all the markets

In 2021, 35 per cent of our new and renewed products were healthier alternatives in their own categories – our annual goal is 60 per cent. In 2021, our focus was on developing and adding value to strategically important meals, meal components and snacks. In addition, we launched a number of Heart Symbol and Keyhole labelled products, removed allergens from products, and increased the amount of vegetables and quantity of smaller pack sizes.

The criteria for healthier products are available on our website [www.hkscan.com](http://www.hkscan.com).



### Examples of our new healthier products in 2021





## Product safety without compromise

In 2021, we published our revised food safety and quality policy, outlining our food safety and quality management principles and guidelines. Our revised policy defines more precisely how we work to ensure product safety.

All HKScan's production plants are certified in accordance with the Global Food Safety Initiative (GFSI) standards (FSSC 22000, IFS or BRC). You can find more information on certifications on our website [www.hkscan.com](http://www.hkscan.com).

We extended our existing system for reporting safety observations to quality and product safety work. We started to collect quality and product safety observations into the system to help us anticipate product safety risks and proactively improve product safety.

In 2021, there were 6 (2020: 1) product recalls across the Group. We carefully analysed all the situations that led to a recall and took the necessary corrective actions. We regularly train our personnel in product safety.

## Food from trusted raw materials

We make food using responsibly produced raw materials. We purchase nearly 100 per cent of animals locally from our contract farmers and in Estonia from our own farms. We work closely together with our contract farmers.

We require suppliers of goods and services to commit to the Group's Supplier Guidelines. At the end of 2021, 100 per cent of our raw material suppliers were committed to them, excluding animal purchasing. We started defining responsible procurement principles and will continue this work in 2022.

Most of the feed used in animal farming is locally produced grain and the use of soy is low when compared internationally. Our food chains in Finland and Sweden only use responsibly produced soy. In Denmark, we started to shift towards responsibly produced soy. We are committed to using 100 per cent responsible soy by 2025.

Our products contain small amounts of palm oil and we always require it to be certified.



## Vietävä fresh meals from a restaurant-level kitchen

In the autumn 2021, we launched our premium Vietävä fresh meals developed in collaboration with chef Kape Aihinen. Our chefs make the meals in the modern, restaurant-level kitchen built in our Vantaa unit.

Sales for high-quality, delicious Vietävä meals started in stages through service counters and as packaged products. The fresh meals kitchen will be in full swing in early 2022.

The new premium-level fresh meals will contribute to HKScan's strategy to grow profitably in consumers' food moments. Consumers expect, above all, freshness, high quality and interesting flavour experiences from ready meals.

Nearly  
**100%**  
local meat raw materials

**70%**  
of raw materials  
(excl. meat), packaging and services locally procured

**100%**  
certified production units

## FARMING COMMUNITY

# Practical actions for developing the responsibility of food production

Responsibly produced and high-quality meat is HKScan's most important raw material. In cooperation with our farming community, we promote responsible production practices and strengthen the expertise of our farmers.

Contract farming has been at the heart of our local food production for over 100 years and developing the farming community is one of the key priorities of our strategy. We procure animals from our contract farmers in Finland, Sweden, the Baltics and Denmark. In Estonia, we raise poultry and pigs on our own farms but procure cattle from our partners.

In 2021, the financial situation of our contract farmers was weakened by the simultaneous and sharp rise in feed and other production costs and the scarcity of grain harvests. The situation will continue to be exceptional at least until the beginning of 2022. For HKScan, it is extremely important to secure the availability of local meat raw material and the continuity of meat production.



## Aim to secure continuity of local meat production

We work with farmers in a variety of ways and our animal procurement experts work closely with our contract farmers on a daily basis. Alongside this ongoing cooperation, we are developing the next stage in the evolution of contract farming, which will increasingly meet our stakeholders' expectations for responsible practices and contribute to the competitiveness of our farmers.

We are piloting HKScan's operating model of sustainable agriculture on 80 pilot farms in Finland, Sweden and Denmark. In the Agrofood Ecosystem project, we use digitalisation and data to explore how we can reduce climate impact of primary production, support biodiversity and animal welfare, and prevent water eutrophication. We will scale best practices to

all our home markets. The measures promote the carbon neutrality goal of our Zero Carbon plan.

