



HKSCAN

Corporate Governance Statement **2023**

Compliance with the Corporate Governance Code

Corporate governance in HKScan Corporation (“HKScan” or “Company”) is based on Finnish legislation, EU-level regulations, HKScan’s Articles of Association, the Finnish Corporate Governance Code 2020 (the “Code”) issued by the Securities Market Association, as well as HKScan Group’s Code of Conduct and Governance Policy. In addition, HKScan complies with the rules and regulations of Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority. This Corporate Governance Statement has been drafted in accordance with the CG Code, which entered into effect on 1 January 2020, and with Chapter 7:7 of the Finnish Securities Markets Act. The Corporate Governance Statement is issued separately from the Report of the Board of Directors 2023.

HKScan’s Corporate Governance Statement may be viewed on the Company’s website under Investors at www.hkscan.com. The website also gives access to a list of the Company’s largest shareholders, flagging notifications and Articles of Association. The Code is available on the website of the Securities Market Association at www.cgfinland.fi/en/.

Board of Directors

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

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

Based on the Articles of Association, the Company’s Board comprises between five and eight (5–8) members. In addition, a maximum of three (3) deputy members may be elected to the Board. All Board members possess the competence and independence consistent with the position. The Board members are proposed by the Shareholders’ Nomination Board taking into account the diversity principles determined by the Company in accordance with Recommendation 9 of the Code.

The Company has determined the following diversity principles:

- the Board should have a balanced gender composition,
- the Board members should have a versatile professional and educational background that benefits the Company’s business,
- the Board members should have experience of international tasks, and
- the Board members should represent a varied age range.

The composition of the Board in 2023 represented well the Company’s diversity principles.

The term of the Board members begins at the end of the General Meeting at which they were elected and ends at the end of the AGM first following their election. The Board elects a Chair and Deputy Chair from among its members.

The Board assesses the independence of its members annually in accordance with Recommendation 10 of the Code. A Board member is required to submit to the Company the information necessary to carry out the independence assessment. Board members are also obliged to report any changes in their independence.

The AGM held on 20 April 2023 elected the following persons to the Board:



Reijo Kiskola (b. 1954)

Chair of the Board since 11/2018,
Dairy Engineer

Shareholding at HKScan on
31 December 2023: 29,352 shares

Independent of the Company and its
significant shareholders



Jari Mäkilä (b. 1970)

Deputy Chair of the Board since 2019,
Agricultural Technician

Farm Entrepreneur

Shareholding at HKScan on
31 December 2023: 16,158 shares and
127,499 shares through Mäkilän Tila Oy

Not independent of the Company due
to his significant supplier relationship
with the Company, not independent
of significant shareholders due to
his position in the LSO Cooperative's
management



Anne Koutonen (b. 1962)

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

Board professional

Shareholding at HKScan on
31 December 2023: 14,102 shares

Independent of the Company and its
significant shareholders



Per Olof Nyman (b. 1956)

Member of the Board since 2017, M.Sc.
(Industrial & Management Engineering)

Shareholding at HKScan on
31 December 2023: 19,157 shares

Independent of the Company but
not independent of significant
shareholders due to his position as CEO
of Lantmännen ek. för. until 1 April 2022



Harri Suutari (b. 1959)

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

Chair of the Board, Componenta Oyj

Shareholding at HKScan on
31 December 2023: 13,007 shares

Independent of the Company and its
significant shareholders



Terhi Tuomi (b. 1966)

Member of the Board since 2019,
M.Sc. (Econ.)

CFO, Boreal Plant Breeding Ltd

Shareholding at HKScan on
31 December 2023: 11,757 shares

Independent of the Company, but
not independent of its significant
shareholders due to her position in
LSO Cooperative's management



Ove Conradsson (b. 1961)

Deputy member of the Board since 2022,
M.Sc. (Agriculture)

CEO, Hushållningssällskapet Västra

Shareholding at HKScan on
31 December 2023: 18 shares

Independent of the Company and
its significant shareholders



Ilkka Uusitalo (b. 1968)

Deputy member of the Board since 2019,
Farm Entrepreneur

Shareholding at HKScan on
31 December 2023: 166,690 shares

Not independent of the Company due to
his significant supplier relationship with the
Company, not independent of significant
shareholders due to his position in the LSO
Cooperative's management

During 2023, the Board held 16 meetings. The average attendance rate of Board members and deputy members was 97.66 per cent. The Board constitutes a quorum when more than half of its members are present. Besides the members and deputy members, the Group's CEO, CFO and EVP Administration as secretary to the Board also regularly attended the Board meetings.

