



# **HKSCAN**

## Annual and Responsibility Report **2023**

*We make  
life tastier*  
- today and tomorrow

## Annual and Responsibility Report 2023

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## CEO JUHA RUOHOLA'S REVIEW

# Net sales for HKScan's continuing operations increased and EBIT improved clearly in 2023

For HKScan, 2023 was a year of improved performance and structural change. Our measures to improve cost efficiency and save costs, as well as our investments in commercial activities, continued throughout the year. I am pleased that the results of our determined efforts are showing.

In 2023, HKScan's net sales from continuing operations increased by 6.0 per cent to EUR 1,163.2 (1,097.5) million. The Group's EBIT from continuing operations totalled EUR 17.4 (-2.6) million and comparable EBIT was EUR 14.9 (-2.9) million. The comparable EBIT showed a clear improvement. The improvement came in particular from Finland, where May showed a turnaround after a weaker start to the year, but also from Denmark, where HKScan achieved its best full-year result in over ten years.

### On the right track, and the work continues

Measures to improve production efficiency and save costs improved our EBIT and profitability. In Finland, the investments made in commercial activities during the year have also paid off. We previously reported on our investments and other development plans, which we expect to generate total annual cost savings of around EUR 12 million. Half of this was realised in 2023 and we expect the remaining EUR 6 million to be realised from Q3/2024 until the end of Q2/2025.

Inflation pressures eased towards the end of the year, but cost levels remained high throughout the year. We were able to cover the cost increases with sales price increases implemented during 2022. Market interest rates also remained high, which has resulted in additional costs not only throughout the value chain but also for consumers.



Although the EBIT has clearly improved, our profitability is not satisfactory. In order to achieve our targeted performance and improve profitability, we will continue to tightly manage costs, improve production efficiency, optimise our product portfolio in the face of changing consumer demand, and continue our commercial efforts in 2024.

### A year of structural change

At HKScan, we have continuously assessed the position of the different businesses within the Group in order to increase our financial flexibility. Important steps in improving HKScan's profitability and strengthening its balance sheet were the completion of the divestment process of the Baltic business in August 2023 and the agreement we reported at the end of December on the sale of the Swedish business. The Baltic business was acquired by the Estonian AS Maag Grupp and for the sale of the Swedish business we have agreed with the Swedish Lantmännen ek för. We expect the sale of the Swedish business to be closed in the first half of 2024. Its closing is subject to approval by the EU Commission and the Swedish authorities regarding foreign direct investment (FDI) controls.

The transactions have changed and will change HKScan's structure and financial key figures. The company's financial reporting will focus on continuing operations, i.e. businesses in Finland and Denmark. The Polish unit's financial figures will be reported as part of the Business Unit Finland.

The business divestments will strengthen HKScan's balance sheet and the proceeds will be used to repay the company's loans. At the same time, they allow us

to better focus on our remaining businesses and implement our long-term strategy of growing into a versatile food company. The divestment of the Swedish business will increase the share of poultry in our net sales, which is one of our strategic goals, along with increasing the added value of our products.

### Building a responsible food chain is a long-term effort

Responsibility work is a basis of HKScan's strategy, and we will continue to build responsibility into a value-generating foundation for our business. Developing a responsible food chain is a long-term effort to which HKScan's management and employees are committed. 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.

In 2023, we advanced our responsibility programme across our businesses. At the heart of our responsibility programme are target-oriented climate work, development of packaging materials, improvement of biodiversity and the wellbeing and safety of our employees. We will continue to promote employee wellbeing through the Group-wide Better Together programme and safety work through the Safety First programme. These programmes are part of the implementation of HKScan's strategy and corporate responsibility programme in line with the company's values - Inspire, Care, Lead and Deliver.

In 2023, we continued to prepare for the EU Sustainability Reporting Directive (CSRD) by, for example, updating the responsibility materiality analysis and completing

the company's climate emissions calculation to comply with the latest GHG Protocol calculation model. During the process, we identified the need to update our climate emissions calculation, climate target and timeline of our responsibility programme to better align with international climate work guidelines, calculations guidance and reporting standards. Our new climate target is to achieve net zero for all greenhouse gas emissions by 2050. With our revised emissions calculation and climate target, we contribute to the goals of the Paris Agreement and also meet the new requirements for the land use sector. HKScan's climate work is guided by a comprehensive set of measures, dozens of measurable climate emission reduction actions defined by our Business Units. We are moving towards net zero climate emissions together with our contract farmers and other partners.

At the end of 2023, HKScan was the first food company in Finland and Denmark to receive SBTi approval for its near-term and land-related climate targets.

Overall, 2023 was a year of improved performance and structural change for the company. We will now continue to operate on our foundations as a strongly Finnish, but internationally operating listed company. Our market position is significant and our brands are strong. HKScan's future now looks much brighter, although work and challenges still lie ahead.

I would like to thank our personnel, contract farmers, customers, financiers and other stakeholders for the great cooperation in 2023.

**Juha Ruohola**

CEO, HKScan Corporation



HKSCAN IN BRIEF

We make life tastier – today and tomorrow

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.

Our values

- Inspire
- Lead
- Care
- Deliver

Delicious food by our famous brands valued by consumers\*

Home markets for continuing operations  
Finland and Denmark

Locations\*  
**12 | 3** countries

Our people\*  
**3,623** skilled food professionals

Net sales 2023\*  
**1,163 M€**

Comparable EBIT 2023\*  
**14.9 M€**

Cash flow from operating activities  
**50.6 M€**

Net gearing  
**121%**

1,098 M€\*\*

-2.9 M€\*\*

18.9 M€\*\*

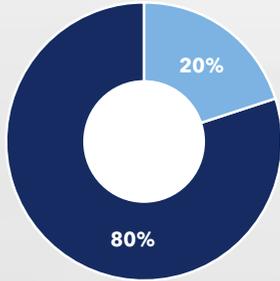
123.7%\*\*



\*Continuing operations in Finland and Denmark

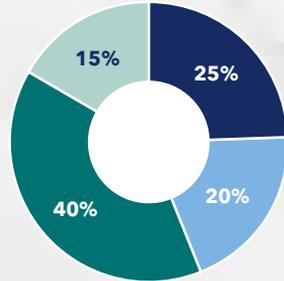
\*\* Key figures of 2022

**Net sales  
by market area 2023\***



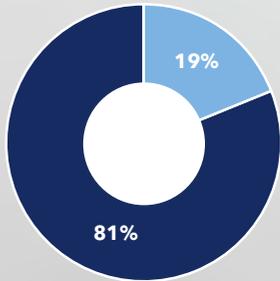
- Finland, incl. Poland
- Denmark

**Net sales  
by product category 2023\***

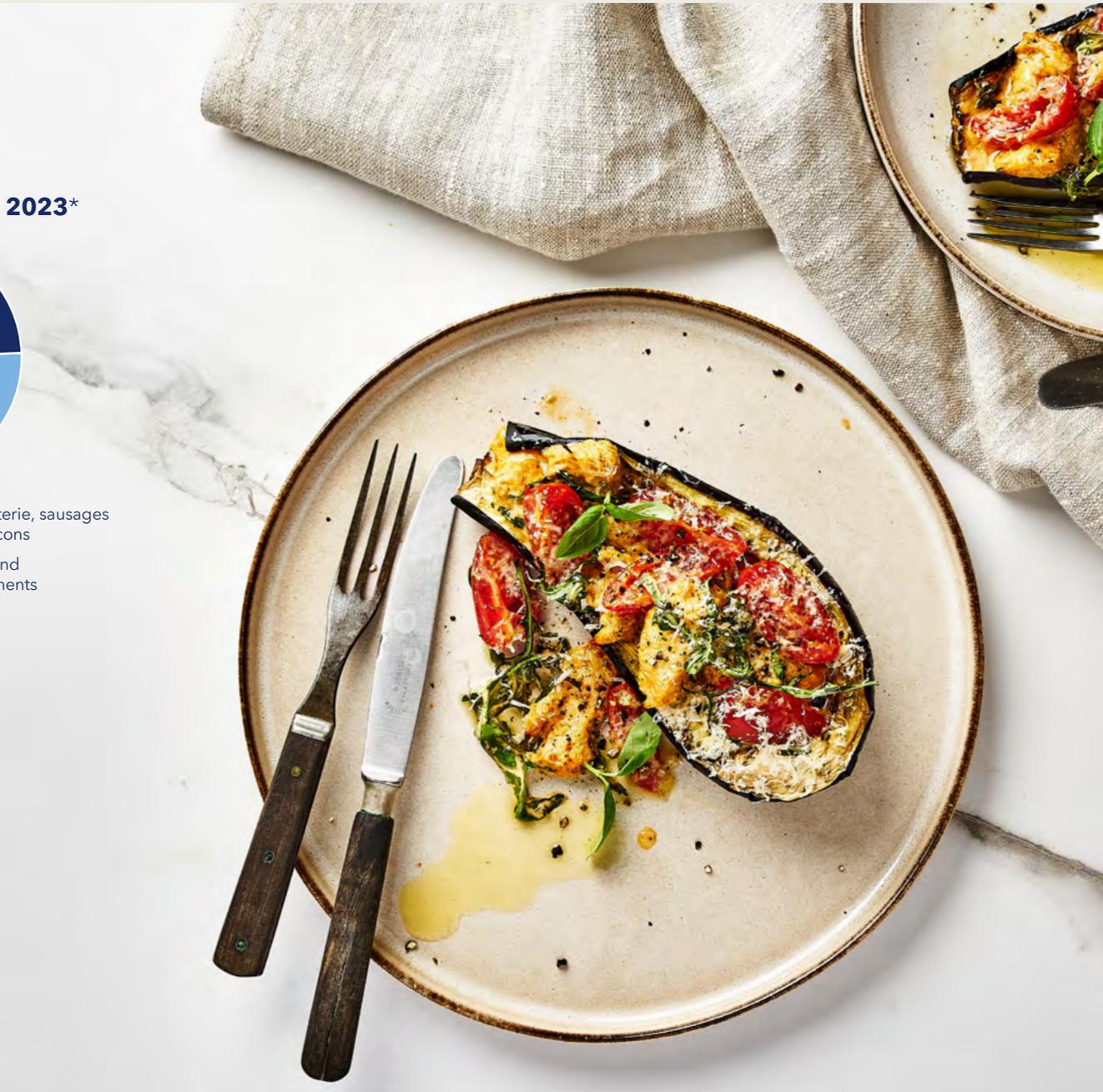


- Beef and pork
- Charcuterie, sausages and bacons
- Poultry
- Meals and components

**Personnel  
by market area 2023\***



- Finland, incl. Poland
- Denmark



\*Continuing operations in Finland and Denmark

## HKSCAN'S YEAR 2023

# Improving performance and structural changes

2023 was a year of improving performance and structural change. Our determined measures to improve cost efficiency and save costs, as well as our investments in commercial activities, continued throughout the year. We continued to promote employee wellbeing through the Group-wide Better Together programme and safety through the Safety First programme in line with the company's values - Inspire, Care, Lead and Deliver. We were also preparing for the EU Sustainability Reporting Directive and defined the objectives of the SBTi (Science Based Targets Initiative) application. We recognised the need to update the climate emissions calculation, target, and timeline of our responsibility programme to better align with international climate work guidelines and reporting standards.

An important step in improving our profitability and strengthening our balance sheet was the completion of the divestment process of the Baltic business in August 2023 and the agreement we reported in December on the sale of our Swedish business. The Baltic business was acquired by the Estonian AS Maag Grupp and the sale of the Swedish business was agreed with the Swedish company Lantmännen ek för. The business divestments will strengthen HKScan's balance sheet and the proceeds will be used to repay the company's loans. At the same time, they allow us to better focus on our remaining businesses and implement our long-term strategy of growing into a versatile food company.



**Key events at HKScan in 2023**

**Q1**

HKScan 110 years

Juha Ruohola appointed as CEO of HKScan Corporation

HK Sininen Lenkki® 60 years

Human rights impact assessment completed for people working at HKScan sites

**Q2**

HKScan decided on a development investment in Rauma poultry unit to improve profitability and competitiveness

HKScan was included in the Financial Times' European Climate Leaders list for the third year in a row

According to the Sustainable Brand Index, Kariniemen® is the 14th most sustainable brand in Finland

HKScan started the double materiality assessment process under the EU Sustainability Reporting Directive (CSRD) and included the requirements of the Directive in its annual Enterprise Risk Management (ERM) work.