We provide our contract farmers with climate training in Finland and Sweden, mainly online. In Finland, we have also organised an extensive HK Carbon (HK Hiili) training package for our cattle farmers. Climate training helps contract farmers implement our Zero Carbon climate plan on their farms.

Together with our contract farmers, we also participate in many other cooperation projects related to the development of animal production and animal welfare, for example.

In the Baltics, we collaborate with educational institutions to ensure that we continue to have skilled agricultural experts in our workforce. This cooperation also aims to make farming more attractive to young people.

## Next Generation strengthening the competence of young farmers

Next Generation is a training programme for our young contract farmers.

The aim of the programme is to secure the continuity of local primary production and to give young farmers an opportunity to learn new from the top experts of the sector.

- Involves 70 young contract farmers in Finland and Sweden
- Entrepreneurship and environmentally friendly farming as main themes
- Top specialists and networking
- Farm visits
- Tools for developing own farms

We procure local raw materials from our **7,100** contract farmers



**RESPONSIBLE PROSPERITY**

# Sustainable wellbeing for society

Profitable business and our long value chain create wellbeing widely across stakeholders in our home markets. As a large company, we play an important role in society – as a corporate citizen, an employer, a food producer and a tax payer.

We operate in line with HKScan’s ethical guidelines, Code of Conduct. The Code of Conduct training, which started in 2020, continued in 2021 and were mainly conducted online. The training is available in the local languages of the countries where we operate. By the end of the year, 74 per cent of all employees and 96 per cent of white-collar employees had completed the training. It strengthens employees’ knowledge in areas such as the company values, employees’ rights and responsibilities, environmental matters, human rights and principles against corruption and bribery.

## Distribution of economic value by stakeholders

HKScan is one of the largest food companies in Northern Europe. Our operations have a major financial impact on several stakeholders. Our employment impact is significant: HKScan has some 7,000 employees and some 7,100 contract farmers. We also have a notable indirect employment impact through the cleaning, maintenance, logistics, property management and healthcare services we buy.



### Involvement in the local community activities

HKScan is a major local employer in the regions where it has production units, thus contributing to the wellbeing of local communities. In addition, we support the activities of selected organisations financially and through product donations, mainly based on long-term partnerships. We have focused our support in particular on promoting low-income families with children, food culture and safe living environments. In 2021, we donated Christmas food for low-income families with children across our home markets.

HKScan does not support political parties or election candidates.

### We systematically ensure data privacy and information security

HKScan’s data privacy and information security management is guided by the company’s policies and management models. Our comprehensive data privacy and information security management models define operational and monitoring models as well as roles and responsibilities. We also take data privacy and information security requirements into account when using external IT services. Our data privacy management model is based on the Nymity Privacy Management Accountability Framework and our information security management model on the ISO 27001 standard. HKScan’s Board of Directors and Group Executive Team review the company’s data privacy and information security update once a year.

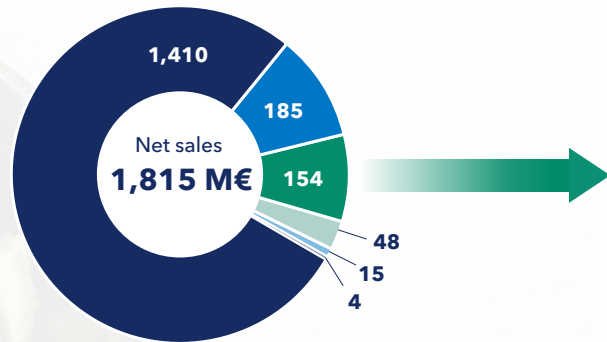
We continuously train our personnel on data privacy and information security issues. We organise mandatory training for white-collar employees and thematic training targeted at different functions. In 2021, we started an extensive information security training package for all white-collar employees. At the end of 2021, 98 per cent of white-collar employees had completed the basic data privacy training and all IT employees had completed their tailored data privacy training.

We analyse data privacy and information security risks annually as part of the company’s risk management process. In addition, we carry out targeted risk analyses related to information systems and production environments.

HKScan’s key information systems are audited by external specialists as part of the annual audit. In addition, we carry out various external audits following our risk management action plan.

