

HKFOODS

ESG Questionnaire

August 2025



HKFoods – ESG questionnaire

General Industry

1. Please list the industry's three biggest sustainability (ESG) related challenges and briefly describe the process for identifying these challenges.

- Climate change: Adaptation and mitigation
- Business Conduct: Animal welfare
- Consumers and end-users: Health and safety

HKFoods has assessed the company's ESG related topics in accordance with the European Sustainability Reporting Standards (ESRS). Through the impact and financial materiality assessment HKFoods identified the areas and aspects of sustainability that have the most significant impacts on the environment and people and to HKFoods' business. HKFoods' double materiality assessment (DMA) implements the list of material topics provided by the European Sustainability Reporting Standards (ESRS) while considering both the company's and stakeholders' perspectives. The impact materiality assessment is carried out and updated regularly. The sustainability related challenges (impacts, risks, and opportunities, IRO) are evaluated based on the results of the DMA as part of the annual enterprise risk management (ERM) process. HKFoods updated the DMA following the requirements of the ESRS 1 standard and the final topical standards classification sub-categories in 2024. As outcome of the DMA assessment, the following topics were deemed material and reported in the 2024 Report: E1 Climate Change, E2 Pollution, E3 Water and Marine Resources, E4 Biodiversity and Ecosystems, E5 Circular Economy, S1 Own Workforce, S2 Workers in the Value Chain, S4 Consumers and End-users, and G1 Business Conduct.

2. Does the company have Science Based Targets, reports to the CDP or engages in any other relevant sustainability initiatives?

At the beginning of 2024, HKFoods updated the climate emissions calculation and climate target and timetable of its responsibility programme to better align with international climate work guidelines, calculation guidance and reporting standards. HKFoods Group aims to reach net zero for all greenhouse gas (GHG) emissions by 2050. The SBTi approved HKFoods' short-term targets among the first Nordic food companies for both industrial energy (Industrial) and the land use sector (Forest, Land and Agriculture = FLAG). In addition, the company published the results of the GHG emissions calculation updated in line with the GHG Protocol Corporate Standard and the draft Land Sector and Removals Guidance for the land use sector.

HKFoods is committed to energy efficiency agreement for industries in Finland and reports the results annually to Motiva Oy reporting portal. HKFoods also publishes its environmental impact annually on the CDP portal.

The previous sustainability program ended in 2024 and the goals will be updated during 2025 to be more thoroughly aligned with the results of the company's double materiality assessment.

3. Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?

HKFoods is monitoring the development of the EU taxonomy and will report the data in accordance with the EU Commission's guidance.

HKFoods' net sales from continuing operations consist almost entirely of sales of food products manufactured by the Company, which is not yet an activity in the EU taxonomy. The Company therefore has no taxonomy-eligible net sales. HKFoods has analysed that the Company does not have a material amount of taxonomy-eligible capital and operating expenditure. HKFoods has no activities related to fossil gas or nuclear energy.

Environment

4. Please list the firm's three primary risks related to climate change and if any, the firm's climate related opportunities

The Company's main impacts, risks and opportunities were identified and prioritised in double materiality assessment in June 2024, which was based on the ESRS draft standards.

HKFoods has assessed the climate change risks to its operations. HKFoods' material risks relate to climate change mitigation, climate change adaptation and energy.

3 primary risks related to Climate change:

1. **Climate Change adaptation:** dependency on raw materials and suppliers, risk identified in the long-term
 - The business is dependent on meat raw material produced by Finnish contract farmers. Business continuity requires agricultural vitality, continuity of meat production and animal disease management.
 - Adaptation measures require financial incentives and national policy guidance.
2. **Climate change mitigation:** dependency on raw materials and suppliers, risk identified in medium term
 - Local meat production is mainly contract farming and depends on the conditions for primary production and the demand for raw materials.
 - Reducing emissions and increasing regulation impose costs along the value chain.
 - Substitution of fossil energy source
3. **Energy:** dependency on raw materials and suppliers, risk identified in medium term
 - The availability and pricing of low-carbon energy and the ability to invest in new technologies.
 - The need for investment leads to cost increases and price volatility.