Charter of the Board

According to the charter, HKScan's Board of Directors has the following key matters to decide on:

- appointments and dismissals of the CEO and senior executives, and the principles governing the terms of employment
- terms of employment of Managing Directors of HKScan Group companies and senior management
- incentive schemes and bonus criteria of HKScan Group management and personnel
- HKScan Group and organisation structure, commencement of new business, changes in and discontinuation of central business
- HKScan Group strategy, business plan and performance targets for the following year, and related underlying assumptions
- HKScan Group's significant investments, as well as company, business and real estate arrangements, and sales and outsourcing of significant equipment and machinery

- other significant contracts of HKScan Group
- dividend policy and division proposal to the AGM
- principles of risk management and communication related to HKScan Group's business as well as follow up of the legality of business operations
- approving of investment plans and approval of relevant investments deviating from the plan
- taking out HKScan Group loans and giving securities
- giving procuration and other representative rights of the Company.

The Board meets according to a management calendar, which is agreed annually. Extra meetings may be convened if required. The chair of the Board convenes the Board meetings and prepares the meeting agenda together with the CEO.

Performance evaluation of the Board

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

Board Committees

Four committees have been set up in HKScan to streamline the preparation and management of matters for the Board's consideration. The Board selects the members and chairs of the Committees from among its members or deputy members.

Audit Committee

The Board elects at least three members of the Audit Committee from among its members or deputy members. At least one of the members must possess expertise in the fields of accounting, bookkeeping or auditing. The majority of the Audit Committee members must be independent of the Company and at least one member must be independent of significant shareholders. The Company's CEO or other persons of the Company's Group Executive Team may not serve as Audit Committee members.

The Audit Committee assists the Board by preparing matters within its remit for the consideration of the Board and by submitting proposals or recommendations for Board resolution. The duties of the Audit Committee are defined in the charter adopted by the Board, in line with Recommendation 16 of the Code.

The tasks of the Audit Committee of HKScan's Board include, among other things, the following:

- to monitor the reporting process of financial statements
- to oversee the financial reporting process
- to oversee the responsibility reporting process
- to monitor the efficiency of the Company's internal control, internal auditing and risk management system
- to evaluate and review the corporate governance statement covering the internal control and risk management related to the financial reporting process
- to monitor and evaluate how the related party agreements and other transactions fulfil the requirements of belonging in the ordinary course of business and arms-length principle
- to monitor the statutory audit of the financial statements and consolidated financial statements
- to evaluate the independence of auditors and the provision of related ancillary services to the Company in particular
- to prepare the proposal for decision on the election of the auditors.

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

The Audit Committee was chaired by Anne Koutonen, and its other members were Reijo Kiskola, Terhi Tuomi and Ove Conradsson.

The Audit Committee held 6 meetings during 2023, with the average attendance rate of 100 per cent. Committee meetings were also regularly attended by the Company's CEO, CFO, internal auditor and external auditors.

The chair of the Audit Committee prepares the agenda for the meeting based on a proposal made by the CFO and convenes the meetings normally at least one week in advance.

Compensation Committee

The Board elects at least three members of the Compensation Committee from among its members or deputy members. The majority of the Committee members must be independent of the Company. The Company's CEO or other persons in the Company's Group Executive Team may not serve as the Compensation Committee members.

The Compensation Committee's duties are defined in the charter adopted by the Board. The Compensation Committee is responsible for preparing matters relating to the Company's compensation schemes, such as CEO compensation, other executive compensation, the Company's incentive and benefit plans and review of other arrangements or agreements between the Company and the CEO or other persons in the Company's Executive Team. The Compensation Committee also prepares the Remuneration Policy and the Remuneration Report for governing bodies.

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

The Committee was chaired by Per Olof Nyman and its other members were Reijo Kiskola, Harri Suutari and Ilkka Uusitalo.

The Compensation Committee held 7 meetings during 2023, with an average attendance rate of 92.86 per cent. In carrying out its work, the Compensation Committee has used external advisors.