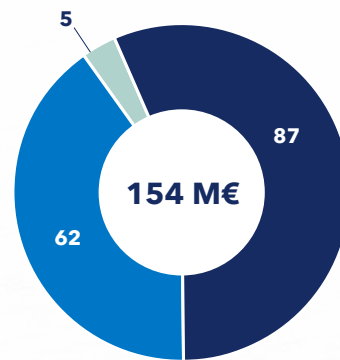
In 2021, HKScan had one personal data breach that was reported to the data protection authority. We carefully assess potential data security breaches and take the necessary corrective action without delay.

**Distribution of economic value by stakeholders 2021, M€**



- Suppliers and production: purchases of raw materials and services
- Personnel: net salaries
- Society: taxes and social costs
- Investments
- Financiers: net financial expenses
- Shareholders: dividend

**Tax footprint 2021, M€**



- Social costs
- Withholding tax on salaries
- Other taxes, e.g. income tax

The VAT deducted on HKScan’s purchases exceeds the VAT invoiced on sales, because foodstuffs are subject to a reduced VAT rate.



<b>Stakeholder dialogue</b>		
<b>Stakeholder</b>	<b>Interaction channels</b>	<b>Key discussion topics in 2021</b>
<b>Customers</b>	Continuous interaction with customers, meetings, customer satisfaction surveys and questionnaires, brand websites, www.hkscan.com	Changes in the operating environment, environmental impact, social responsibility, animal welfare, new products and campaigns, consumer trends, joint projects
<b>Consumers</b>	Consumer service, social media, brand websites and www.hkscan.com	Animal welfare, packaging, product quality and safety, sustainability, healthy diet
<b>Personnel and potential employees</b>	Continuous interaction with personnel, performance dialogues, personnel survey, information and cooperation meetings, intranet, info-tv, newsletters, recruiting events and process, social media, cooperation with universities, brand websites, www.hkscan.com	Safety at work, personnel survey observations, strategy, Covid-19 pandemic, financial result, job opportunities, career development, wellbeing at work, novelties, product safety
<b>Contract farmers</b>	Continuous interaction with contract farmers, meetings, cooperation groups, seminars and other events, newsletters, magazine for farmers, climate training, social media, blog, www.hkscan.com	Development of cooperation and productivity, changes in the operating environment, reducing environmental impact, promoting animal welfare, Agrofood Ecosystem, Gårdsinitiativet
<b>Partners (e.g. subcontractors, suppliers, research institutes)</b>	Continuous interaction with key partners, meetings, cooperation projects, joint forums, www.hkscan.com	Development of operations and cooperation in line with stakeholder expectations, environmental matters and animal welfare
<b>Shareholders, investors, financiers</b>	Releases, financial publications, www.hkscan.com, dialogue with shareholders, investors, analysts and financiers, Annual General Meeting and management meetings	Profitability development, financing, strategy, changes in the operating environment
<b>Authorities and decision-makers</b>	Continuous collaboration with authorities and industry associations, meetings, interaction between legislators, www.hkscan.com	Reforms in industry-related legislation and interpretation of legislation from the perspective of companies and industry, product safety, animal welfare, biosecurity, nutrition recommendations, promotion of exports, changes in the operating environment
<b>Media</b>	Media service desk telephone, media contacts, meetings, interviews, media conferences, releases, social media, www.hkscan.com	Strategy implementation, profitability development, changes in the operating environment, corporate responsibility, domestic food production, consumer trends, product novelties, Covid-19 pandemic
<b>NGOs</b>	Discussions, NGO surveys, www.hkscan.com	Environmental impact of food production, soy responsibility, employees' freedom of association
<b>Associations</b>	Activity in an association or on the board of an association	Comprehensive responsibility

**Memberships of responsibility-related organisations**

- UN Global Compact
- Round Table on Responsible Soy (RTRS)
- Round Table on Sustainable Palm Oil (RSPO)
- The Finnish Food and Drink Industries' Federation (ETL), Finland
- FIBS ry, Finland
- Animal Health ETT ry, Finland
- Lihatie dotusyhdistys ry (association for meat information), Finland
- Finfood - Finnish Food Information, Finland
- The Association for Finnish Work, Finland
- The Finnish Packaging Association, Finland
- Suomen siipikarjaliitto (the Finnish poultry association), Finland
- The Finnish Cereal Committee VYR ry, Finland
- The Swedish Food Federation, Sweden
- Dagligvaruleverantörers Förbund (trade association), Sweden
- Från Sverige-märkningen (Swedish origin labelling for foods, ingredients and plants), Sweden
- Haga Initiative, Sweden
- Hållbar Livsmedelskedja (sustainable food chain), Sweden
- Krav (label for sustainably produced food), Sweden
- Swedish Meat Industry Association, Sweden
- Estonian Food Industry Association, Estonia
- Estonian Chamber of Commerce and Industry, Estonia
- Estonian Employers' Confederation, Estonia
- Estonian Chamber of Agriculture and Commerce, Estonia
- Latvian Chamber of Commerce and Industry, Latvia
- Danish Agriculture and Food Council, Denmark
- Confederation of Danish Industry, Denmark
- Fjerkræafgiftsfonden (FAF, Poultry Production Levy Fund), Denmark