**Q3**

The divestment of the Baltic businesses was closed and HKScan's ownership in the Baltics ended on 31 August 2023

In Denmark, HKScan was awarded the prestigious CSR People Prize 2023 for its significant work in promoting diversity and inclusion

HKScan was the first food company in Finland to sign a voluntary Green Deal commitment to reduce the consumption of single-use plastic packaging in the European Union

The Group's emissions accounting was updated in line with the new GHG protocol and sectoral guidance for the land use sector

HKScan prepared for the definition of the targets for the Science Based Targets Initiative (SBTi) application

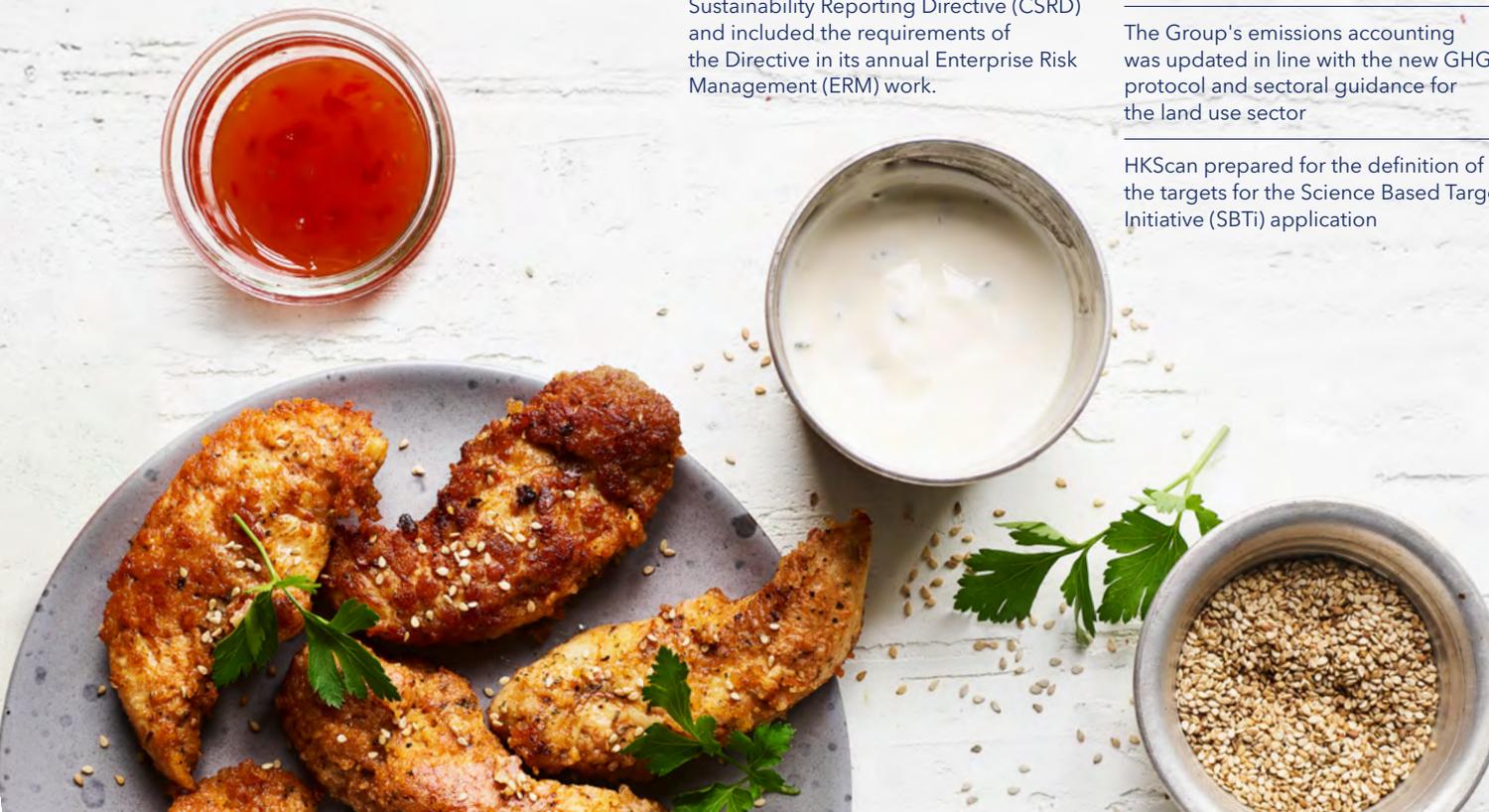
**Q4**

HKScan conducted a Group-wide Voice survey to assess employee experience and commitment to HKScan. The response rate of the survey was 85.4.

HKScan announced to launch poultry meat exports from Finland to China in early 2024

The SBTi approved HKScan's near-term value chain targets as the first Finnish food company to meet both industrial and land-use sector criteria. The validation confirmed that HKScan's climate strategy and business model support the transition to a sustainable economy and limiting global warming to 1.5 degrees in line with the Paris Agreement and climate science.

HKScan signed an agreement to sell its Swedish businesses to Lantmännen



**HKSCAN'S STRATEGY**

# Strengthening our financial base and core business profitability

HKScan's long-term strategic target is to grow into a versatile food company. In 2023, the focus was on strengthening our financial base and improving the profitability of our core business. Our core business includes meat, meat products and ready foods, such as meals, meal components and snacks.

Increasing productivity in all the business processes is important. In 2023, we made structural reforms and determined efforts to improve the cost efficiency of our operations. We continued to make investments to improve profitability and increase added value in several of our production units in Finland and Denmark.

Advancing the long-term strategy will require HKScan to achieve a stronger balance sheet. To increase financial flexibility, we are constantly assessing the position of our businesses within the Group. Important steps in improving HKScan's profitability and strengthening its balance sheet was the completion of the divestment process of the Baltic business in August 2023 and the agreement we reported at the end of December on the sale of the Swedish business.

The Baltic business was acquired by the Estonian AS Maag Grupp and for the sale of the Swedish business we have agreed with the Swedish Lantmännen ek för. We expect the sale of the Swedish business to be closed in the first half of 2024. Its closing is subject to approval by the EU Commission and the Swedish authorities regarding foreign direct investment (FDI) controls.

## Diversifying our product categories

Our aim is to grow in poultry products, meals, snacks and new product categories and to strengthen in growing and new sales channels. We also aim to 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 to renew commercially. In September 2023, for example, HKScan launched its new Kariniemen® Wingfest products combining the Finnish Kariniemen Kananpoika and sauces and finishing seasonings of the Pretty Boy Wingery restaurants.

**Partnerships supporting our strategic change**

Within our financial resources, we are seeking new growth and taking up business opportunities that drive our strategy. Partnerships offer HKScan the opportunity to move into new business areas quickly and flexibly. Our partners in Finland are, for example, Mäkitalon Maistuvat Oy and Boltsi Oy.

**Creating customer-driven value**

HKScan wants to grow in its core business by increasing the added value of products and by strengthening the value creation capacity of the company's own brands. In Denmark, for example, an investment in line with HKScan's strategy to increase sales of poultry products and add value to the products was completed. Production on the new frying line for poultry products started in August.

We are growing in product categories that make consumer's everyday life easier, such as meals, meal components and snacks. In 2023, our growth in Finland continued for meals and snacks. We launched new products for the HK® microwave meals, Via® meal

range and HK Pizza snack products and complemented our Via Pizzas range.

Building responsibility as a value-creating basis for business plays a key role in creating differentiating value in the market. Our responsibility work focuses on the business needs and the expectations and requirements of key stakeholders.

By working within the carrying capacity of the environment and nature, we enable good performance and responsible prosperity creation in the food chain of our home markets. We will continue our goal-oriented climate work. The HKScan Group's revised climate target is to reach net zero for all greenhouse gas emissions by 2050 at the latest.

**Strategic renewal requires better profitability and stronger balance sheet**

**Improving the profitability of the core business**  
 Increasing production efficiency, cost control, optimising the product portfolio to meet changing consumer demand and commercial measures

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**Strengthening the financial base**  
 Divestment of the Baltic and Swedish businesses



**Renewal into a versatile food company**

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**Profitable growth**



## OPERATING ENVIRONMENT

# Renewal by listening consumers

We want to offer consumers the best possible food moments, at the table and on the move. We closely follow consumer behaviour and domestic and international trends, which provide us with key insights to further develop our business.

Changes in the operating environment and high cost inflation were clearly reflected in people's shopping behaviour in 2023. In all of HKScan's business areas, locality and domesticity were values consumers shared. Within product groups, consumers shifted to more affordable options, took advantage of promotions and favoured poultry meat over pork and beef. In Finland, poultry consumption overtook pork consumption during 2023.

Eating habits have changed in recent years, with more and more people only having one hot meal a day. Snacking is replacing main meals and eating out has become more common.



**Examples of trends in food consumption**

**WHAT DO WE EAT?**



Ease of cooking and saving time are driving consumption to ready and semi-ready meals and meal components.



Eating habits and ideas about meals are changing. Snacks are replacing traditional main meals.



Nostalgic retro food returns and food is made from scratch. Ready meals and home cooking are on the rise.



Environmental and health aspects are increasingly driving consumption habits and food-related choices.

**WHERE DO WE BUY FOOD?**



The search for convenience is increasing food home deliveries.



New, fast and flexible sales channels are part of consumers' shopping habits. Food is bought wherever people are.



Consumers care not only about locality, but also about where and how food is produced.



Food is bought with thought. Rising food prices, the desire to avoid food waste and environmental friendliness of packaging are increasingly influencing purchasing decisions.

**WHERE AND HOW DO WE EAT?**



Strong growth of the food service market continues. Casual café and bistro style concepts are challenging the classics. Recession may reinforce the position of international chain restaurants. Increased remote work is challenging the role of workplace restaurants.



The on-the-go trend is strengthening. Food is enjoyed wherever people are. Snacks are expected to be tasty, healthy and convenient.



Street food is making a comeback. Old concepts, such as hot dogs and kebabs, are freshened up with a focus on quality. Foodies eager to experiment are testing novelties. High-quality street food is particularly popular at different events.



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

**HKSCAN**

**Responsibility**



## RESPONSIBILITY AND STRATEGY

# Responsibility work throughout the food chain

Responsibility work is the basis of our strategy. It focuses on the business needs and the expectations and requirements of our stakeholders. We promote responsibility throughout our long value chain in collaboration with our contract farmers and partners.

The themes of our Group's responsibility work are based on our stakeholder analysis and materiality assessment. Our responsibility programme sets Group-level targets and indicators for the promotion of the wellbeing of nature and people. Other key responsibility themes include animal welfare, safe food, a competitive farmer community and good governance. We manage these in each of our Business Units in accordance with local legislation and requirements.



## Responsibility programme targets

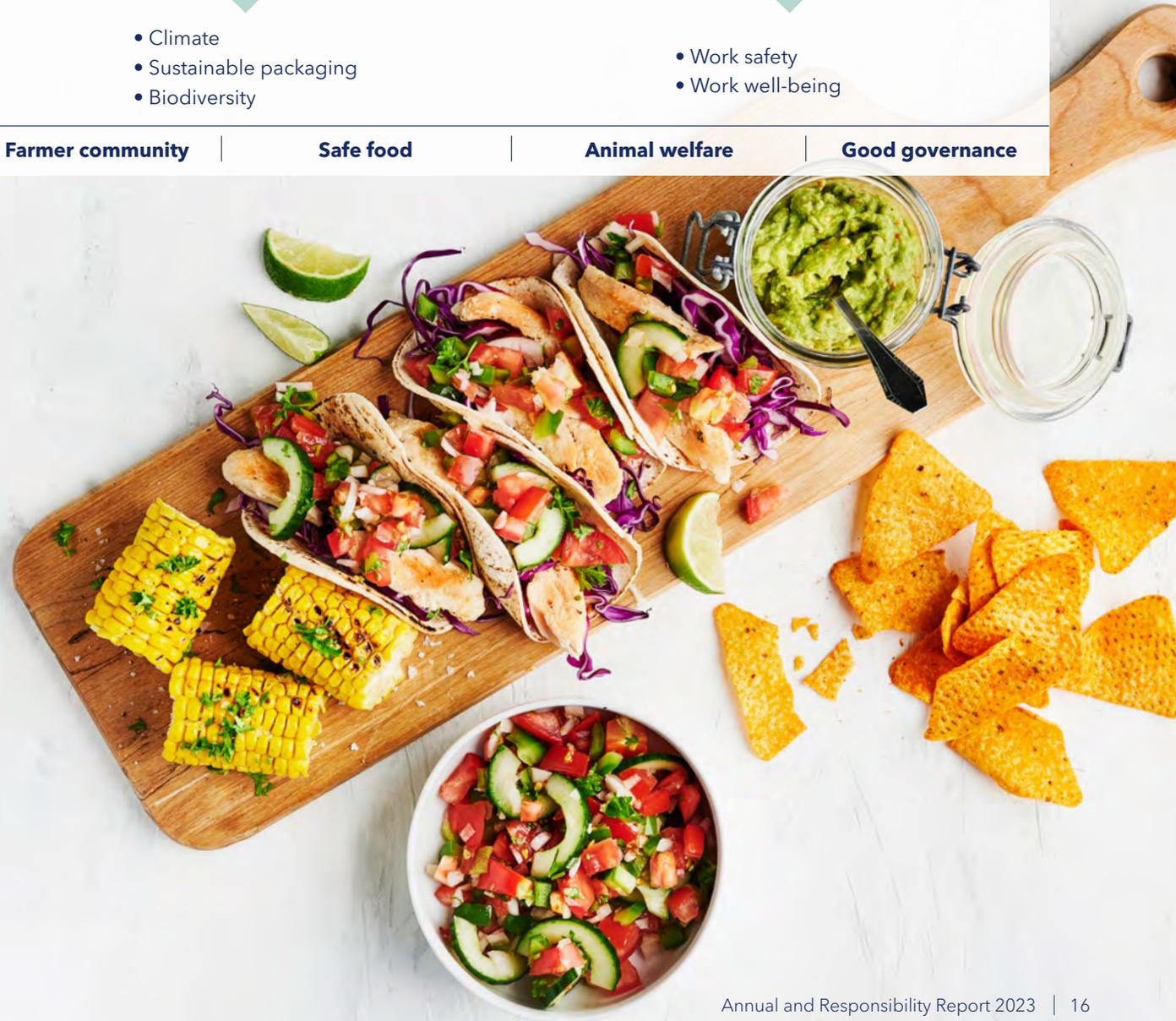
For HKScan's Group-wide responsibility programme, we have selected themes for which we have been able to develop common indicators for all our Business Units.