Working Committee

The Working Committee's duties are defined in the charter adopted by the Board. The Committee is tasked with promoting the efficient accomplishment of the duties of the Company's Board. The aim of the Committee is to advance compliance with the Code at HKScan. The operative management representatives attend the Working Committee meetings when invited.

All members and deputy members of the Board are Working Committee members. The Committee is chaired by Reijo Kiskola, Chairman of the Board. The Committee held 8 meetings during 2023, with an average attendance rate of 96.88 per cent.

Special Committee

The Board elects in its annual convening meeting at least three members from among its members or deputy members to the Committee. The operative management representatives attend the Committee meetings when invited.

The Committee's task is to support the Board in potential M&A or divestment activities.

The Committee also assists the Board in other tasks requiring special preparation.

The Special Committee is chaired by Reijo Kiskola and the other members are Anne Koutonen, Jari Mäkilä and Harri Suutari. The Committee held 5 meetings during 2023, with an average attendance rate of 100 per cent.

Shareholders' Nomination Board

The Shareholders' Nomination Board is responsible for preparing annually proposals to the AGM for the election and remuneration of the members and deputy members of the Board of Directors. The main purpose of the Shareholders' Nomination Board is to ensure that the Board of Directors' members and deputy members represent a sufficient level of expertise, knowledge and competence for the Company's needs.

The Shareholders' Nomination Board consists of four members, of which three represent the Company's largest shareholders who, on the last business day of May preceding the next AGM, hold the largest number of votes calculated of all the Company's shares. In addition, the Chairman or the Deputy Chairman of the Board is a member of the Nomination Board.

The Company's largest shareholders on the last business day of May are determined based on the shareholders' register of the Company held by Euroclear Finland Ltd. In accordance with this shareholding, the Chairman of the Board of Directors shall request the three largest shareholders each to nominate one member to the Nomination Board.

Holders of nominee registered shares shall be taken into account in the appointment process to the extent possible. If a shareholder who has distributed his/her holdings, for example, in several funds and has an obligation under the Finnish Securities Markets Act to take these holdings into account when disclosing changes in share of ownership, makes a written request to such effect to the Chairman of the Board of Directors, such shareholder's holdings in several funds or registers will be combined when calculating the share of votes, which determines the nomination right. If a shareholder does not wish to exercise his/her right of nomination, the Chairman of the Board of Directors may transfer the right to the next largest shareholder who would otherwise not have the nomination right.

The Chairman of the Board of Directors convenes the first meeting of the Nomination Board and presides until the Nomination Board has convened and elected a Chairman from among its members. The representative of the largest shareholder shall be nominated as the Nomination Board's Chairman, unless otherwise decided by the Nomination Board. The Nomination Board's Chairman convenes the meetings thereafter. The members' term of office expires each year with the appointment of a new Nomination Board.

According to the charter of the Shareholders' Nomination Board, HKScan Corporation's largest shareholders have nominated the following persons as members of the Nomination Board on 23 October 2023:

- Veikko Kemppi, Managing Director, LSO Cooperative
- Per Lindahl, Chairman of the Board, Lantmännen ek. för.
- Tommi Mäkelä, Apteekkien Eläkekassa

Furthermore, the Board of HKScan Corporation has nominated Jari Mäkilä, Deputy Chair of the Board, as a member of the Nomination Board. The Shareholders' Nomination Board is chaired by Veikko Kemppi.

Chief Executive Officer (CEO)

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

The CEO does not serve on the Board but attends its meetings and provides monthly reports to the Board

on the Group's financial performance, financial position, solvency and market position. The CEO also presents the materials of the financial statements, interim reports and half year financial report to the Board. The CEO furthermore must report to the Board on the implementation of the Board's resolutions and on the measures and results achieved.

Juha Ruohola, M.Sc. (Agr.), eMBA, served as HKScan Corporation's interim CEO from 29 September 2022 to 2 March 2023 and has acted as CEO of HKScan Corporation since 2 March 2023.