Management approach

Responsibility priorities	NATURE		PEOPLE			
Material themes	Environment	Animal welfare	Personnel	Healthy food	Responsible procurement	Farmers
<b>Target of management approach</b>	At HKScan, the responsibility approach concerns the entire food chain, from farms to consumers. Responsible operations are supported by HKScan’s values: Inspire, Lead, Care and Deliver. Advanced responsibility work is the basis of HKScan’s strategy.					
	Reduction of environmental impacts and promotion of the sustainable use of natural resources.	Promoting key aspects of animal health and welfare on farms, during transport and in slaughterhouses.	Promoting personnel wellbeing and safety at work.	Products that respond to consumer needs and fit into a healthy diet. Assurance of product safety.	Ensuring responsible procurement and cooperation in the procurement of raw materials and services.	Ensuring the continuity and competitiveness of local food production.
<b>Policies and commitments</b>	HKScan's activities are guided by the Group’s Code of Conduct.					
	Environmental work is guided by the company's environmental policy and target for a carbon-neutral food chain by the end of 2040. The company is committed to setting climate targets under the Science Based Targets initiative. In Finland, HKScan has signed the Food Industry Energy Efficiency Agreement for 2017-2025 and committed to the Food Industry Material Efficiency Commitment. In Sweden, HKScan participates in the Hagainitiativ project.	Activities related to animal health and welfare are guided by the Group’s animal welfare policy. The basis for animal welfare is compliance with EU and local legislation as well as the guidelines and operating methods of the company and the industry in general.	HR management, safety and wellbeing at work are based on health and safety policies and on internal policies and principles, including those related to recruitment, management and remuneration.	Nordic and national nutrition guidelines are taken into consideration in product development. Product safety and quality are implemented in accordance with the quality and food safety.	Procurement is guided by the company’s internal procurement policy and Supplier Guidelines. HKScan has committed to the use of responsibly produced soy throughout its production chain by 2025 and is involved in the following commitments: in Finland, WWF’s soy commitment; in Sweden, Svenska Sojodialogen; in Denmark, Dansk Alliance for Ansvarlig Soja.	Meat production is guided by contracts between HKScan and farmers.
<b>Targets</b>	Key targets for responsibility work have been defined in HKScan’s responsibility programme and are specified in the Annual and Responsibility Report.					