Opportunities:

- **Climate change / Utilization of raw materials and food production:** HKFoods' diverse production possibilities and innovation strategy opens up new low-carbon business opportunities, e.g. diversify the portfolio, especially toward poultry and plant-based products.

- **Climate change / Geographical conditions for producing food:** Leverage Finland's climate stability for export growth, particularly to water-stressed regions.

5. Does the firm anticipate any climate related investments, and if so to what extent?

HKFoods has created a roadmap for factory level improvements and investments to reduce scope 1 and 2 emissions in own facilities, including replacing fossil energy use, heat recovery and utilisation in production processes. This transformation will be implemented according to the SBTi targets near-term schedule by 2030. In addition, measures identified to reduce land-based emissions include the development of animal feed, the use of farming techniques improving soil condition, and the reduction of methane emissions from cattle digestion and manure. HKFoods also has an extensive development project portfolio including a wide range of research projects for emissions reduction research and scientific verification, including exploring carbon sequestration opportunities.

In 2024, HKFoods invested a total of around EUR 450,000 in activities contributing to climate targets and improving energy efficiency, including an investment made in the steam generation unit of Vantaa production plant by replacing the use of natural gas with electricity.

6. Circular Economy: how are purchases and waste managed? If the firm rely on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?

HKFoods has a centralized procurement management system through which the suppliers are selected and approved. All suppliers need to sign the Supplier Code of Conduct and respond to category-dependent supplier questionnaire as part of the selection process. Our goal is to increase supply chain governance by promoting the same targets for circular economy to which we are committed to in our own operations. Based on the double materiality assessment, HKFoods has not identified any significant risks related to the circular economy. The related conclusions are based on accurate volume data for different packaging materials, waste fractions and by-products generated by the business, which have been monitored and developed over several years.

HKFoods owns 50% of the circular economy company Honkajoki Oy, which processes slaughterhouse waste into new products. Production waste is sorted and managed in each factory and reported annually for emission calculation. HKFoods' packaging target is 100% recyclable packaging by the end of 2030. The most recent results for 2024 were 64% of recyclable packaging. In 2024 HKFoods' share of fossil fuel energy sources in total energy consumption was 27,56%.

HKFoods promotes a culture of continuous improvement and reducing emissions through the optimal use of resources. The company also engages in regular dialogue with its circular economy partners, aiming to ensure that waste streams and by-products are optimally channelled to further processing sites. On the other hand, as a food operator, the company must bear responsibility for ensuring that food quality, shelf life and food hygiene are not jeopardized but remain at a sustainable and safe

level. In addition, HKFoods has limited influence on the recyclability and reuse of products through its choice of packaging materials. New circular economy solutions in cooperation with business partners may offer new opportunities to increase the recycling or value-added use of different materials in the medium and long term.

7. Transition related risks: Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm's offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?

HKFoods has the ability to adapt its strategy and business model to climate change in the short and medium term. Based on HKFoods' materiality analysis, reducing climate emissions and adapting to climate change are key sustainability topics in the Company's value chain. HKFoods' long-term energy plan aims to replace the fossil energy sources used in its units with low-emission energy, such as electricity generated by means of nuclear power. Investments under the plan will be made in line with the Company's climate targets. HKFoods' product development team regularly updates and develops the product portfolio in line with market conditions and consumer preference.

- **Climate change / Nutrition recommendations guide consumers' preferences to plant-based meals and demand of meat products decreases:** HKFoods' product portfolio doesn't meet the customers and consumers' preferences. Balancing the versatile product portfolio will be challenging. The Company responsibility work focuses on adapting to the changing needs of business and the expectations and demands of key stakeholders.
- **Climate change / Adaptation and mitigation:** In 2024, HKFoods updated its climate emissions calculation and climate target as part of its Responsibility Programme to better reflect international climate and calculation guidelines and reporting standards. HKFoods does not have a transition plan in accordance with the Sustainability Reporting Standard. In 2024, the divestments of the Swedish and Danish businesses significantly changed the structure of the Company, and HKFoods aims to have an updated transition plan for climate change mitigation in 2025. The details of the updated transition plan for climate change mitigation are under preparation. This work is guided by the Company's strategic guidelines, the updated corporate structure and the geographical location of the business.