Meeting attendance of the Board and its Committees

	Board of Directors	Audit Committee	Compensation Committee	Working Committee	Special Committee
Reijo Kiskola	16/16	6/6	7/7	8/8	5/5
Jari Mäkilä	16/16			7/8	5/5
Anne Koutonen	15/16	6/6		8/8	5/5
Terhi Tuomi	16/16	6/6		8/8	
Harri Suutari	15/16		6/7	8/8	5/5
Per Olof Nyman	16/16		7/7	8/8	
Ilkka Uusitalo	15/16		6/7	8/8	
Ove Conradsson	16/16	6/6		7/8	



Group Executive Team

HKScan's Group Executive Team ("GET") assists the CEO in managing the Group, in preparing business plans, strategy, policies and other important matters, and in implementing strategic and operative targets. The GET members are appointed by the Board.

The Group Executive Team on 31 December 2023:



Juha Ruohola (b. 1965)
 CEO from 2 March 2023 and Interim CEO from 29 September 2022 to 2 March 2023, before that EVP, Business Unit Baltics (as of 13 August 2021), Polish business, Group's biotech business and Meat balance,
 M.Sc. (Agr.), eMBA

Shareholding at HKScan on 31 December 2023: 27,925 shares



Lars Appelqvist (b. 1974)
 EVP, Business Unit Sweden,
 B.Sc. (Econ.)

Shareholding at HKScan on 31 December 2023: -



Jari Leija (b. 1965)
 EVP, Business Unit Finland

Shareholding at HKScan on 31 December 2023: 67,154 shares

The Group Executive Team on 31 December 2023:



Jukka Nikkinen (b. 1962)
EVP, Business Unit Denmark,
M.Sc. (Econ.)

Shareholding at HKScan on 31
December 2023: 84,198 shares



Jyrki Paappa (b. 1965)
CFO, M.Sc. (Econ.)

Shareholding at HKScan on
31 December 2023: 46,664 shares and
20,000 shares through Airisto Capital Oy



Markku Suvanto (b. 1966)
EVP, Administration LL.M, trained
on the bench

Shareholding at HKScan on
31 December 2023: 59,676 shares

Markus Kirsberg, B.Sc. International Business Management, Interim EVP, Business Unit Baltics until 31 August 2023.

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

Internal control framework

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

Control environment

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

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

Internal audit assesses the adequacy and effectiveness of the internal control system and risk management. The Head of Internal Audit reports to the CFO, Audit Committee and Board of Directors. In addition, the Company's EVP Administration monitors particularly the legality of operations. He reports directly to the CEO.

The objectives of internal auditing are integrally linked with the Group's management system, which relies on a principle of continuous improvement. The implementation of corrective and preventive measures is a key element of the entire process.

Risk management

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

The Board and CEO have responsibility for the Group's strategy and principles of risk management, and for managing risks that may hinder the achievement of strategic objectives. Operative risks are the responsibility of the managers of the respective business and Group entities. The CFO is responsible for the management of financial risks. The Group's Risk Management organisation is responsible for the Group's insurance policies.

The Group uses a systematic Enterprise Risk Management ("ERM") process, which contains consistent principles and systematic practices for risk management. The ERM process aims to promote the Group's risk awareness, effective risk management and to ensure that the Group's management and Board have sufficient information on risks to support their decision-making. The ERM process is an integral part of the management system and strategy process. The risk management policy is applied in all HKScan Group companies engaged in business operations.

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

Control measures

Control measures aim to ensure that

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

Control measures may be either manual or automated system controls. Examples of controls to ensure the reliability of financial and responsibility reporting include reconciliations, approvals, reviews, analyses and the elimination of potential risky combinations of duties. The Group also has an anonymous reporting channel through which personnel and partners can report any misconduct they may have identified.

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

Monitoring

The Group's earnings performance is monitored in meetings of the Board and the Group Executive Team with the help of monthly reporting. The Audit Committee evaluates and the Board approves all interim and half year reports and financial statements before their release. The Company's Internal Auditor provides the Audit Committee with an internal audit plan annually and regularly reports internal audit observations. In addition, external auditors report annually to the Audit Committee on their audit plans and audit observations and on the functioning of

internal control. The Audit Committee in turn conducts an annual evaluation of the performance and independence of the auditors.

Related party transactions

The Group has identified its related parties and maintains a list of them in accordance with Recommendation 27 of the Code. The Group has determined its related parties according to the definitions of the IAS 24.9 standard. The Group is engaged in transactions with its related parties and evaluates and monitors such transactions in accordance with Recommendation 27 and the Group's internal guidelines for related party transactions.