Responsibility priorities	NATURE		PEOPLE			
Material themes	Environment	Animal welfare	Personnel	Healthy food	Responsible procurement	Farmers
<b>Organisation of corporate responsibility</b>	HKScan’s Board of Directors approves the Group strategy. Progress concerning the implementation of the Group’s responsibility work, key events and possible challenges related to the company’s responsibility are reported to the Board. The Board approves HKScan’s report on non-financial information. HKScan’s Group Executive Team approves the responsibility programme targets and guides and monitors the programme implementation. Director of Corporate Responsibility manages the Group’s responsibility work, oversees the implementation of the programme targets and monitors the related indicators. As mandated by the Group Executive Team, the Corporate Responsibility team develops guidelines, programmes and action plans related to corporate responsibility. Each responsibility theme has its own working group that coordinates development projects. Corporate Responsibility team guides the activities of the working groups.					
<b>Responsibilities and resources</b>	The strategic development of environmental work is handled by the HESQ function as it concerns own production and by the Group’s primary production strategic development function as it concerns primary production. Business Units have the operational responsibility for the environmental work.	Strategic development of primary production and animal welfare is carried out on the Group level. Operational responsibility for animal sourcing and welfare is handled by Business Units.	Personnel management is handled by the Group’s HR function. Strategic management of occupational safety is the responsibility of the Group-wide HESQ function.	Business Units are responsible for the nutritional quality of the products. The strategic management of product safety is under the responsibility of the Group-wide HESQ function while operationally, product safety is overseen by Business Units.	The procurement function responsible for HKScan’s sourcing is a Group-wide function.	Strategic development of cooperation with farmers is carried out on the Group level, while the operational management and animal sourcing are handled by Business Units.
<b>Feedback mechanisms</b>	HKScan has a Fair Way whistleblowing channel for company stakeholders to use as a means of anonymously reporting suspicions of unethical conduct in HKScan’s activities. HKScan has established and functional practices for engaging with stakeholders.					
<b>Projects and initiatives</b>	Key projects and initiatives related to responsibility work in 2021 are presented in the Annual and Responsibility Report.					
<b>Assessment of management approach</b>	Board of Directors assesses the primary responsibilities and commitments related to corporate responsibility. Group Executive Team manages and monitors the advancement of the responsibility programme. Material responsibility themes were assessed through an extensive stakeholder analysis in 2019.					
	Environmental impacts are measured regularly and reported annually.	Animal welfare is assessed through the company’s internal and external indicators.	Wellbeing at work, commitment and operational culture of the personnel are assessed through personnel surveys. Personal performance and development dialogues are held annually.	Product safety management is based on the risk assessments of products and related production processes and on the risk management system. System functionality is verified through internal and external audits.	Responsibility of procurement is assessed through internal and external indicators. Responsibility factors are also taken into account as part of the supplier assessment process.	Cooperation with farmers is assessed by, for example, surveys and assessments made by farmer working groups, strategic objective achievements and animal production results.



**GRI Index**

Disclosure	Disclosure title	Location	Comments and/or SDG
<b>GRI 102: General disclosures</b>			
<b>Organisation</b>			
102-1	Name of the organisation		HKScan Corporation
102-2	Activities, brands, products, and services	<a href="#">HKScan in brief</a>	
102-3	Location of headquarters		Turku, Finland
102-4	Location of operations	<a href="#">HKScan in brief</a>	
102-5	Ownership and legal form	<a href="#">Report of the Board of Directors / Shares and shareholders</a>	
102-6	Markets served	<a href="#">HKScan in brief</a>	
102-7	Scale of the organisation	<a href="#">HKScan in brief</a>	
102-8	Information on employees and other workers	<a href="#">Personnel</a>	
102-9	Supply chain	<a href="#">Responsibility and strategy, Healthy food</a>	
102-10	Significant changes to the organisation and its supply chain	<a href="#">Report of the Board of Directors</a>	No significant changes
102-11	Precautionary Principle or approach	<a href="#">Report of the Board of Directors: Report on non-financial information</a>	
102-12	External initiatives	<a href="#">Management approach</a>	
102-13	Membership of associations	<a href="#">Stakeholder dialogue</a>	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	<a href="#">CEO's review</a>	
102-15	Key impacts, risks, and opportunities	<a href="#">Environment, Report of the Board of Directors: Report on non-financial information</a>	Analysis on climate risks and opportunities in line with TCFD in the Environment section
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	<a href="#">Management approach</a>	
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Report of the Board of Directors: Report on non-financial information</a>	HKScan's Fair Way whistleblowing channel



Disclosure	Disclosure title	Location	Comments and/or SDG
<b>GRI 102: General disclosures</b>			
<b>Governance</b>			
102-18	Governance structure	Management approach, Corporate Governance Statement	
102-19	Delegating authority	Management approach	
102-20	Executive-level responsibility for economic, environmental, and social topics	Management approach	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement	
102-23	Chair of the highest governance body	Corporate Governance Statement	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement	
102-25	Conflicts of interest	Corporate Governance Statement	
102-26	Role of highest governance body in setting purpose, values, and strategy	Management approach, Corporate Governance Statement	
102-33	Communicating critical concerns	Management approach	
102-35	Remuneration policies	Remuneration Report	
102-36	Process for determining remuneration	Remuneration Report, <a href="http://www.hkscan.com">www.hkscan.com</a> : Remuneration policy	
102-37	Stakeholders' involvement in remuneration	<a href="http://www.hkscan.com">www.hkscan.com</a> : Remuneration policy	
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	Stakeholder dialogue	
102-41	Collective bargaining agreements	Personnel	
102-42	Identifying and selecting stakeholders	Stakeholder dialogue	
102-43	Approach to stakeholder engagement	Stakeholder dialogue, Personnel, Farming community	
102-44	Key topics and concerns raised	Stakeholder dialogue	
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	Notes to the financial statement, Related Party Transactions	
102-46	Defining report content and topic Boundaries	Responsibility and strategy	HKScan Corporation and its subsidiaries
102-47	List of material topics	Responsibility and strategy, GRI Index	