Adapting to climate change involves both physical and transition risks. Based on HKFoods' risk assessment, the following physical risks were identified: 1) impacts of increasing animal and plant diseases in the domestic market on the supply chain and exports; 2) impacts of extreme weather events on crop yields, raw material availability and prices

Transition risks were identified as follows: 1) impacts of the carbon footprint of the meat value chain on customer and consumer attitudes, demand and sales of products; 2) impacts of the high carbon footprint of the meat value chain on the attractiveness of the Company as an employer

Based on HKFoods' risk assessment, the following transition risks are associated with energy: 1) increasing demand for lower emission

technologies may delay the implementation of investments in renewable energy and energy efficiency; 2) poor availability of energy, especially low-emission energy, and lack of competition; 3) cost increases and price volatility, e.g. for electricity; 4) dependence on the progress of national energy investment projects.

- **Climate change / Legislation:** Rapid development of national and EU Climate change legislation and the uncertainty of content interpretation.

8. Please disclose Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?

Gross Scopes 1, 2, 3 and Total GHG emissions for continuing operations in 2024 (tCO₂eq.)

| | |
|---|------------------|
| | 2024 |
| Gross Scope 1 GHG emissions (tCO₂eq.) | 15,589 |
| Gross location-based Scope 2 GHG emissions (tCO₂eq.) | 17,599 |
| Gross market-based Scope 2 GHG emissions (tCO₂eq.) | 5,132 |
| Total Gross indirect (Scope 3) GHG emissions (tCO₂eq.) | 1,503,033 |
| 3.1 Purchased goods and services | 1,292,037 |
| 3.2 Capital goods | 83,161 |
| 3.3 Fuel and energy-related activities (which are not included in scope 1 or scope 2 emissions) | 2,925 |
| 3.4 Upstream transportation and distribution | 12,854 |
| 3.5 Waste generated in operations | 427 |
| 3.6 Business travels | 296 |
| 3.7 Employee commuting | 1,410 |
| 3.9 Downstream transportation | 2,535 |
| 3.10 Processing of sold products | 77,627 |
| 3.12 End-of-life treatment of sold products | 28,899 |
| 3.15 Financial investments | 858 |
| | |
| Total GHG emissions (location-based) (tCO ₂ eq.) | 1,536,222 |
| Total GHG emissions (market-based) (tCO ₂ eq.) | 1,523,755 |
| Biogenic emissions Scope 1 | 212 |
| Biogenic emissions Scope 2 | 13,547 |
| Biogenic emissions Scope 3 | 13,435 |

9. Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?

HKFoods aims to achieve net zero for all GHG emissions by 2050. However, this target does not meet the ESRS requirements in terms of net zero, but is in line with the Paris Climate Agreement, which aims to limit the global average temperature increase to 1.5 degrees Celsius. To achieve the target, HKFoods will focus across its value chain on implementing the most significant GHG emission reduction measures, followed by short-term measures that will be complemented by sustainable decarbonisation solutions. HKFoods is committed to SBTi's short-term targets by 2030 compared to the 2022 baseline. The Company has not yet committed to the SBTi's long-term target but these targets will be set in the medium term.

10. Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

HKFoods is committed to Science Based Target initiative's (SBTi) short-term climate targets for industrial activity and energy as well as land use and land use change¹. The approved SBTi targets frame the company's environmental activities. Plan is to set long-term targets validated by SBTi in the medium term, including specifying measures for reaching it.