In January 2024, we updated the climate emissions calculation and climate target of our responsibility programme. Our revised **climate target** is to achieve net zero for all greenhouse gas emissions by year 2050. Our new climate target supports our journey towards the international framework and the Paris Climate Agreement target. This journey will be verified through the Science Based Target Initiative (SBTi) definitions and the evaluation process of emission reduction targets set by the company.

**Our packaging responsibility targets** are aligned with the objectives of the European Union's Circular Economy Package and Plastics Strategy. In terms of packaging recyclability, we support efforts to develop the recycling infrastructure in our home markets by introducing packaging that is technically recyclable. In addition, we are systematically increasing the use of renewable and recycled materials, where it is feasible in terms of the safety and shelf life of food.

Increasing **biodiversity** has been identified as an essential objective for our entire value chain. No Group-wide indicators have been set so far, as work to promote biodiversity is very much a local activity. However, there are international guidelines for biodiversity promotion, with common indicators to be set during 2024. We will also use local case studies to help.

HKScan's responsibility work themes			
NATURE		PEOPLE	
<ul style="list-style-type: none"> <li>• Climate</li> <li>• Sustainable packaging</li> <li>• Biodiversity</li> </ul>		<ul style="list-style-type: none"> <li>• Work safety</li> <li>• Work well-being</li> </ul>	
Farmer community	Safe food	Animal welfare	Good governance



In terms of **safety at work**, our key target is to be a safe workplace for our own employees and for the partners working in our units. Through the principles of our Safety First programme, we promote proactive work safety, systematic monitoring and response to deviations and accidents at work and response to them.

Through the Better Together programme, we define key development measures for **wellbeing at work**. Our responsibility indicators verify employee satisfaction, work management and wellbeing.

### Preparing for CSRD sustainability reporting

In 2023, we continued to prepare for the EU's Sustainability Reporting Directive (CSRD). We conducted a double materiality analysis of responsibility, taking into account the environmental and social impacts of our company's value chain and the short, medium and long-term financial risks and opportunities for our company.

In the double materiality assessment, the top themes that stood out were those that are already well reflected in our responsibility programme. With the double materiality work, we prioritised the most relevant ESRS topics for our company and the data points they contain. In addition, we conducted a situation analysis of the data to be collected. We clarified which data already exist for reporting purposes and which data need to be completed.

## HKScan's responsibility programme targets & KPIs 2024

### NATURE

#### 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
- 80% of packaging renewable or recycled materials by the end of 2030  
KPI: share of renewable or recycled materials

#### BIODIVERSITY

- We are committed to increasing biodiversity in our food chain

### 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





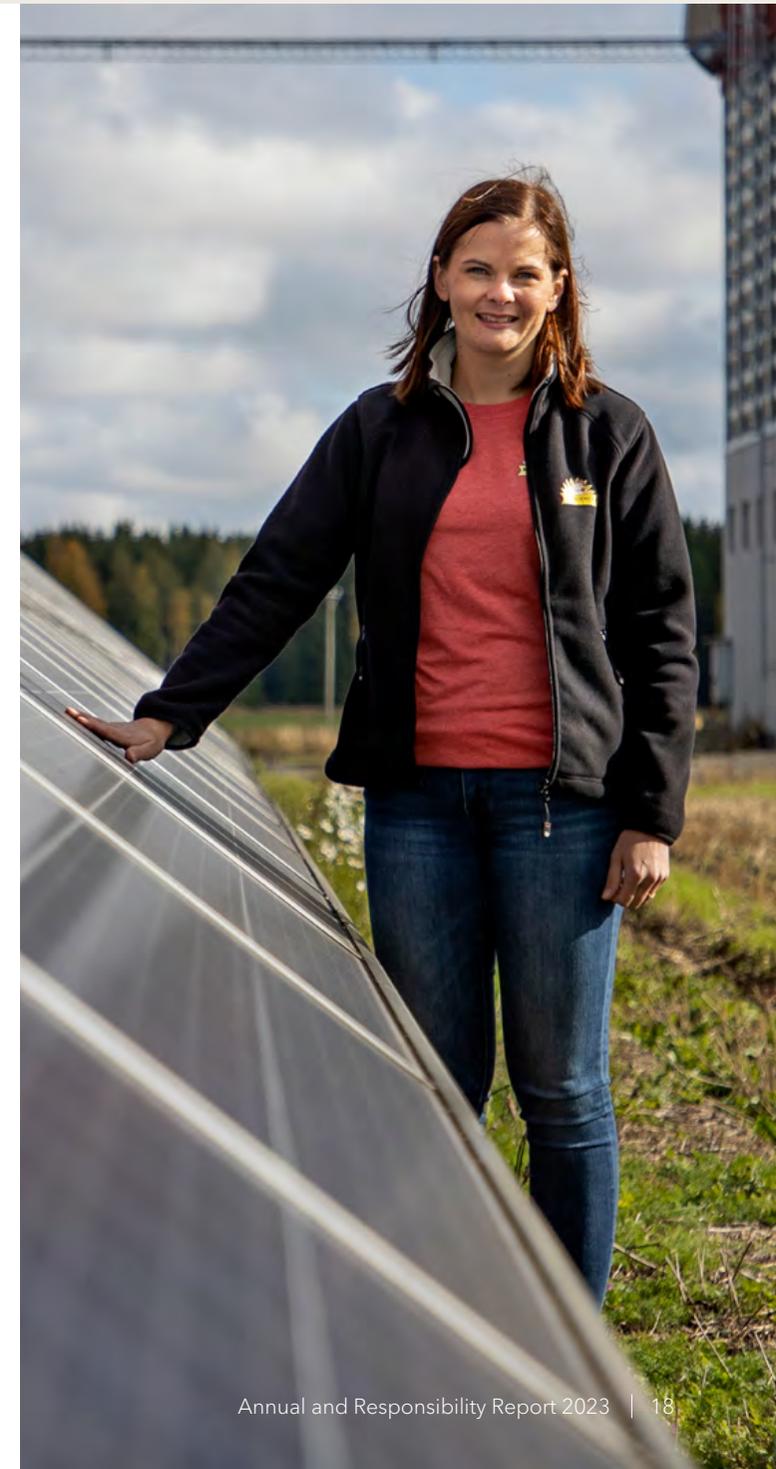
**NATURE**

## Building a more climate-friendly way of producing food

We promote the targets of our responsibility programme in throughout the entire food chain.

Responsibility programme targets 2023	Results for continuing operations 2023
<b>ZERO CARBON*</b>	
<ul style="list-style-type: none"> <li>Carbon-neutral own production (scope 1 and 2) by the end of 2025</li> <li>Carbon-neutral food chain (scope 1-3) by the end of 2040</li> </ul>	<ul style="list-style-type: none"> <li>Climate impacts of own production (scope 1 and 2) 26,310 (26,418) tCO<sub>2</sub>e*, carbon intensity 0.07 (0.07) tCO<sub>2</sub>e /sold product tonne*</li> <li>Climate impact of the whole food chain (scope 1-3) 1.194 (1.125) MtCO<sub>2</sub>e*, carbon intensity 3.28 (3.02) tCO<sub>2</sub>e /sold product tonne*</li> <li>Energy consumption 0.75 (0.74) MWh/sold product tonne*</li> </ul>
<b>RESPONSIBLE PACKAGING</b>	
<ul style="list-style-type: none"> <li>100% recyclable packaging by the end of 2030</li> <li>80% renewable or recycled packaging materials by the end of 2030</li> </ul>	<ul style="list-style-type: none"> <li>77 (75)% of packaging recyclable</li> <li>58 (58)% renewable or recycled materials</li> </ul>
<b>BIODIVERSITY</b>	
<ul style="list-style-type: none"> <li>We commit to increasing biodiversity in our food chain</li> </ul>	Biodiversity promoted on farms as part of climate work

**Our responsibility work related to nature's wellbeing contributes to the four UN Sustainable Development Goals (SDGs):**



\*Calculation includes Kivikylän Kotipalvaamo Oy and Lihaturku Harri Tamminen Oy which are Finland Business Unit's subsidiaries

## Revision of our climate target

At the beginning of 2024, we updated the company's climate emissions calculation, climate target and timeline to better align with international climate work guidelines, calculation guidance and reporting standards.

Our revised climate target is to achieve net zero for all greenhouse gas emissions by year 2050. Our previous climate target was a carbon-neutral food chain from farms to consumers by 2040.

Our primary way to reach net zero is to significantly reduce overall greenhouse gas emissions. To achieve this goal, greenhouse gas cuts must be complemented by durable carbon removals, either through nature or technological solutions.

The revised climate calculation shows that about 1 per cent of our total emissions are generated by the company's own operations and 99 per cent by other parts of the food chain. It is therefore essential to take into account emissions from land use and its change and from the entire food chain.

At HKScan, we have carried out long-term and determined climate work throughout the food chain. We are now moving towards net zero climate emissions in cooperation with our contract farmers and other partners. Together with around 50 of our pilot farms, we are conducting studies on best practices to reduce the climate impact of meat production in Finland and Denmark.



*Net-Zero*  
**Net zero** for all  
 greenhouse gas  
 emissions  
 by 2050

### Examples of climate actions in 2023

In our own operations, our focus in 2023 was on improving energy efficiency in 2023.

We developed digital data collection on the climate impacts of the value chain and expanded the use of the Zero Carbon tool in Finland. Digital climate tools will continue to provide us with important information on the climate impact of our contract farmers and to help farms target their climate actions on the most impactful issues.

We continued with energy investments at our Vantaa and Vinderup factories, in line with our climate programme plan, by replacing the use of natural gas with electricity. The electricity used by the Group is carbon-neutral.

During the 2023 summer growing season, we investigated how to improve carbon sequestration in fields on pilot farms using soil sensors, weather stations and carbon flux measurement equipment and compared different crop varieties. We provided our contract farmers with recommendations based on the data collected.



## Our near-term and land-based climate emissions target approved by SBTi

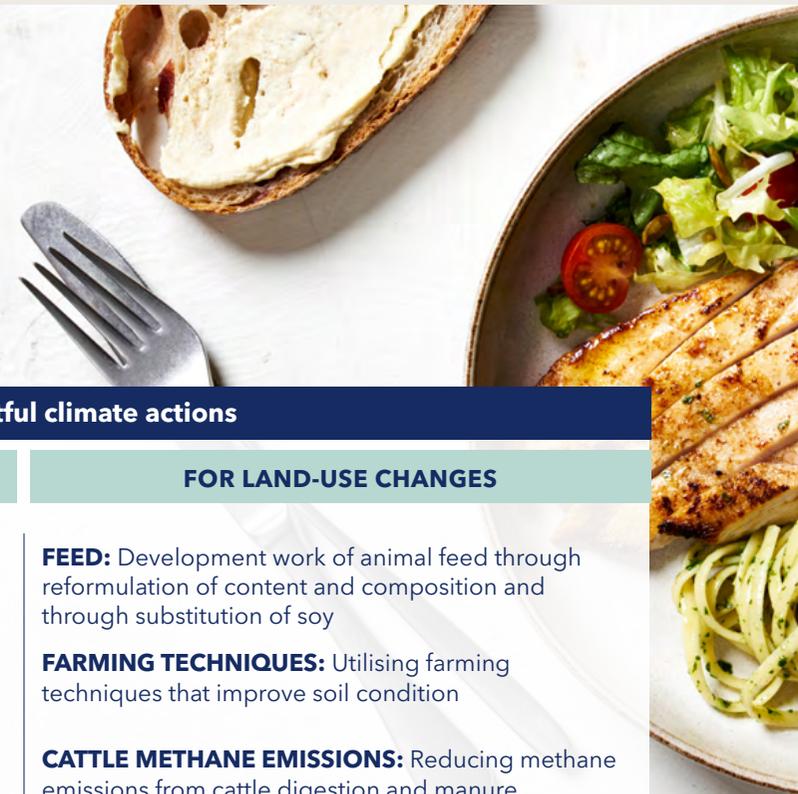
In 2023, SBTi (Science Based Targets initiative) extended its sector-specific climate target package for the land use sector, i.e. agriculture, forestry and other land uses. The new FLAG (Forest, Land and Agriculture) guidance takes into account land use and permanent changes in the use of land, for example by clearing forests for agricultural purposes in the last 20 years.

HKScan was among the first Nordic food companies to specify near-term targets for both industrial energy and the land use sector (Forest, Land and Agriculture = FLAG). In December 2023, we received SBTi approval for our climate targets of near-term and land-based emissions.

Under our near-term targets, we commit to reduce absolute scope 1 and 2 GHG emissions from industrial operations and energy by 42 per cent by 2030 from the base year 2022. Similarly, we commit to reduce emissions in specific Scope 3-kategorioiden categories by 42 per cent within the same timeframe. The target also includes the emissions related to bioenergy feedstocks.

In addition, we will reduce land-based absolute Scope 3 FLAG GHG (greenhouse gas) emissions by 30.3 per cent by 2030 from the base year 2022. We also commit to no deforestation across our primary deforestation-linked commodities.

Our Business Units have defined dozens of measurable climate emission reduction measures. We will continue to work on them, focusing on actions that will have the greatest impact on reducing emissions.



### Our most impactful climate actions

#### FOR INDUSTRIAL OPERATIONS AND ENERGY

**INVESTMENTS:** Investments in our own production units to support the green transition by replacing the use of fossil energy

**EMISSIONS RECOVERY:** Recovering emissions from production units where feasible

**SUPPLY CHAIN:** Anchoring the supply chain to the same climate targets

#### FOR LAND-USE CHANGES

**FEED:** Development work of animal feed through reformulation of content and composition and through substitution of soy

**FARMING TECHNIQUES:** Utilising farming techniques that improve soil condition

**CATTLE METHANE EMISSIONS:** Reducing methane emissions from cattle digestion and manure

### HKScan's near-term climate targets

#### INDUSTRIAL OPERATIONS AND ENERGY

HKScan commits to reduce its absolute Scope 1 and 2 GHG emissions by 42 per cent by 2030 from the base year 2022\*. HKScan also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, downstream transportation and distribution and investments by 42 per cent within the same timeframe\*.