Disclosure	Disclosure title	Location	Comments and/or SDG
<b>GRI 102: General disclosures</b>			
102-48	Restatements of information		Subsidiaries Kivikylän Kotipalvaamo and Tamminen have been added to reporting of environmental figures retroactively from 2019.
102-49	Changes in reporting		Subsidiaries Kivikylän Kotipalvaamo and Tamminen have been added to reporting of environmental figures retroactively from 2019. Packaging data management system renewed to cover collected data more comprehensively.
102-50	Reporting period		The report covers the year 2021.
102-51	Date of most recent report		Responsibility report 2020 was published in March 2021.
102-52	Reporting cycle		The responsibility report is published annually.
102-53	Contact point for questions regarding the report		communications@hkscan.com
102-54	Claims of reporting in accordance with the GRI Standards		The report has been prepared in accordance with the GRI Standards (2016) Core level.
102-55	GRI content index	<a href="#">GRI Index</a>	
102-56	External assurance		No external assurance
<b>GRI 103: Management approach</b>			
103-1	Explanation of the material topic and its Boundary		The report covers all the Group's units.
103-2	The management approach and its components	<a href="#">Management approach</a>	
103-3	Evaluation of the management approach	<a href="#">Management approach</a>	
<b>Economic impacts</b>			
<b>GRI 201: Economic performance</b>			
201-1	Direct economic value generated and distributed	<a href="#">Responsible prosperity, Financial Statements</a>	Payments to government not listed by country in the financial statement. No material community investments.
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Environment</a>	Risks and opportunities related to the climate change in line with the TCFD classification.
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">Financial Statement: Note 21. Pension obligations</a>	Prosenttiosuutta palkasta työntekijän ja työnantajan osalta ei ole esitetty, mutta työnantajan osuus on nähtävissä tuloslaskelmasta ja sen liitteistä.
201-4	Financial assistance received from government	<a href="#">Financial Statement: Note 2. Grants, Report of the Board of Directors / Shares and shareholders</a>	Government presentation in the shareholding structure



Disclosure	Disclosure title	Location	Comments and/or SDG
<b>GRI 204: Procurement practices</b>			<b>SDG 8:</b> Decent work and economic growth <b>SDG 15:</b> Life on land
204-1	Proportion of spending on local suppliers	Healthy food	
G4 - Food Processing Sector 1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Healthy food	
G4 - Food Processing Sector - 2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Healthy food	The use of certified palm oil and soy by country reported.
<b>GRI 205: Anti-corruption</b>			
205-2	Communication and training about anti corruption policies and procedures	Responsible prosperity, Report of the Board of Directors: Report on non-financial information	
205-3	Confirmed incidents of corruption and actions taken	Report of the Board of Directors: Report on non-financial information	There were no confirmed corruption cases in 2021
<b>Environmental impacts</b>			<b>SDG 12:</b> Responsible consumption and production <b>SDG 13:</b> Climate action <b>SDG 15:</b> Life on land
<b>GRI 301: Materials</b>			
301-1	Materials used by weight or volume	Environment	Packaging materials reported
301-2	Recycled input materials used	Environment	Packaging materials reported
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organisation	Environment	Used calculation unit MWh
302-3	Energy intensity	Environment	MWh / sold product tonne
302-4	Reduction of energy consumption	Environment	
<b>GRI 303: Water</b>			
303-5	Water withdrawal by source	Environment	Reported water from municipal water supplies or from own dwell.
<b>GRI 304: Biodiversity</b>			
304-2	Significant impacts of activities, products, and services on biodiversity	Environment	Key impact opportunities described.