In general, all transactions with the related parties are related to the Group's normal business operations (e.g. sale and purchase of animals), are in line with the Group's purpose and are carried out in accordance with normal market terms or practices. To ensure that conflicts of interest are appropriately taken into account in the decision-making process, the Company's Board ultimately decides upon execution of any related party transactions that are considered to be material to the Group, deviate from the Group's normal business operations or are not made in accordance with normal market terms or practices.

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

Insider administration

The Company's insider management and insider guidelines follow the instructions given in the Nasdaq Helsinki Ltd's insider guidelines. HKScan's Board has approved the insider guidelines including rules and regulations on the Company's insiders, trading restrictions, insider lists, notification obligation related to the top managers' and their closely associated persons' transactions and supervision of insider matters. The purpose of the guidelines is to summarise the key rules and restrictions regarding the use and management of insider information of which all the Company's employees should be aware. Regardless of the insider guidelines, each person is always personally responsible for complying with the laws, regulations and guidelines relating to inside information. Each person must in each case assess for him/herself whether the information he/she holds is insider information. This obligation applies always regardless of whether the person is entered into an insider list and from whom or in which way he/she has obtained the information, and whether he/she has received general or specific instructions in the matter.

The Company's top managers include the members of the Board of Directors, CEO and other members of HKScan Group Executive Team. The top managers have an obligation to notify the Company of transactions relating to the Company's financial instruments immediately on the day of the transaction. The top managers also have an obligation to notify the Finnish Financial Supervisory Authority of the transactions, but the Company will deliver the

notifications received from the top managers to the Finnish Financial Supervisory Authority on the top managers' behalf based on an authorisation given by each of the top managers. The notification obligation also applies to persons closely associated with the top managers. The Company will deliver notifications regarding the notification obligation to closely associated persons and preserve these notifications on the top manager's behalf. The top manager in turn has an obligation to inform the Company of changes in his/her closely associated persons or alternatively to deliver the said notifications to the new closely associated persons him/herself as the top manager is ultimately responsible for delivering such notifications. The Company's insider administration maintains a separate list of the top managers with notification obligation as well as their closely associated persons. The list is not a permanent insider list.

Trading in the Company's financial instruments is always prohibited, when the person is in possession of inside information related to the Company or its financial instruments. The Company's top managers are always prohibited from trading in the Company's financial instruments during 30 days before the publication of an interim report, a half year report and a financial statements bulletin, including the day of publication (the so-called closed window), regardless of whether the person possessed inside information that time. During other times, i.e. as of the day following the publication of interim and half year reports and financial

statement bulletin, there is the so-called open window during which the top managers are allowed to trade provided that they do not possess inside information at such time and that they have gone through the internal checking process. The closed window also applies to persons who participate in the preparation and drafting of interim and half year reports and financial statements bulletins. Of these persons, the Company maintains a separate list, which is not an insider list.

HKScan does not maintain a list of permanent insiders. While projects are in progress, a person entered into a project-specific insider list must not trade in the Company's financial instruments or disclose inside information to anyone outside of the project during the project. For each inside project, a project-specific insider list is established and maintained. Each person entered into a project-specific insider list must be notified in writing of his/her entering into the list and the obligations and possible consequences that entails. Further, the ending of the project is notified in writing to the persons in the insider list.

The Company ensures compliance with insider guidelines by regularly reminding insiders of permitted trading windows. In addition, the Company makes sure that the persons entered into the project-specific insider lists are aware that the existence and contents of the insider project is considered to be inside information and that trading in the Company's financial instruments is not permitted during the project. HKScan

Group's Administration function working under the EVP Administration maintains and manages the insider lists. The system used to manage the insider lists is maintained by Euroclear Finland Ltd.