#### FLAG

HKScan commits to reduce its absolute Scope 3 FLAG GHG emissions by 30.3 per cent by 2030 from the base year 2022\*. Finally, HKScan commits to no deforestation across its primary deforestation-linked commodities, with a target date of no later than December 31, 2025.

The original English version of HKScan's near-term climate targets approved by the SBTi is available on the company's website <https://www.hkscan.com/en/responsibility/environment/sbti-approval/>

\*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

\*\*The target includes FLAG emissions and removals.

**Making progress on climate actions**

1

We updated the calculation of climate emissions in line with the new international guidelines and revised our climate target.

2

Our new climate target is to achieve net zero for all greenhouse gas emissions by 2050.

3

Our total emissions are generated by about 1% in our own operations and 99% in other parts of the food chain.

4

We will achieve our “Net-Zero 2050” target through:

- cutting significantly the total greenhouse gas emissions,
- durable carbon removals that complement emission cuts.

5

SBTi has approved our near-term and land-based climate targets.



**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>

**HKScan promotes responsible food production in cooperation with the entire food chain.**

**HKScan is one the most responsible food companies in Europe**

**Committed to UN sustainability initiatives**

**WE SUPPORT**



**SUSTAINABLE DEVELOPMENT GOALS**



**Strong commitment to climate work**



**SCIENCE BASED TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



2023 approved near-term industrial and land-based climate targets

**HKScan listed as European Climate Leader by Financial Times in 2021, 2022 and 2023**

**HKScan rated by independent ESG ratings**

Sustainalytics ESG Risk Rating:



ISS ESG Corporate and QualityScore:



**HKScan is included in the Nasdaq OMX Sustainability Finland**

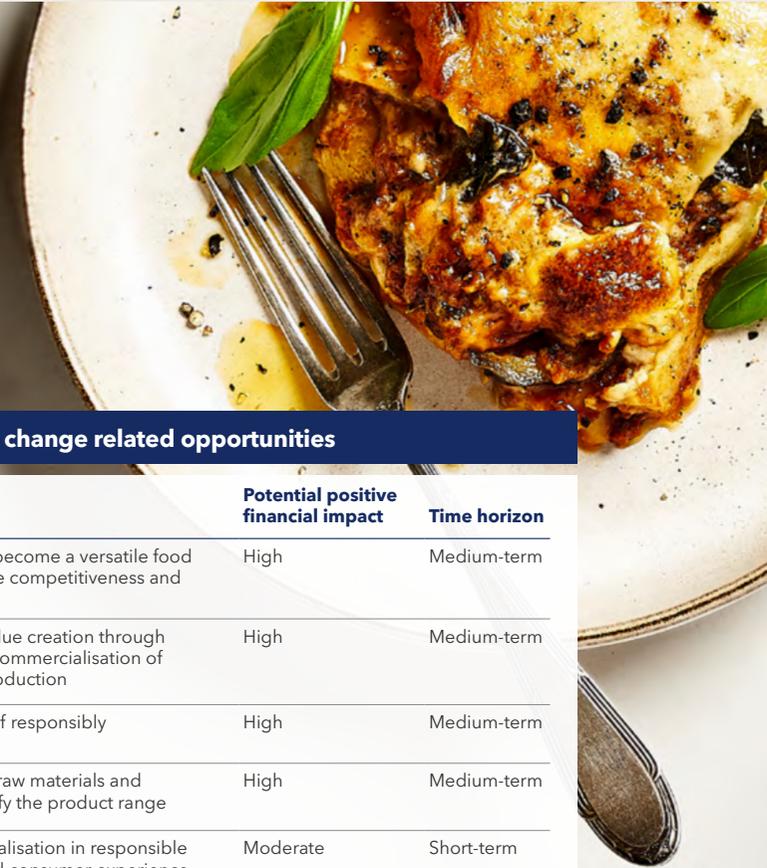




## Climate risks and opportunities

In 2023, we assessed the risks and opportunities related to climate change and their financial impact on HKScan's business in line with the Task Force on Climate-Related Financial Disclosure (TCFD) model. HKScan's key risks relate to, e.g. legislation, access to lower emission technologies,

energy costs, consumer behaviour and attractiveness as an employer and investment. The table below illustrates HKScan's risks and opportunities related to climate change.



Climate change related risks			
Category	Description	Potential negative financial impact	Time horizon
<b>Transition risks</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
	Increasing regulation of carbon emissions may increase their costs	Moderate	Medium-term
	Rise in energy costs	Moderate	Short-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
<b>Market</b>	Impact of changes in consumer behaviour on meat demand	Moderate	Short-term
	Impact of the carbon footprint of the meat value chain on the company's attractiveness as an investment. Impact of the carbon footprint on the price of financing	High	Medium-term
<b>Reputation</b>	Impact of the carbon footprint of the meat value chain on customer and consumer attitudes and potential impact on demand and sales	Moderate/ high	Short-/ long-term
	Impact of the carbon footprint of the meat value chain on the company's attractiveness as an employer	Moderate	Short-term
<b>Physical risks</b>			
<b>Acute and chronic</b>	Impact of animal and plant diseases increasing in the home markets on the supply chain and exports	Moderate	Short-term
	Impact of extreme weather events on crop yields and the availability and prices of raw materials	Moderate	Medium-term

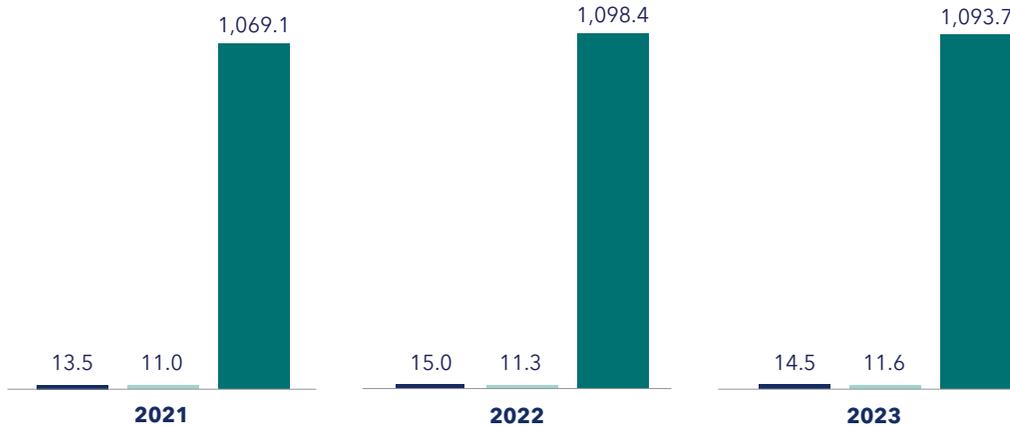
Climate change related opportunities			
Category	Description	Potential positive financial impact	Time horizon
<b>Resilience</b>	Strategic growth to become a versatile food company to promote competitiveness and profitability	High	Medium-term
<b>Markets</b>	Consumer-driven value creation through the promotion and commercialisation of responsible food production	High	Medium-term
<b>Products and services</b>	Commercialisation of responsibly produced meat	High	Medium-term
	Expansion into new raw materials and categories to diversify the product range	High	Medium-term
	Using data and digitalisation in responsible meat production and consumer experience development	Moderate	Short-term
<b>Resource efficiency</b>	Goal-oriented work to achieve carbon neutrality in own production and net zero of the entire food chain	High	Medium-term
	More climate friendly feed production and promotion of carbon sequestration in fields to reduce climate impact of the entire food chain	High	Medium-term
	Northern Europe's good conditions for food production in environmental terms	Moderate	Long-term
	More efficient use of production side streams as circular economy products and in energy production	Moderate	Short-term
<b>Energy sources</b>	Diversification of energy sources and reduction of fossil fuel use to reduce price risk	Moderate	Short-term

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

# Environmental performance 2023

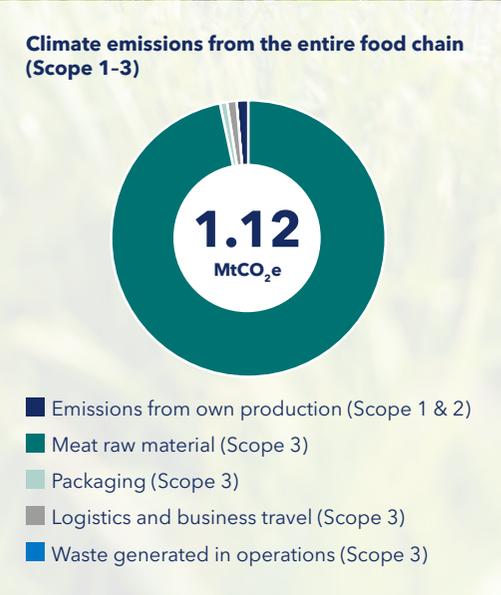
Continuing operations in Finland, Denmark and Poland

Climate emission from Scope 1, 2 and 3 in thousand tonnes CO<sub>2</sub>e



- Scope 1. Direct emissions from production
- Scope 2. Indirect emissions, released from purchased energy
- Scope 3. Indirect emissions that occur in the value chain

Environmental data	2023	2022	2021
<b>Energy consumption, GWh</b>	273,69	275,52	277,01
<b>Energy consumption MWh / sold product tonne</b>	0.75	0.74	0.75
<b>Carbon intensity of own production (Scope 1 &amp; 2) tCO<sub>2</sub>e / sold product tonne</b>	0.07	0.07	0.07
<b>Carbon intensity of the entire food chain (Scope 1-3) tCO<sub>2</sub>e / sold product tonne</b>	3.08	3.02	2.97
<b>Water consumption, million m<sup>3</sup></b>	2.06	2.07	2.04
<b>Water consumption, m<sup>3</sup> / sold product tonne</b>	5.66	5.56	5.54
<b>Total waste, tonnes</b>	38,438	29,150	30,191
- Recycling	1,447	1,520	1,363
- Energy recovery	11,619	11,176	9,911
- Biogas and biodiesel	24,449	15,985	18,471
- Compost and farm fields	14	12	18
- Landfill waste	1	4	2
- Hazardous waste	14	12	18
- Material recovery	15	3	1



**SUSTAINABLE PACKAGING**

# Targeting recyclable packaging

In the development of responsible packaging, our focus is on recyclability and the use of renewable materials. In 2023, we were the first food company in Finland to sign the Green Deal commitment to reduce single-serve plastic packaging.

Responsible packaging ensures food safety. In 2023, we promoted the recyclability of packaging and development work to increase renewable packaging materials. We also continued to optimise packaging material use and thinning of plastic materials. During the year, all our Business Units tested several new materials, such as mono-plastic materials. In addition, we built technical capability to introduce a range of new packaging solutions and materials in our production units.

We continued to work closely with the packaging industry enable both the development of materials and their recyclability. An effective recycling system is a prerequisite for the profitability of the circular economy and the reuse of recycled materials.



## Efficient use of materials reduces environmental impact

We were the first food company in Finland to sign a voluntary Green Deal commitment to reduce the consumption of single-use plastic (SUP) packaging in the European Union. The SUP directive requires EU Member States to achieve an ambitious and permanent reduction in the consumption of certain single-use plastic products by 2026. The reduction applies to beverage cups made entirely or partly of plastic as well as single-use plastic food packaging whose contents are ready to eat straight from the container.

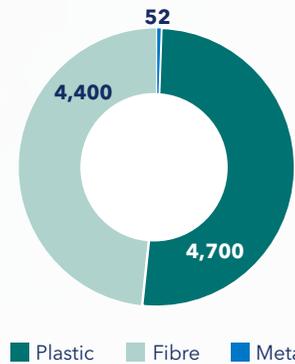
For the period 2022-2026, HKScan will continue to be part of the food industry's Material Efficiency Commitment to reduce the environmental impact of food and food packaging across the sector.

HKScan's goal is that by 2030 at the latest, all packaging will be recyclable and 80% of packaging materials will be renewable or recycled.

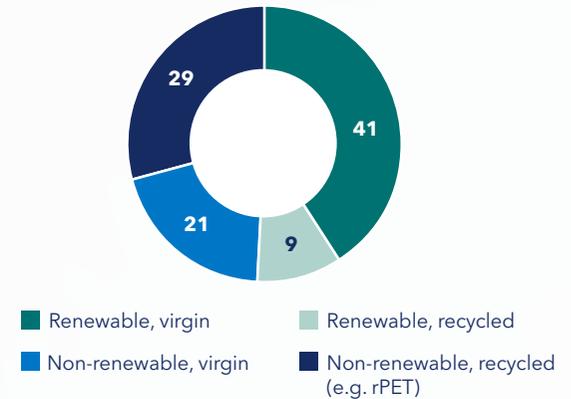


## Results from the packaging development 2023\*

Packaging materials, tonnes



Origin of packaging materials, %



### Recyclable packaging

**77%**

75%\*\*

### Packaging materials renewable or recyclable

**58%**

58%\*\*



\* Continuing operations in Finland and Denmark  
 \*\* Key figures of 2022

**BIODIVERSITY**

# We are committed to increasing biodiversity in our food chain

We promote biodiversity on farms and in our own production as well as through responsible procurement practices.