Disclosure	Disclosure title	Location	Comments and/or SDG
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	<a href="#">Environment</a>	HKScan reports greenhouse gas emissions in line with the GHG protocol. HKScan discloses its Scope 1 (direct) and Scope 2 (indirect) GHG emissions, whereby the control approach is the operational control approach. For calculating Scope 2 emissions, HKScan has chosen the Market-based method. The following emission sources are included: <ul style="list-style-type: none"> <li>• Energy for processes, heat production (Scope 1)</li> <li>• Purchased electricity (Scope 2)</li> <li>• Purchased district heating, cooling, steam (Scope 2)</li> <li>• Leakage of refrigerants (Scope 1)</li> <li>• CO<sub>2</sub> for packaging gases, freezing, stunning (Scope 1)</li> <li>• Car travel (Scope 1)</li> <li>• In-house transport: Trucks, site cars, tractors (Scope 1)</li> </ul>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environment</a>	
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Environment</a>	HKScan reports greenhouse gas emissions in line with the GHG protocol including material emission sources: <ul style="list-style-type: none"> <li>• Purchased raw materials and goods: local and imported meat, packaging materials</li> <li>• Waste generated in operations</li> <li>• Business travel: flights</li> <li>• Transportation and distribution</li> </ul>
305-4	GHG emissions intensity	<a href="#">Environment</a>	Reported: tCO <sub>2</sub> e / sold product tonne for own production (scope 1 and 2) and for entire food chain (scope 1-3).
305-5	Reduction of GHG emissions	<a href="#">Environment</a>	
<b>GRI 306: Waste</b>			
306-3	Waste generated	<a href="#">Environment</a>	
<b>GRI 307: Environmental compliance</b>			
307-1	Non-compliance with environmental laws and regulations		No breaches in 2021
<b>Social impacts</b>			
<b>GRI 403: Occupational health and safety</b>			<b>SDG 3:</b> Good health and well-being <b>SDG 5:</b> Gender equality <b>SDG 8:</b> Decent work and economic growth
403-1	Occupational health and safety management system	<a href="http://www.hkscan.com">www.hkscan.com</a> : <a href="#">Health and safety policy</a>	
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Personnel</a> , <a href="#">Report of the Board of Directors: Report on non-financial information</a>	
403-5	Worker training on occupational health and safety	<a href="#">Personnel</a>	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="http://www.hkscan.com">www.hkscan.com</a> : <a href="#">Health and safety policy</a>	
403-9	Work-related injuries	<a href="#">Personnel</a>	Reported lost time accidents and fatal accidents
405-1	Diversity of governance bodies and employees	<a href="#">Personnel</a>	



Disclosure	Disclosure title	Location	Comments and/or SDG
<b>GRI 413: Local communities</b>			<b>SDG 3:</b> Good health and well-being <b>SDG 13:</b> Climate action
413-1	Operations with local community engagement, impact assessments, and development programs	Farming community, Responsible prosperity	
<b>GRI 414: Supplier social assessment</b>			
414-2	Negative social impacts in the supply chain and actions taken	Healthy food	Sourcing volumes from risk countries very low, process created to mitigate negative impacts
<b>GRI 415: Public policy</b>			
415-1	Political contributions	Responsible prosperity	HKScan does not support political parties or election candidates.
<b>GRI 416: Customer health and safety</b>			<b>SDG 3:</b> Good health and well-being
416-1	Assessment of the health and safety impacts of product and service categories	Healthy food	
G4 - Food Processing Sector 6	Percentage of total sales volume of consumer products, by product category, that are lowered saturated fat, trans fats, sodium and added sugar	Healthy food	Reported: share of new and renewed products which are healthier alternatives in their own categories
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Healthy food	Product recalls reported
G4 - Elinarvike sektori 5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Healthy food	Reported: FSSC 22000, IFC, BRC
<b>Animal health and welfare</b>			<b>SDG 3:</b> Good health and well-being
G4 - Food Processing Sector 9	Percentage and total of animals raised and/or processed, by species and breed type	Animal welfare	Reported: meat procured by HKScan by animal species
G4 - Food Processing Sector 10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	<a href="http://www.hkscan.com">www.hkscan.com</a> : Animal welfare <a href="http://www.hkscan.com">www.hkscan.com</a> : Animal welfare policy	
G4 - Food Processing Sector 11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	Animal welfare <a href="http://www.hkscan.com">www.hkscan.com</a> : Animal welfare	Reported: meat procured by HKScan by animal species
G4 - Food Processing Sector 12	Policies and practices on antibiotic, anti inflammatory, hormone, and/or growth promotion treatments, by species and breed type	Animal welfare	Group-level policies reported
G4 - Food Processing Sector 13	Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices	Animal welfare	No breaches

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