Auditors

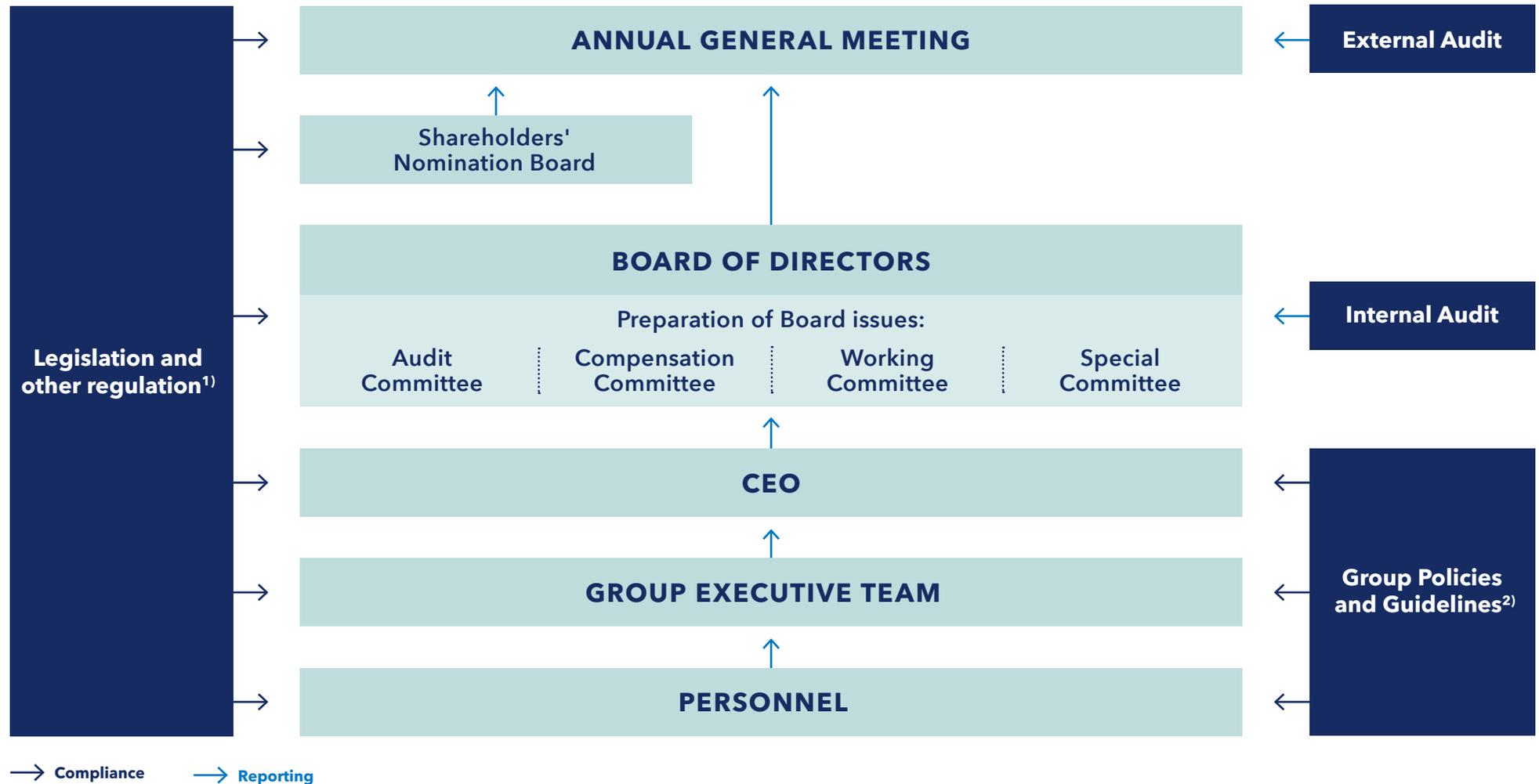
The external auditors are nominated annually by the Annual General Meeting. The AGM 2023 elected Ernst & Young Oy, the firm of authorised public accountants, with APA Maria Onnisekka as responsible auditor of HKScan until the closing of the next AGM.

The Group's audit fees paid to independent auditors are presented in the table below. The fees cover the audit of annual accounts and the closely related legislative work. Other expert services include tax consulting and general employment law advisory services.

	2023 EUR thousand	2022 EUR thousand
Audit fees	-529	-518
Tax consultation	-7	-42
Other fees	-85	-67
Audit fees, total	-621	-627

Ernst & Young Oy was paid in total 76,000 euros during the financial year 2023 for non-audit services to HKScan's entities.

HKScan Group governance and control system



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

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