HKFoods commits to reduce absolute Scope 1 and 2 GHG emissions from industrial operations and energy by 42% by 2030 from the 2022 baseline. Similarly, HKFoods commits to reduce emissions in specific Scope 3 categories by 42 per cent within the same timeframe. The target also includes land-related emissions from bioenergy feedstocks. In addition, HKFoods will reduce its land based absolute Scope 3 FLAG GHG emissions by 30.3 % by 2030 compared to the 2022 baseline. HKFoods also commits to no deforestation across its primary deforestation-linked commodities.

SDG's 12, 13 and 15 are related to these targets. They are 100% tied to the company's sales, because the targets cover all raw materials and energy used.

Social

11. Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

HKFoods' Health and Safety Policy defines the health, occupational safety and wellbeing principles to be followed in all operating countries and units. Management and supervisors are responsible for handling workplace health and safety-related matters through strong and credible leadership. Additionally, all HKFoods units must develop health and safety management system in accordance with ISO 45001.

All sites must ensure that health and safety communication to employees, subcontractors and other stakeholders is systematic and proactive. If necessary, training and exercises must be organised to ensure that everyone is able to carry out their duties safely.

In HKFoods we have implemented *The Life Saving Rules*. These are ways of working for activities in which a serious threat to life is concerned. All personnel must always follow the Life Saving Rules. Deliberate and wilful violation of the rules may result in disciplinary actions up to and including termination of employment.

In 2024, work-related accidents for own workforce resulting in at least one day's absence were 25.92/million working hours. In 2023, this metric was 16.4/million working hours.

¹ HKScan Corporation's targets were approved in December 2023, and they covered all units in Finland, Sweden, Denmark, and Poland that were part of the group in October 2023. However, due to the recent divestments of the operations in Sweden and Danish assets, HKFoods is currently in the process of adjusting its emission reduction targets to fit its current continuing operations. This in turn will lead to renewed process with the SBTi but until the targets have been revised, HKFoods will keep implementing the targets approved by SBTi considering its ongoing business operations.

12. If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm.

- Employees: 42% women, 58% men
- Group Executive Team: 17% women, 83% men
- Board of Directors: 18% women, 82% men

13. Does the company conduct any other community engagement activities aside from those directly connected to the business?

HKFoods supports the activities of selected organisations through product donations and financial support, 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.

14. How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?

The supplier audit plan is based on a regular supplier performance evaluation. Some deviations have been written about observations related to the requirements of the Supplier Code of Conduct, but incidents have not been identified. In 2024, 17 supplier audits were carried out.

15. Please list the firm's (1-2) primary means of making a positive social impact or minimising negative social impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

HKFoods' key target is to be a safe workplace for its employees and for its partners working in its units. The company promotes wellbeing and safety at work through its Safety First and Better Together programmes.

Safety First-programme promotes determined work towards zero accidents. The target is that every employee makes two safety observations per year to highlight the potential areas for improvement. Safety observations, near misses and accidents are processed systematically and are used to develop safer practices, processes and working environments. Safety culture is also promoted through careful risk assessments and process management.

Better Together-programme aims at employee engagement, promotion of wellbeing at work and psychological safety by choosing a theme that supports development each year. Themes are promoted through guidelines, supportive materials, and local measures.

SDG's 3, 5 and 8 are related to these targets. They are 100% tied to the company's sales, because the targets cover the whole personnel.

Governance

16. Do all staff members receive continuing education on anti-corruption? Are there any ongoing or historical incidents involving corruption, cartels, or any other unethical business conduct? Have any preventive measures been taken?

HKFoods' employees complete the online training on the Code of Conduct every second year. The training strengthens employees' competence on issues such as human rights and the principles against corruption and bribery.

Corruption and bribery risks associated with the company's own activities are prevented and managed through clearly defined approval processes, other internal control processes and personnel training. Potential risks related to human rights and corruption in the supply chain are managed through a procurement risk assessment, standard expectations and by requiring a commitment to the Supplier Code of Conduct. The implementation of these principles is monitored through internal audit and third-party audits.