In 2023, we investigated the current status of our environmental impacts by participating in a study by the Food and Drink Industries’ Federation (ETL), which identified the main environmental impacts of the food industry and looked for ways to reduce them. The aim of the work was to identify the direct and indirect impacts of the food industry value chain on nature and the business risks they pose. In addition, opportunities to halt the loss of nature were identified and concrete ways forward were considered.

In order to gain more concrete insights and to learn how to set indicators for nature impacts, HKScan applied for the UN Global training programme. In addition, HKScan was selected to participate in the UN Global Compact Network Finland's Science Based Targets for Nature training programme, which started in autumn 2023, where our company's nature work is further developed in line with the guidelines

of this international programme. During the training programme, we will conduct a case study to identify the local nature pressures caused by one of our own factories and one of our supply chains and plan measures to reduce them. Through this concrete exercise, we will learn how to assess local nature impacts and set targets and indicators for these impacts in the context of an international framework. The training programme will run until spring 2024.

In our own production, we focus on reducing our environmental impact. For example, effective water use and careful waste water treatment support biodiversity in the environment around our production units. In addition, our responsible procurement policies reduce the impact of the production of the risk raw materials we use on biodiversity loss. Soy and palm oil were identified as such risk raw materials. We use soy in our own production, certified as well as by



supporting the production of responsible soy. We verify the responsibility of soy used in feed for poultry and pigs through certificates provided by feed manufacturers. Soy is not used in feed for cattle. We use only small amounts of palm oil as a certified ingredient. We are a member of the Round Table on Responsible Soy (RTRS) and an associate member of the Round Table on Sustainable Palm Oil (RSPO).

Farming practices that reduce climate impact reduce tillage, improve soil carbon sequestration and benefit biodiversity. For example, increasing crop rotation, plant cover and optimising the use of nutrients and pesticides maintain soil health and underground biodiversity and improve living conditions for pollinators. Improving soil condition also benefits aquatic biodiversity by preventing the leaching of eutrophication-causing nutrients such as nitrogen

and phosphorus into water bodies. We encourage sustainable farming practices among our contract farmers.

Cattle grazing creates good living conditions for the diversity of species and increases the number of insects. Grazing also maintains traditional biotopes. Grasslands and meadows used for grazing are particularly rich in biota.

We are committed to increasing biodiversity in our food chain

**Reducing the environmental impact of our own production with respect for nature**

- Goal-directed climate work towards carbon neutrality in our production supports biodiversity
- Efficient water use and wastewater treatment
- Promoting material efficiency and the circular economy

**Promoting responsible procurement**

- Responsible procurement practices, e.g. Supplier Code of Conduct
- Raw material guidelines, e.g. responsible soy and palm oil
- Aiming for 100% recyclable packaging by the end of 2030



**The potential of farms to maintain and enhance biodiversity**

- Farming practices according to HKScan's climate trainings support biodiversity on farms, e.g.
  - increasing crop rotation
  - optimising nutrient use
  - supporting soil health and water circulation
  - enriching species diversity, e.g. catch crops and pollinators
- Cattle grazing
- Reducing the eutrophication impact of agriculture

**PEOPLE**

## We promote the safety and wellbeing of our employees

The safety, well-being and health of our employees is an essential part of our social responsibility. In 2023, we focused on proactive safety at work and mental wellbeing.

Responsibility programme targets 2023	Results for continuing operations 2023*
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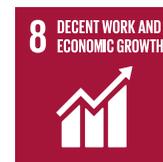
**SAFETY FIRST**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Determined work towards zero accidents</li> </ul> | <ul style="list-style-type: none"> <li>• Accidents at work resulting in at least one day's absence 16.4 (13.5) /million working hours</li> </ul> |
|--|--|

**BETTER TOGETHER**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Continuous promotion of personnel wellbeing</li> </ul> | <ul style="list-style-type: none"> <li>• Employee Net Promoter Score eNPS 0 (-3 in 2021)</li> <li>• Absences 7.1 (8.1)% working hours</li> </ul> |
|---|--|

**Our responsibility work on people's wellbeing contributes to the three UN Sustainable Development Goals (SDGs):**



\*) On 29 December 2023, HKScan announced that it had signed an agreement to sell its Swedish business to Lantmännen ek för. The transaction is expected to close in the first half of 2024. In this Annual and Responsibility Report, HKScan reports on the progress of its continuing operations. The company's continuing operations are the businesses in Finland and Denmark. The comparison figures for continuing operations for 2022 in parentheses.



**SAFETY AT WORK**

# Towards zero accidents at work

In the long term, our safety work has produced good results, which has been reflected in a reduction in lost-time accidents. Over the last few years, the development of work safety culture has levelled off. We will continue our efforts to reduce accidents and improve overall safety at work.

In 2023, we focused on the importance of observations and increased safety awareness of our employees.

HKScan's key target is to be a safe workplace for our employees and for the partners working in our units. We work in a goal-oriented way towards zero accidents at work and promote our safety culture with the Safety First principle.

In October 2023, we held a Group-wide European Week for Safety and Health, focusing on the themes of our guidance on serious risks to life.

## Proactively preventing accidents

Safety observations are important in promoting proactive safety at work. Our target is that every employee makes two safety observations per year.

In 2023, we reached our goal with an average of 2.1 safety observations per employee.

We systematically processed safety observations, near misses and accidents and used them to develop safer practices, processes and working environments. We also promoted safety culture through careful risk assessments and process management.

## Implementing safe working guidelines

Our Blue Rules for avoiding life-threatening accidents have six themes with concrete guidelines. All our units follow these guidelines. It is important for us that all our white-collar and production employees are familiar with the Blue Rules guidelines, even if they do not work with such risks on a daily basis.

By the end of 2023, 92 per cent of employees had completed the Blue Rules online training on safe working.



**92%** of employees completed safe working online training

**HKScan Blue Rules**

Blue Rules guidelines for avoiding life-threatening accidents have six themes, all of which contain concrete operating instructions. All our units follow these guidelines.



**1. Personal Protective Equipment**



**2. Machine Safety**



**3. LockOut/TagOut (LOTO)**



**4. Handling of Hazardous Substances and Materials**



**5. Working at Heights**

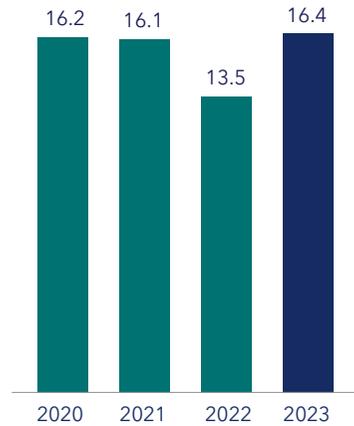


**6. Traffic Safety**

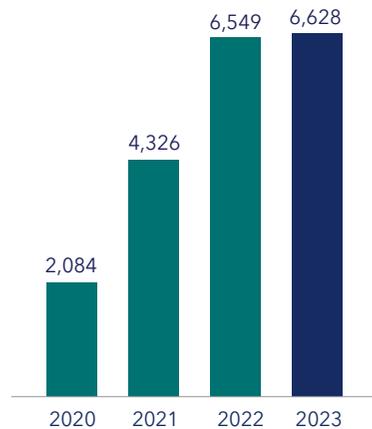
*Safety First*

**Safety First in figures\***

**Lost time accidents /million working hours (LTIR)**



**Number of safety observations**



\* Continuing operations in Finland and Denmark



**Exemplary safety work in Forssa**

Our Forssa production unit achieved significant progress in occupational safety in 2023. This was reflected in an overall improvement in safety at work and a direct reduction in accidents at work throughout the unit.

This achievement is based on long-term and systematic work in developing workplace safety. A key factor in improving safety has been the attitude of employees, their active commitment and the involvement of all in joint safety efforts.

As an example of Forssa's excellent safety work, the unit's maintenance reached a significant safety milestone in spring 2023: two years without any lost-time accidents.

**WELLBEING AT WORK**

# Employee wellbeing essential

At HKScan, we are 3,623 food industry professionals in Finland, Denmark and Poland. We determinedly support the physical and mental wellbeing of our staff in all our operations.

HKScan’s strategy is implemented by people who are doing well at work. Our Group-wide programme Better Together aims at employee engagement, promotion of wellbeing at work and psychological safety. In 2023, the programme themes were Nutrition and Physical Activity, Mental Health at Work, Sleep and Recovery, and Prevention of Musculoskeletal Disorders. We promoted these themes through Group-wide guidelines and materials and through local measures, such as discussion sessions, webinars and theme days.

As in the previous year, we rewarded teams with High Five Rewards for outstanding performance. We selected 16 teams from across the Group from a large number of candidates. In addition, we gave out We Are Valuable awards for behaviour in line with our values.





## Equal treatment of employees

As an employer and as colleagues, we treat each other with respect, regardless of age, gender, ethnicity, language, culture, religion, opinion, health status, sexual orientation or position. We do not tolerate bullying, harassment or discrimination of any kind, but value the contribution that diversity brings to our work community.

Our Whistleblowing channel is available to all employees and external parties working at HKScan. It allows anyone to report suspected unethical behaviour anonymously.

In 2023, 14 (20) reports of suspected negligence or misconduct were received through the Fair Way channel. The reports mainly concerned suspicions of improper behaviour or management challenges.



Most of the reports were resolved through HR processes during 2023. Based on these reports, we revised our internal policies.

## Continuous competence improvement

We continuously develop the skills of our employees to meet changing business needs. We draw up a personal development plan for each of our employees and set targets in appraisal discussions. In addition, we make training plans at business and production unit levels, for example on safety at work.

Our company actively uses a learning platform, Learning Point, which collects the training courses available for all our employees. The learning platform includes all compulsory training, such as general inductions, Blue Rules, Code of Conduct, data security training and tailored site-specific inductions.

We operate in accordance with HKScan's Code of Conduct. Our employees take a Code of Conduct training every two years. The trainings are mainly conducted online and are available in the local languages of the company's operating countries. 91 (2022: 75) per cent of all staff have completed the Code of Conduct training. The training strengthens employees' skills in areas such as the company values, employees' rights and responsibilities, environmental matters, human rights and principles against corruption and bribery.

In 2023, we launched two new training programmes: Poultry Academi in Denmark and Meat Academi in Finland. The aim of these training programmes is to

develop the employees' knowledge of responsible meat production and the related food chain.

## Staff survey as a development tool

In October, we conducted a Group-wide Voice 2023 staff survey to assess the employee experience and commitment to HKScan of those working in our organisation. The response rate for the survey was 85.5 per cent.

Our Employee Net Promoter Score (eNPS) improved slightly compared to the previous survey in 2021. The eNPS of the Voice survey is 0, compared to -3 in 2021.

According to feedback from employees, HKScan has professional superiors who encourage and support the development of those working in their teams. The majority of our personnel felt that there is a good work-life balance. The most important strengths were that employees are well trained for new tasks and that work is perceived as well organised. We identified the experience of staff members in how they can contribute to the continuous improvement of their team as an area for improvement in terms of commitment. We also got feedback that our people would like to know more about the company's strategy and future direction.



## HKScan Denmark winner of the CSR People Prize 2023

In September HKScan Denmark was awarded the CSR People Prize 2023 for a persistent effort towards diversity and inclusion. For many years, HKScan Denmark has employed and supported people on the fringes of the labor market. Among other initiatives our plant in Vinderup has had a close cooperation with local job centers and their dedicated consultants since 2015. Together we have helped more than 150 employees through job training. "HKScan wins the CSR People Prize 2023 because they have managed

to achieve good results despite the inflation crisis and have maintained their social efforts. We would like to highlight HKScan's effort to employ and include unemployed people on the edge of the labor market. About 10 percent of the employees come from the edge of the labor market, and 42 percent of the employees have a different ethnic background than Danish. HKScan is a company that the rest of the industry should be inspired by," Cabi's director Mette Rønney said at the award ceremony.



## Human rights impact assessment completed

The human rights impact assessment for people working in our own production units was completed in 2023. We analysed the likelihood and severity of human rights impacts and defined the next steps to manage the impacts. For the human rights impact assessment, we used an external specialist to interview our staff and review the current situation. HKScan's human rights risks are related to the treatment of employees throughout the value chain.

HKScan's values and ethical guidelines (Code of Conduct) form the foundation of the company's way of working.

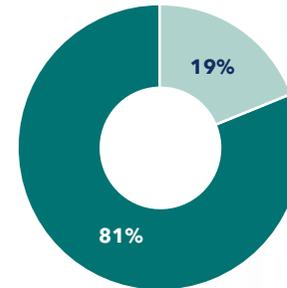
HKScan respects and supports international human rights agreements, the UN Convention on the Rights of the Child, and the core conventions of the International Labour Organization (ILO). In its operations, HKScan also takes into consideration the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Personnel data, continuing operations			
	2023	2022	2021
<b>Personnel on average</b>	3,623	3,634	3,618
Finland (incl. Poland)	2,946	2,970	2,964
Denmark	677	664	655
Blue collars / white collars %	82 / 18	82 / 18	82 / 18
<b>Permanent / fixed-term %</b>	86 / 14	87 / 13	86 / 14
Finland	84 / 16	85 / 15	84 / 16
Denmark	97 / 3	97 / 3	96 / 4
Poland	66 / 34	62 / 38	61 / 39
<b>Full-time / part-time %</b>	94 / 6	94 / 6	94 / 6
Finland	92 / 8	92 / 8	91 / 9
Denmark	98 / 2	98 / 2	99 / 1
Poland	99 / 1	99 / 1	99.5 / 0.5
Supervisors of personnel %	6	6	6
Women / men %	40 / 60	41 / 59	42 / 58
Female / male supervisors %	31 / 69	29 / 71	30 / 70
Women / men in the Group Executive Team %	0 / 100	0 / 100	0 / 100
Women / men in the Board of Directors %	25 / 75	25 / 75	25 / 75
<b>Absences % of working hours</b>	7.1	8.1	6.4
Finland	7.3	8.3	6.5
Denmark	6.6	7.9	6.2
Poland	6.8	6.6	5.8
Average length of employment, years	10	10	9
<b>Collective agreement coverage of personnel, %</b>			
Finland	88	88	89
Denmark	98	97	89
Poland	37	23	27
<b>Personnel by age, %</b>			
<30	19	18	20
30-55	60	61	60
55<	21	21	19
<b>Seasonal workers</b>			
Finland	622	497	611
Denmark	77	62	69
Poland	0	0	0
<b>Personnel's willingness to promote HKScan as an employer, eNPS</b>			
Finland	3	Data not available for 2022	3
Denmark	6		-5
Poland	-58		-34

\* HKScan's employees converted into full-time employees (FTE).

\*\* Continuing operations in Finland and Denmark

Personnel by market area 2023\*\*



■ Finland, incl. Poland  
■ Denmark

Permanent employees

**86%**

Food industry professionals

**3,623**

Seasonal workers, close to

**700**



FOOD SAFETY

# Ensuring product safety and quality

In the long food value chain, product safety is of primary importance. We ensure the safety and quality of our products throughout the supply chain from raw material procurement to the customer, using systematic risk assessment and management tools.

All of HKScan’s production plants are certified in accordance with the Global Food Safety Initiative (GFSI) standards (FSSC 22000, IFS or BRC). In 2023, we achieved excellent results in the certification audits. Our BRC-certified units in Denmark and Finland got the highest possible rating of AA+ and in Poland an A. We also had excellent results in the FSSC audits.

In 2023, our employees made more than 4,800 (2022: 4,300) quality and product safety observations, which help us to anticipate product safety risks and improve product safety.

With the globalisation of the food chain, food fraud and deliberate sabotage have become central themes alongside other food safety risks. To identify and prevent related risks, the HKScan Group has a supply chain-wide risk assessment model to determine the necessary measures. We require a commitment to food safety from our raw material suppliers and subcontractors and work systematically to prevent food safety and counterfeiting risks in our supply chain.

In 2023, there was 1 (2022: 5) product recalls across the Group. We carefully analysed the situations that led to a recall and took the necessary corrective actions.



**PROCUREMENT RESPONSIBILITY**

# Ensuring quality in cooperation with farmers

For us at HKScan, it is important to ensure that the products and services we purchase are produced responsibly. We work closely with our contract farmers and use local meat.

Through our cooperation with farmers, we know the origin of meat and the growing conditions of animals. In our HK®, Kariniemen®, Via® and Rose® branded products, we use only local meat produced in the country where the products are made.

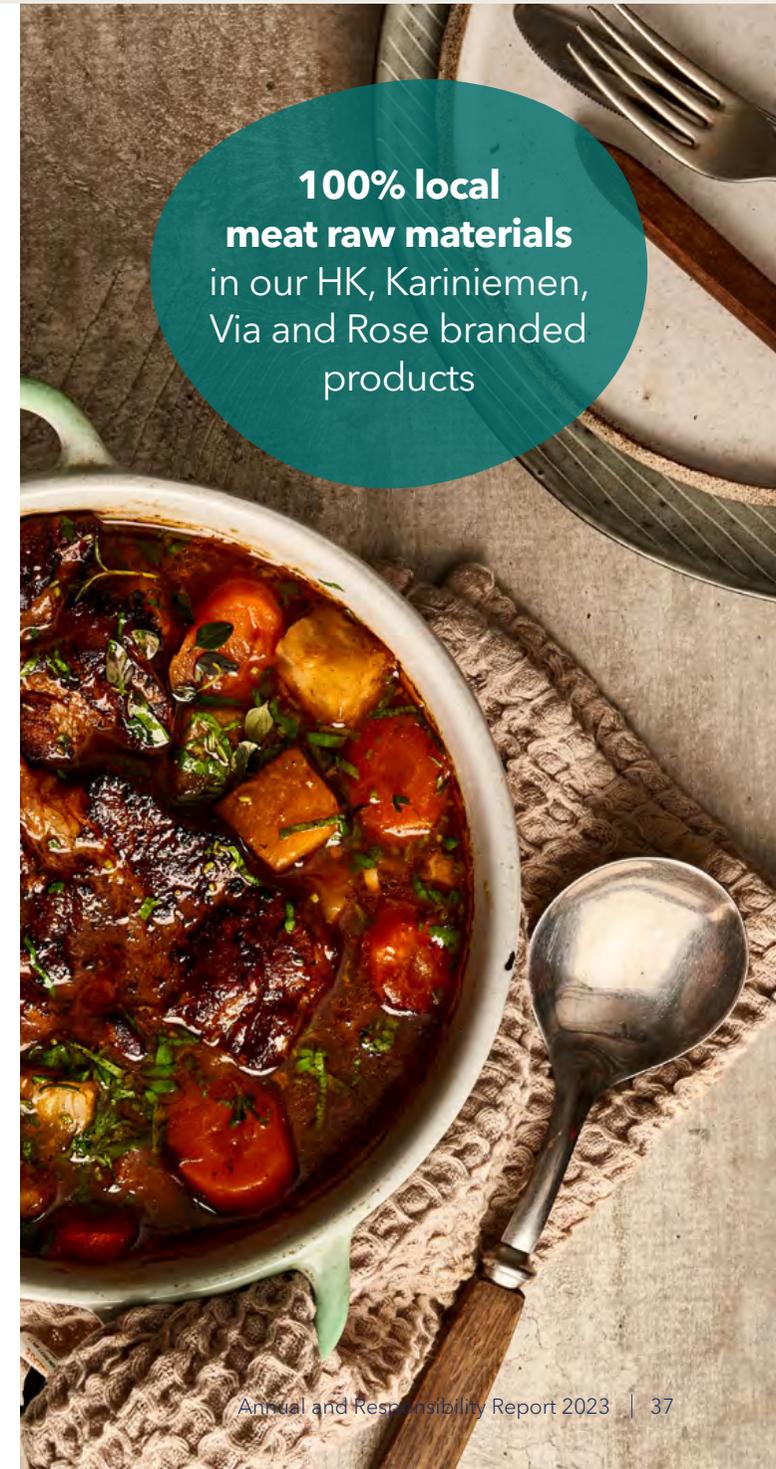
Most of the feed used in animal farming is locally produced grain and in our value chains, we use little soy compared to international standards. In our Finnish food chain, we use only responsibly produced soy and we are committed to using 100% responsible soy by 2025.

We require our suppliers of goods and services to commit to the Group's Supplier Guidelines. In 2023, we revised our Supplier Code of Conduct to meet our own and our stakeholders' expectations regarding the responsibility of our supply chain. Our Supplier

Code of Conduct includes, for example, principles on business ethics, employee rights, human rights, animal welfare, the environment and product safety and quality.

In 2023, we promoted the transparency and digital management of HKScan's supply chains. We continued to assess the risks of our supply chains, using assessment frameworks derived from the international WGI (The Worldwide Governance Indicators) and our supplier surveys.

In developing procurement responsibility, we focus on internal training, traceability, impact assessment and verifiable data and practices. These will be used as a basis for setting responsibility indicators to ensure continuous improvement.



**100% local meat raw materials** in our HK, Kariniemen, Via and Rose branded products

ANIMAL WELFARE

# Animal welfare based on good care

HKScan is committed to safeguarding and promoting health, welfare and good treatment of farm animals at all stages of our production chain. Verifying animal health and welfare on our contract farms is the foundation of safe and responsible food production.

HKScan’s contract farmers are committed to complying with the basic principles of European and national legislation and with additional requirements related to HKScan's contract production. These additional requirements are designed for each animal species to improve animal welfare in more detail than the minimum legal requirements. We procure animals directly from our contract farmers, so we know the origin of animals and the farmers. Good cooperation with contract farmers and stakeholders also allows us to address problems if necessary.

## New advisory organisation to support farmers

In Finland, HKScan has transferred its primary production advisory and development activities to InnoAgro Oy. Together with InnoAgro’s network, our specialists have a better chance to develop and deepen their expertise. Centralised advice, development and training services help farms to develop sustainable and responsible animal production, taking into account the latest research and the impact of legislation. Our aim is to create a better and more diverse set of services to support farmers.



With a network of partners, we can carry our more systematic farm surveys and projects. We are testing and exploring future operating models and new opportunities for developing the whole production chain. In addition to animal welfare, the development work takes into account the environmental impact of production, future building design and biosecurity needs.

### Verifying animal welfare in our contract production

All the Finnish pig farms in our contract production are part of the national pig farm health classification register Sikava and nearly all cattle farms are part of the bovine health monitoring system Naseva. Both the health organisations are ISO 9001 certified. The certificates are issued by Kiwa Inspecta. In Finland, the systems are maintained and developed by the Animal Health ETT, a nationally and internationally active association. The assessment of pig welfare in Sikava is based on the fundamental principles of the scientific Welfare Quality®\* system.

The farms covered by the health systems work systematically and on a long-term basis to promote animal health and welfare and food safety. The systems record information such as health visits and plans made by the farms' veterinarians. Through the system, partners are able to monitor contract farm information.

In Finland, HKScan offers advisory and veterinary health services to its contract farmers of poultry production through InnoAgro. HKScan offers advisory and veterinary health services to its contract farmers in Denmark, too.

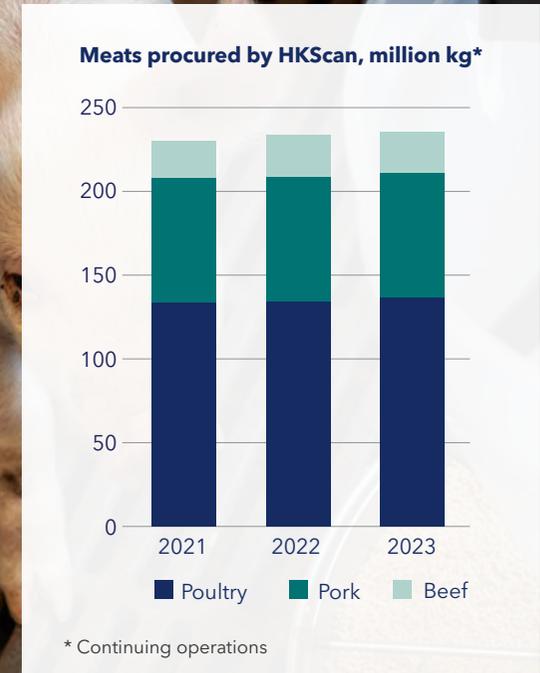
Our chain is focused on the management of infectious animal diseases. To maintain animal health and reduce the risk of infectious animal diseases, we have assessed the level of biosecurity at all stages of our production chain both in Finland and Denmark. A farm-specific disease protection assessment Biocheck\*\*, developed by the University of Ghent, has been carried out by an external expert on pig and poultry farms and on a large proportion of on most cattle farms. Finland has a very high coverage of disease protection assessments compared to other countries. This allows us to be well prepared to manage the risk of infectious animal diseases and provides security throughout the food chain.

The authorities play an important role in animal welfare assessment. All our units have several official veterinarians who monitor animal welfare and food safety. For example, when broilers are slaughtered, the authorities check the welfare indicators of each slaughter batch. Animal welfare verification and close cooperation with the authorities are key to ensuring a responsible production chain.

### Visiting our contract farms

Public health veterinarians regularly visit our contract farms in Finland and Denmark as part of the health programme and are committed to helping the farmer to develop responsible production and animal welfare.

In addition, HKScan and InnoAgro's species-specific experts carry out advisory farm visits to ensure animal welfare and quality. The authorities also make control visits to farms in relation to animal welfare/protection, diseases and subsidies in accordance with the control



programmes for each animal species. For example, under the salmonella control programme, the Finnish and Danish authorities visit poultry farms at least once a year.

### Farm animals seldom need antibiotic treatment

Long-term, regular health care conducted by veterinarians on livestock farms, continued investment in animal health and welfare by contract farmers and risk-based management of infectious animal diseases mean that Finnish livestock have a good health status and a low need for antibiotics compared to many European countries. This is shown, for example, in the latest ESVAC report. \*\*\* In Finland, no antibiotics have been needed in broiler production for 14 years.

HKScan’s contract production does not allow the preventive use of antibiotics for production animals. Any need for antibiotic treatment is considered on a case-by-case basis. In our contract farming, animals are not treated with antibiotics critical to human medicine or with hormones to promote growth. Species-specific vaccination programmes are designed to support good animal health and reduce the use of antibiotics. Medication records must be kept for the medication of animals.

### HKScan actively involved in animal welfare projects and studies

Our species-specific experts participate in the design and implementation of animal welfare projects. HKScan funds and is actively involved with other stakeholders

and contract producers in projects that investigate the species-specific behaviour of different animal species and the factors that promote and undermine welfare. Animal welfare consists of both psychological and physical aspects and therefore even small, repeated actions or changes in activities can have a major impact on overall welfare.

In HKScan, we aim to better understand the role of individual things in the overall wellbeing of animals. Guidelines and best practices based on scientific evidence support contract farmers and stakeholders to manage and promote animal health and welfare.