HKFoods' Code of Conduct describes the basic information for reporting suspicions of misconduct, the principles of whistleblower protection and provides a link to a reporting channel with more detailed instructions for making a report. HKFoods' Code of Conduct is available to all on HKFoods' website. In addition, HKFoods has an internal Fair Way guideline that specifies the process for handling whistleblowing allegations and the whistleblower protection policy. The Fair Way reporting channel and whistleblowing are covered as part of the HKFoods Code of Conduct online training held every two years.

17. Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen.

HKFoods pays tax in countries where it has operations/legal companies. These countries are Finland and Poland.

18. How many independent members sits on the Board of Directors?

5/8 are independent Board members.

19. Please state if and to what extent, the company has transactions with related parties.

Related party transactions are disclosed in HKFoods' Report of the Board of Directors and Financial Statements on page 160.

20. Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?

In the financial year 2024, the CEO's short-term incentive plan is based on the achievement of key strategic projects. In addition, the CEO is eligible for long-term incentive plan 2023-2027 and the rewards of the plan are based on EBIT, EPS and the company's debt service capacity.

Group Executive Team members are eligible for short-term incentive plan and in the financial year 2024, the performance measures are based on Group and/or Business Unit/function comparable EBIT and individual targets. In 2024, the Group Executive

Team (excluding the CEO) had an ESG target (Lost Time Incident Rate, LTIR) linked to a personal goal in a single case. Due to the restructuring, the composition of the Group Executive Team changed significantly during the reporting year, which is why not all members of the Group Executive Team had an ESG target for 2024.

21. Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response, please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken.

HKFoods responsibility targets, which are reported annually, are set to cover following nature and people related targets and KPI's:

ENVIRONMENT:

Climate

- Net zero for all greenhouse gas emissions by 2050
KPI: SBTi approved near-term targets for industrial and land-based sector for 2022–2030. Industrial sector and energy -42% (scope 1–3), FLAG -30.3% (scope 3)

Sustainable packaging

- 100% recyclable packaging by the end of 2030
KPI: share of recyclable packaging

PEOPLE:

Safety first

- Systematic work towards zero accidents
KPI: lost-time accident rate (LTIR)

Better together

- Continuous improvement in employee wellbeing
KPIs and targets by the end of 2025:
 - Sickness absences: %
 - Inappropriate behaviour: 0
 - eNPS: > 10

These targets are monitored and reported annually, except for LTIR and sickness absences which are monitored monthly. Corporate responsibility team presents the sustainability review annually for the Board of Directors. For urgent topics updates are presented when necessary. Corporate responsibility update is presented in each group management team meeting.

22. Have you signed a Union agreement?

HKFoods' employees have the right to join unions. HKFoods respects the employees' right to freedom of association and collective bargaining.

In 2024, collective agreement coverage of personnel was as follow:

- Finland: 80-100%
- Poland: 20-39%

PAI – Principle Adverse Impacts

Numeric answers based on 2024 figures:

| | |
|--|---|
| Revenue (EUR) | 1,001.8m |
| Greenhouse gas emissions; Scope 1, Scope 2, Scope 3 (tCO ₂ e) | Scope 1: 15,589 Scope 2: 5,132 Scope 3: 1,503,033 |
| Share of non-renewable energy consumption | 82.9% |
| Share of non-renewable energy production | N/A |
| Energy consumption in GWh | 233.284 |
| Tonnes of emissions to water | 0 |
| Tonnes of hazardous waste and radioactive waste generated | Hazardous waste: 12 Radioactive waste generated: N/A |
| Unadjusted gender pay gap | 12% |
| Board gender diversity | 18% women, 82% men |

Yes/No answers:

| | |
|--|-----|
| Fossil fuel operations | Yes |
| Sites/operations located in or near to biodiversity sensitive areas where activities negatively affect those areas | No |
| Science Based Target | Yes |
| Reports to CDP | Yes |
| UN Global Compact Signatory | Yes |
| Involved in the manufacture or selling of controversial weapons | No |
| Whistle blower policy | Yes |
| Supplier code of conduct | Yes |