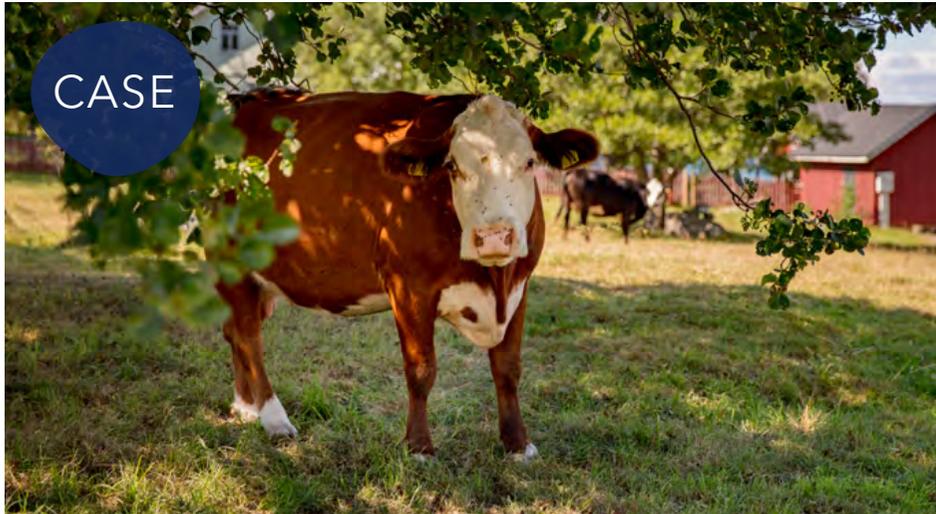
\*Welfare Quality system \*\*Biocheck \*\*\*ESVAC



### Working together to develop the welfare of pigs

HKScan has a long-standing contract farmer Yli-Simola in Porlammi. The farm has completed a modern, state-of-the-art combined piggery, where we have the opportunity to carry out more detailed farm surveys on pig welfare and feeding in collaboration with international companies Topigs Norsvin and Royal Agrifirm Group. Modern technical solutions in the piggery provide excellent support for the species-specific behaviour and welfare of the pigs and allow for individual monitoring of the pigs.

In 2023, we have participated in collaborative workshops and projects with, e.g., Ministry of Agriculture and Forestry, Finnish Food Authority, University of Helsinki, Natural Resources Institute of Finland, Association for Pig Producers, Animal Health ETT, Finnpig Oy and other companies in the food chain on the effects of abandoning piglet castration, risk factors for the welfare of weaned piglets, feasibility of cameras and thermal imaging to assess pig welfare, the effects of optimising pig feeding, and the effects of new genetics to promote pig welfare and health and reduce the need for medication.



## Cattle welfare promoted with artificial intelligence

Modern technology enables animal welfare monitoring. At the Hormisto cattle farm in Urjala, we examine bull behaviour and welfare using video imaging and artificial intelligence. Together with our contract farmers, we use the project results to improve different farming conditions and animal welfare, for example. The project, led by us, involves the University of Helsinki's Faculty of Veterinary Medicine, Empirica Finland, a JAMK graduate student and HKScan's contract farm under research. The project is part of a

larger programme for which HKScan has received funding from Business Finland.

With its stakeholders, HKScan is also involved in projects that have examined, for example, the health and resistance of calves and the effects of diversified field farming on the environmental impact of beef production, developed a method for assessing the overall welfare of cattle and investigated how to ensure the availability of Finnish beef from a security of supply perspective.



## Farm tests supporting the development of chicken welfare

We work with contract farmers on a long-term basis through a range of farm tests in Finland and Denmark. For example, Jouni Tuomola Oy's broiler farm has cameras installed to monitor the welfare and natural behaviour of the chickens using artificial intelligence. The farm is also developing other operating models to support bird welfare.

In Finland, we have tested different litter materials and stimulation options and used data to evaluate how different measures activate the natural behaviour of chicken to support their welfare. We are also involved in a project

organised by the Natural Resources Institute Finland to investigate the rearing of slower growing chicken.

In Denmark, the transition towards slower growing breeds is proceeding as planned. We will continue to increase their share of production in cooperation with our contract farmers and customers. In addition, we are together with University of Copenhagen investigating conventional and slower growing breeds and their behaviour in different production systems. Also, various effects on several welfare indicators are investigated.

**RESPONSIBLE PROSPERITY**

# Sustainable wellbeing for society

As a large company, we play an important role in society - as a corporate citizen, an employer, a food producer and a taxpayer. The geopolitical situation in 2023 underlined our importance in ensuring security of supply and continuity of local food production.

Our operations and our long value chain have a major financial impact on several stakeholders. At the societal level, we have a responsibility to ensure food security in our home markets.

## Distribution of economic value by stakeholders

Our employment impact is significant: we employ 3,623 people in our continuing operations in Finland, Denmark and Poland and 1,765 people in our Business Unit Sweden, which is reported as a discontinued operation. Our value chain of continuing operations is also closely linked to around 2,150 contract farmers, with whom we work closely to further develop production, responsibility and competitiveness, and to ensure security of supply for local meat production. In addition, we have a significant indirect employment impact through the cleaning, maintenance, logistics, property management and healthcare services we buy.



### Involvement in the local community activities

HKScan is a significant employer in its production locations, thus contributing to the wellbeing of local communities. In addition, we support 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. In 2023, we donated Christmas food for low-income families with children in Finland and Denmark. HKScan does

not support political parties or election candidates with donations.

### We systematically ensure data privacy and information security

HKScan's management models for data privacy and information security are comprehensive and guided by the company's policies and management models. The models define operational and monitoring practices, including roles and responsibilities, for each function. 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. We have developed a separate information security concept to manage information security in production.

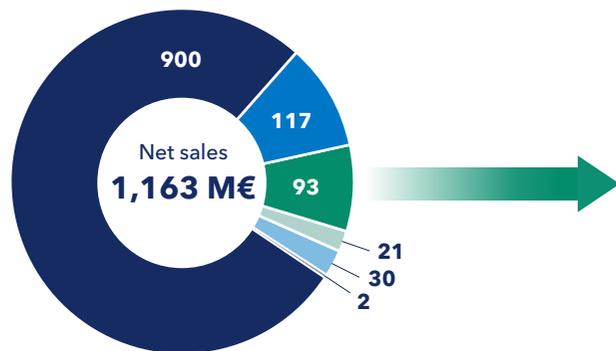
HKScan's Board of Directors and Executive Team review the company's data privacy and information security report once a year.

We continuously train our personnel on data privacy and information security issues. Data privacy and information training is part of the induction of all white-collar employees. We regularly organise mandatory update training for white-collar employees and thematic training for different functions. In 2023, we continued our extensive information security training for white-collar employees. We also offer our personnel monthly training sessions on a variety of topics to raise awareness of information security issues.

We analyse data privacy and information security risks annually as part of the company's risk management process. We also carry out targeted risk analyses of information systems, other IT environments and production environments. HKScan's key information systems are audited by external specialists as part of the annual audit. In addition, we carry our various external audits in accordance with our risk management action plan.

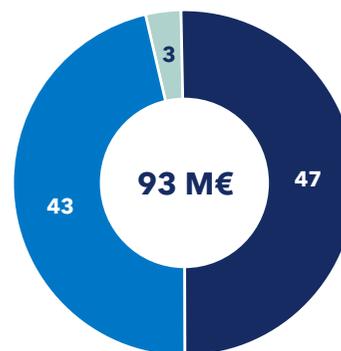
In 2023, HKScan had one (1) breach of data security, which was reported to the authorities. We carefully assess all data security breaches and take the necessary corrective action without delay.

**Distribution of economic value by stakeholders 2023, 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 2023, 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 2023</b>
<b>Customers</b>	Continuous interaction with customers, meetings, customer satisfaction surveys and questionnaires, social media, trade fairs, brand websites, www.hkscan.com	Product prices, changes in the operating environment, environmental impact, social responsibility, animal welfare, security of supply, new products and campaigns, consumer trends, joint projects, current events and structural change in the company
<b>Consumers</b>	Consumer service, social media, consumer brand websites, www.hkscan.com	Cooking, packaging, product quality and safety, health, sustainability, animal farming and welfare
<b>Personnel and potential employees</b>	Continuous interaction with personnel, performance dialogues, personnel survey, information and cooperation meetings, intranet, info-tv, newsletters, career fairs, recruiting process, social media, cooperation with universities, brand websites, www.hkscan.com	Safety and wellbeing at work, personnel survey observations, strategy, Covid-19 pandemic, financial result, improving profitability, changes in the operating environment, job opportunities, career development, novelties, product safety, current events and structural change in the company
<b>Contract farmers</b>	Continuous interaction with contract farmers, meetings, cooperation groups, seminars and other events, newsletters, magazine for farmers, training, social media, blog, www.hkscan.com	Prices of meat raw material, development of cooperation and productivity, changes in the operating environment, reducing environmental impact, promoting animal welfare, preventing animal diseases, current events and structural change in the company
<b>Partners (e.g. subcontractors, suppliers, research institutes)</b>	Continuous interaction with key partners, meetings, cooperation projects, joint forums, www.hkscan.com	Changes in the operating environment, current events and structural change in the company, development of operations and cooperation in line with stakeholder expectations, environmental matters and animal welfare, comprehensive responsibility, company policies
<b>Shareholders, investors, financiers</b>	Releases, financial publications, www.hkscan.com, social media, dialogue with shareholders, investors, analysts and financiers, Annual General Meeting and management meetings	Profitability development, financing, strategy, changes in the operating environment, responsibility, current events and structural change in the company
<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 farming and welfare, preventing animal diseases, biosecurity, nutrition recommendations, promotion of exports, structural change in the company
<b>Media</b>	Media service desk telephone and email, media contacts, meetings, interviews, webcasts, media conferences, releases, social media, www.hkscan.com	Strategy implementation, profitability development, changes in the operating environment, corporate responsibility, animal welfare, domestic food production, consumer trends, company news, product novelties, product packaging, the company's structural change, job opportunities
<b>NGOs</b>	Discussions, NGO surveys, www.hkscan.com	Sustainability and environmental impact of food production, employees' freedom of association
<b>Associations</b>	Activity in an association or on the board of an association	Comprehensive responsibility, changes in the operating environment, domestic food production

**Memberships of responsibility-related associations**

- UN Global Compact
- Round Table on Responsible Soy (RTRS)
- Round Table on Sustainable Palm Oil (RSPO)
- Animal Health ETT ry, Finland
- Association for Finnish Work, Finland
- FIBS, Finland
- Finnish Cereal Committee VYR ry, Finland
- Finnish Food and Drink Industries' Federation (ETL), Finland
- Finnish Food Information, Finland
- Finnish Society for Nutrition Research, Finland
- Finnish Society of Food Science and Technology, Finland
- Finnish Packaging Association, Finland
- Lihätiedotusyhdistys ry  
(association for meat information), Finland
- Suomen Broileryhdistys  
(the Finnish poultry association), Finland
- Confederation of Danish Industry, Denmark
- Danish Agriculture and Food Council, Denmark
- Dansk Alliance for Ansvarlig Soja, Denmark
- Fjerkræafgiftsfonden  
(FAF, Poultry Production Levy Fund), Denmark





## Description of the management approach for material responsibility

	MATERIAL THEMES PROMOTED IN THE RESPONSIBILITY PROGRAMME			OTHER MATERIAL RESPONSIBILITY THEMES		
Material themes	Net zero for all greenhouse gas emissions and biodiversity	Responsible packaging	Personnel: safety and wellbeing at work	Farmer community	Safe food	Animal welfare
<b>Target of management approach</b>	HKScan's responsibility approach covers the entire food chain, from farms to consumers. Responsible activities are supported by HKScan's values: Inspire, Lead, Care and Deliver. Responsibility work is the basis of HKScan's strategy.					
	Net zero for all greenhouse gas emissions by 2050, reduction of environmental impacts and promotion of the sustainable use of natural resources.	Promoting packaging recyclability and increasing the use of renewable and recyclable packaging materials.	Promoting personnel wellbeing and safety at work.	Ensuring the continuity of local food production and promoting competitiveness.	Ensuring product safety.	Promoting key aspects of animal health and welfare on farms, during transport and in slaughterhouses.
<b>Policies and commitments</b>	HKScan's activities are guided by the Group's Code of Conduct and Supplier Code of Conduct. HKScan is a member of the UN Global Compact sustainability initiative and has integrated its sustainable business principles into the company's Code of Conduct.					
	HKScan's environmental work is guided by the company's environmental policy, the climate targets defined in the Group's responsibility programme to achieve a net zero greenhouse gas emissions by 2050 and to increase biodiversity in the food chain. The Science Based Targets initiative has approved the company's near-term climate targets for 2022-2030 for both industrial activities and energy and for land use and its changes. In Finland, HKScan has signed the Food Industry Energy Efficiency Agreement for 2017-2025 and committed to the Food Industry Material Efficiency Agreement for 2022-2026 and signed the voluntary SUP Green Deal commitment to reduce the use of single-use plastic packaging by 2026.	The targets defined in the Group's responsibility programme guide the development of packaging responsibility.	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.	Agreements between HKScan and producers guide meat production.	The implementation of product safety and quality is guided by the Food Safety and Quality policy.	At HKScan, activities related to animal health and welfare are guided by the Group's Animal Welfare policy. Animal welfare is based on compliance with EU and local legislation and on common company and industry guidelines and practices.



MATERIAL THEMES PROMOTED IN THE RESPONSIBILITY PROGRAMME				OTHER MATERIAL RESPONSIBILITY THEMES		
Material themes	Net zero for all greenhouse gas emissions and biodiversity	Responsible packaging	Personnel: safety and wellbeing at work	Farmer community	Safe food	Animal welfare
<b>Targets</b>	Key targets are defined in HKScan's responsibility programme and reported in the Annual and Responsibility Report.			Targets and measures related to the farmer community, safe food and animal welfare are defined in the Business Units.		
<b>Assessment of management approach</b>	HKScan's Board of Directors approves the Group's strategy. The Board is informed about the progress of the implementation of the Group's responsibility work, material corporate responsibility events and potential challenges. The Board approves HKScan's report on non-financial information. HKScan's Audit Committee (AC) oversees the implementation of the Sustainability Reporting Directive and oversees the responsibility reporting process. HKScan Group's Executive Team approves the targets of responsibility programme, and guides and monitors the implementation of the programme. The VP, Corporate Responsibility leads the Group's responsibility work and is responsible for the progress of the responsibility programme targets and monitoring of the indicators. The Group's corporate responsibility function develops Group-wide policies, guidelines, programmes and action plans related to corporate responsibility. Targets and measures for other responsibility themes relevant to the company, such as farmer community, safe food and animal welfare, are defined by Business Units. These themes are subject to local regulation and stakeholder expectations vary across markets.					
<b>Impacts on the economy, environment, people</b>	HKScan's operations generate climate emissions, which the company reduces systematically in line with targets approved by the SBTi. 99% of the emissions in the value chain are generated outside HKScan's own operations. HKScan has begun to define the impacts on biodiversity.	Packaging contributes to food safety and enables the functioning of the logistics chain of products. The materials and structure of packaging are optimised to minimise waste and make the materials suitable for recycling. HKScan pays the annual producer responsibility costs for packaging in line with local practices.	HKScan has a significant employment impact. Occupational accidents are prevented through proactive safety work, which increases well-being and reduces the costs for the company and the employee. Promoting wellbeing at work improves employee experience and engagement and reduces company costs.	Employment impact: around 2,150 meat producers as contract farmers, promoting security of supply for local food production. HKScan promotes the competitiveness of producers and local food production through training and more climate-friendly food production practices. HKScan develops and provides digital tools for contract farmers to monitor climate impacts and animal welfare.	Food safety is a prerequisite for HKScan's production, ensuring the functionality of the local food chain. Food safety policies ensure that products are safe and of high quality.	Animal health and welfare provides the basis for safe food production. Investing in animal welfare reduces animal diseases and the need for antibiotics, for example.
	HKScan has prepared an assessment of the company's material responsibility issues in accordance with the double materiality principle.					
<b>Human rights impacts</b>	HKScan respects and supports international human rights agreements, the UN Convention on the Rights of the Child, and the International Labour Organization's core conventions. Additionally, HKScan takes into consideration in its operations the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. HKScan's Code of Conduct contains the key human rights principles for the company's own employees. The human rights principles for suppliers of goods and services are defined in HKScan's Supplier Code of Conduct. In 2023, HKScan carried out a human rights impact assessment in all of its home markets for people working on the company's premises. The assessment work included in-house personnel as well as employees of external service providers working in the production units.					



MATERIAL THEMES PROMOTED IN THE RESPONSIBILITY PROGRAMME				OTHER MATERIAL RESPONSIBILITY THEMES		
Material themes	Net zero for all greenhouse gas emissions and biodiversity	Responsible packaging	Personnel: safety and wellbeing at work	Farmer community	Safe food	Animal welfare
<b>Responsibilities and resources</b>	The strategic development of climate work in own production is the responsibility of the Group's Corporate Responsibility function in cooperation with the Group's production development function and Business Units. For primary production, the development of climate work is the responsibility of the Group's Corporate Responsibility function in cooperation with the primary production functions of the Business Units. Business Units have the operational responsibility for climate and environmental work. Responsibilities for promoting biodiversity will be defined at a later stage.	Corporate Responsibility team leads the Group-level promotion of the targets defined in the responsibility programme. Packaging development is led operationally by the Business Units.	Personnel management is handled by the Group's HR function. The Group's Safety Director is responsible for the strategic management of safety at work. Business Units are in charge of the operational promotion of safety and wellbeing at work.	Farmer cooperation is led by the Business Units in primary production functions.	Strategic management of product safety is the responsibility of the Quality and Environment function in the Business Units.	Animal procurement and welfare promotion are managed by the Business Units' primary production functions.
<b>Feedback mechanisms</b>	HKScan has a Fair Way whistleblowing channel through which stakeholders can anonymously report suspected unethical behaviour in HKScan's activities. HKScan has well-established and effective practices to engage in dialogue with its stakeholders.					
<b>Projects and initiatives</b>	The 2023 key responsibility work projects and initiatives are presented in the Annual and Responsibility Report.					
<b>Assessment of management approach</b>	The Board of Directors assesses primary responsibilities and commitments related to corporate responsibility. The Group Executive Team manages and monitors the progress of the responsibility programme. Material responsibility themes were assessed through an extensive stakeholder analysis in 2019 and it was used as a basis for the 2023 double materiality assessment. The data was supplemented with a large sample of stakeholder material and research findings.					
	Climate and environmental impacts are regularly measured and reported annually. Indicators to promote biodiversity will be defined at a later stage.	The recyclability of packaging and the use of renewable and recycled materials are monitored and reported annually.	The safety and wellbeing of employees is monitored annually through a number of indicators and employee surveys. The performance appraisals are documented annually. We have an ongoing dialogue on targets, development and feedback.	Cooperation with farmers is assessed by, for example, surveys and assessments made by farmer working groups.	Product safety management is based on certified systems, risk assessments of products and their manufacturing processes, and a risk management system. Internal and external audits are carried out to verify the effectiveness of the systems.	Both HKScan's own and authorities' veterinarians on-farm visits focusing on issues such as animal welfare. The company's slaughterhouses have a number of authorities' veterinarians constantly monitoring activities. In addition, animal welfare is assessed through internal indicators.

## GRI Content Index

Statement of use	HKScan Corporation has reported the information cited in this GRI content index for the period 1 January - 31 December 2023 with reference to the GRI Standards.
GRI 1 used	<a href="#">GRI 1: Foundation 2021</a>
Sector-specific standards	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI standard	Disclosure	Location	Comments and/or SDG
<b>GRI 2: General Disclosures</b>			
2-1	Organizational details		HKScan Corporation is a stock-listed company, headquartered in Turku, Finland. The company's home markets in continuing operations include Finland and Denmark.
2-2	Entities included in the organization's sustainability reporting	<a href="#">HKScan in brief</a>	HKScan's sustainability reporting includes the company's continuing operations in Finland and in Denmark.
2-3	Entities included in the organization's sustainability reporting		This responsibility report covers the financial period 1 January - 31 December 2023. HKScan publishes responsibility report once a year. Further information: <a href="mailto:communications@hkscan.com">communications@hkscan.com</a> .
2-4	Restatements of information	<a href="#">HKScan in brief</a>	On 29 December 2023, HKScan announced that it had signed an agreement to sell the shares of its Swedish subsidiary HKScan Sweden AB to Lantmännen ek förille. The transaction is expected to be completed in the first half of 2024. In its financial reporting, HKScan reports the Swedish businesses as discontinued operations and therefore the company's sustainability reporting also focuses on continuing operations, which include the businesses in Finland and Denmark. In this responsibility report, results and comparison information from the previous years include only the continuing operations.
2-5	External assurance		No external assurance
2-6	Activities, value chain and other business relationships	<a href="#">HKScan in brief</a> , <a href="#">Responsibility and strategy</a> , Report of the Board of Directors	On 29 December 2023, HKScan announced that it had signed an agreement to sell the shares of its Swedish subsidiary HKScan Sweden AB to Lantmännen ek förille. The transaction is expected to be completed in the first half of 2024.
2-7	Employees	<a href="#">Personnel data</a> , Report of the Board of Directors: Report on non-financial information	
2-9	Governance structure and composition	Corporate Governance Statement	
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	
2-11	Chair of the highest governance body	Corporate Governance Statement	
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Description of the management approach for material responsibility themes</a>	



GRI standard	Disclosure	Location	Comments and/or SDG
2-13	Delegation of responsibility for managing impacts	<a href="#">Description of the management approach for material responsibility themes</a>	
2-14	Role of the highest governance body in sustainability reporting	<a href="#">Description of the management approach for material responsibility themes</a>	
2-19	Remuneration policies	Remuneration Report	
2-20	Process to determine remuneration	Remuneration Report	
2-22	Statement on sustainable development strategy	<a href="#">CEO's review, Responsibility and strategy</a> , Report of the Board of Directors: Report on non-financial information	
2-23	Policy commitments	<a href="#">Description of the management approach for material responsibility themes</a> , Report of the Board of Directors: Report on non-financial information	
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Description of the management approach for material responsibility themes</a> , Report of the Board of Directors: Report on non-financial information	
2-27	Compliance with laws and regulations		No significant deviations or fines related to the material responsibility themes
2-28	Membership of associations	<a href="#">Memberships of responsibility-related organisations</a>	
2-29	Approach to stakeholder engagement	<a href="#">Stakeholder dialogue</a>	
2-30	Collective bargaining agreements	<a href="https://www.hkscan.com/en/about-us/policies-and-certificates/code-of-conduct/">https://www.hkscan.com/en/about-us/policies-and-certificates/code-of-conduct/</a>	
<b>GRI 3: Material Topics</b>			
3-1	Process to determine material topics	<a href="#">Responsibility and strategy, Description of the management approach for material responsibility themes</a>	
3-2	List of material topics	<a href="#">Responsibility and strategy, Description of the management approach for material responsibility themes</a>	
3-3	Management of material topics	<a href="#">Description of the management approach for material responsibility themes</a>	
<b>Economic impacts</b>			
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed	<a href="#">Responsible prosperity</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="#">Risks and opportunities related to the climate change</a>	Risks and opportunities related to the climate change
201-3	Defined benefit plan obligations and other retirement plans	Financial Statement: Note 22. Pension obligations	Percentage of salary contributed by employee or employer: Not presented but employer's contribution is visible in the income statement and related notes
201-4	Financial assistance received from government	Financial Statement: Note 2	



GRI standard	Disclosure	Location	Comments and/or SDG
<b>GRI 13: Procurement Practices</b>			<b>SDG 8:</b> Decent work and economic growth <b>SDG 15:</b> Life on land
GRI 13.23	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Procurement responsibility	Raw material suppliers' commitment to the Supplier Guidelines
GRI 13.23	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Procurement responsibility	Use of certified soy reported
<b>GRI 205: Anti-corruption</b>			
205-2	Communication and training about anti-corruption policies and procedures	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	No confirmed corruption cases in 2023
<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	Sustainable packaging	Packaging materials reported
301-2	Recycled input materials used	Sustainable packaging	Packaging materials reported
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organization	Environmental performance	Used calculation unit MWh
302-3	Energy intensity	Environmental performance	MWh / sold product tonne
302-4	Reduction of energy consumption	Environmental performance	
<b>GRI 303: Water and Effluents</b>			
303-5	Water consumption	Environmental performance	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	Biodiversity	



GRI standard	Disclosure	Location	Comments and/or SDG
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	<a href="#">Climate work</a>	<p>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:</p> <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> </ul>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environmental performance</a>	<ul style="list-style-type: none"> <li>• In-house transport: Trucks, site cars, tractors (Scope 1)</li> </ul>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Environmental performance</a>	<p>HKScan reports greenhouse gas emissions in line with the GHG protocol including material emission sources:</p> <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="#">Environmental performance</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="#">Environmental performance</a>	
<b>GRI 306: Waste</b>			
306-3	Waste generation and significant waste-related impacts	<a href="#">Environmental performance</a>	
<b>Social impacts</b>			
<b>GRI 403: Occupational Health and Safety</b>			<p><b>SDG 3:</b> Good health and well-being  <b>SDG 5:</b> Gender equality  <b>SDG 8:</b> Decent work and economic growth</p>
403-1	Occupational health and safety management system	<a href="#">Safety at work</a> , <a href="http://www.hkscan.com/health">www.hkscan.com/health</a> and safety policy	
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Safety at work</a> , Report of the Board of Directors: Report on non-financial information	
403-5	Worker training on occupational health and safety	<a href="#">Safety at work</a> , Report of the Board of Directors: Report on non-financial information	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Safety at work</a> , Report of the Board of Directors: Report on non-financial information	
403-9	Work-related injuries	<a href="#">Safety at work</a> , Report of the Board of Directors: Report on non-financial information	Reported lost-time accidents and fatal accidents



GRI standard	Disclosure	Location	Comments and/or SDG
<b>GRI 405: Diversity and Equal Opportunity</b>			<b>SDG 5:</b> Gender equality
405-1	Diversity of governance bodies and employees	<a href="#">Personnel data</a> , Corporate Governance Statement	
<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	<a href="#">Responsible prosperity</a>	
<b>GRI 415: Public Policy</b>			
415-1	Political contributions	<a href="#">Responsible prosperity</a>	HKScan does not support political parties or election candidates with donations
<b>GRI 416: Customer Health and Safety</b>			<b>SDG 3:</b> Good health and well-being
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<a href="#">Food safety</a> , Report of the Board of Directors: Report on non-financial information	Product recalls reported.
GRI 13	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	<a href="#">Food safety</a>	
<b>Animal health and welfare</b>			<b>SDG 3:</b> Good health and well-being
GRI 13.11	Percentage and total of animals raised and/or processed, by species and breed type	<a href="#">Animal welfare</a>	Reported: meat procured by HKScan by animal species
GRI 13.11	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	www.hkscan.com: Animal welfare, www.hkscan.com: Animal welfare policy	
GRI 13.11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	<a href="#">Animal welfare</a>	Reported: meat procured by HKScan by animal species
GRI 13.11	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	<a href="#">Animal welfare</a>	Group-level policies reported
GRI 13.11	Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices	Report of the Board of Directors: Report on non-financial information	No breaches

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