



# HKSCAN

## Corporate Governance Statement **2022**

## Compliance with the Corporate Governance Code

Corporate governance in HKScan Corporation ("HKScan" or the "Company") is based on Finnish legislation, EU-level regulations, HKScan's Articles of Association, the Finnish Corporate Governance Code 2020 (the "Code") issued by the Securities Market Association, as well as HKScan Group's Code of Conduct and Governance Policy. HKScan furthermore complies with the rules and regulations of Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority. This corporate governance statement has been drafted in accordance with the above-mentioned Code, which entered into effect on 1 January 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 2022.

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

## Board of Directors

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

Board members are elected annually by the Annual General Meeting ("AGM") based on a proposal put forward by the 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 of Directors comprises between five and eight (5-8) members. In addition, a maximum of three (3) deputy members may be elected to the Board of Directors. All Board members possess the 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 of the Company in 2022 represented well the Company's diversity principles.

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

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

The Annual General Meeting held on 30 March 2022 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 2022: 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 2022: 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 LSO Cooperative



**Anne Leskelä** (b. 1962)

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

Board professional

Shareholding at HKScan on  
31 December 2022: 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 2022: 19,157 shares  
(in nominee register)

Independent of the Company, but  
not independent of its 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 2022: 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 2022: 11,757 shares

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



**Ove Conradsson** (b. 1961)

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

CEO, Hushållningssällskapet Västra

Shareholding at HKScan on  
31 December 2022: 18 shares

Independent of the Company and  
of its significant shareholders



**Ilkka Uusitalo** (b. 1968)

Deputy member of the Board since 2019

Farm Entrepreneur

Shareholding at HKScan on  
31 December 2022: 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 LSO Cooperative

During 2022, the Board held 19 meetings. The average attendance rate of Board members and deputy members was 98,7 per cent. The Board constitutes a quorum when more than half of its members are present. Besides the members and deputy members, the Group's CEO, the CFO and the EVP Administration as secretary to the Board also regularly attended the Board meetings.

## Charter of the Board

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

- appointments and dismissals of the CEO and senior executives, and decisions on the terms of employment of management
- terms of employment of Managing Directors of HKScan Group companies and senior management
- HKScan Group management's and personnel's incentive schemes and bonus criteria
- HKScan Group and organization 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 Annual General Meeting
- principles of risk management and communication related to HKScan Group's business as well as follow up of the legality of business operations
- approving of investment plans and approval of relevant investments deviating from the plan
- taking out HKScan Group loans and giving securities
- giving procuration and other representative rights of the Company.

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

## Performance evaluation of the Board

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

## Board Committees

Four committees have been set up in HKScan to streamline the preparation and management of matters for the consideration of the Board. The Board selects the members and chairs of the committees 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 particular expertise in the fields of accounting, bookkeeping or auditing. The majority of the members of the Audit Committee shall be independent of the Company and at least one member shall be independent of significant shareholders. The CEO of the Company or other persons in the Group Executive Team of the Company may not be elected to the Audit Committee.

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

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

- to monitor the reporting process of financial statements
- to supervise the financial reporting process
- to monitor the efficiency of the Company's internal control, internal auditing and risk management system
- to evaluate and review the corporate governance statement covering the internal control and risk management related to the financial reporting process
- to monitor 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 Leskelä, and its other members were Reijo Kiskola, Terhi Tuomi and Ove Conradsson.

The Audit Committee held 5 meetings during 2022. The average attendance rate of Committee members was 100 per cent. Committee meetings were also regularly attended by the Company's CEO, the CFO, the internal auditor and the external auditors.

The chair of the Audit Committee prepares the agenda for the meeting based on a proposal made by the CFO and convenes the meetings, under normal circumstances with at least one week's notice.

### Compensation Committee

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

The duties of the Compensation Committee are defined in its charter adopted by the Board of Directors. The Compensation Committee is tasked with preparing matters pertaining to the Company's compensation schemes, such as CEO compensation, other management compensation, the Company's incentive and benefit plans and review of other arrangements or agreements between the Company and the CEO or other persons in the management team of the Company. 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 6 meetings during 2022. The average attendance rate of Committee members was 100 per cent. The Compensation Committee has used external consultants in its work.

### Working Committee

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

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

All members and deputy members of the Board are members of the Working Committee. The Chair of the Board, Reijo Kiskola, acts as the Committee's Chair. The Working Committee held 7 meetings during 2022. The average attendance rate of Committee members was 96,4 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 CEO of the Company attends the meetings and prepares the agenda and minutes.

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

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

The Special Committee held 2 meetings during 2022 and the average attendance rate was 100 per cent.

## Shareholders' Nomination Board

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

There are at most four members in the Nomination Board, of which three represent the Company's largest shareholders who, on the last business day of May preceding the next Annual General Meeting, hold the largest number of votes calculated of all shares in the Company. In addition, the Chairman or the Deputy Chairman of the Board is a member of the Nomination Board.

The largest shareholders of the Company on the last business day of May are determined based on the shareholders' register of the Company held by Euroclear Finland Ltd. Pursuant to this shareholding, the Chairman of the Board of Directors shall request the three largest shareholders of the Company 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, into 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. Should a shareholder not wish to use its nomination right, the right may be transferred by the Chairman of the Board of Directors to the next largest shareholder, who would otherwise not have a nomination right.

The Chairman of the Board of Directors convenes the first meeting of the Nomination Board and acts as a Chairman until the Nomination Board has convened and elected a Chairman amongst its members. The representative of the largest shareholder shall be nominated as the Chairman of the Nomination Board, unless otherwise decided by the Nomination Board. The Chairman of the Nomination Board convenes the meetings thereafter. The term of office of the members expires annually when the new Nomination Board has been appointed.

The largest shareholders of HKScan Corporation have, according to the charter of the Shareholders' Nomination Board, nominated the following persons as members of the nomination board:

- Veikko Kemppe, Managing Director, LSO Cooperative
- Per Lindahl, Chairman of the Board, Lantmännen ek. för.
- Hanna Kaskela, Director, Responsible Investments, Varma Mutual Pension Insurance Company.

Furthermore, the Board of Directors of HKScan Corporation has nominated as member of the Nomination Board Jari Mäkilä, deputy chair of the Board of Directors. The Nomination Board elected amongst its members Veikko Kemppe as chairman.

## Chief Executive Officer (CEO)

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

The Company's CEO does not serve on the Board but attends its meetings and provides monthly

reports to the Board on HKScan Group's financial performance, financial position, solvency and market position. The CEO also presents the materials of the financial statements and interim reports to the Board. The CEO furthermore reports to the Board on the implementation of the Board's resolutions and on the measures and outcomes to which these have given rise.

Tero Hemmilä, M.Sc. (Agr. Econ.), has acted as CEO of HKScan Corporation as of 4 February 2019 until 29 September 2022. Juha Ruohola, M.Sc. (Agr.), eMBA, has acted as the interim CEO of HKScan Corporation as of 29 September 2022.

## Meeting attendance of the board and its committees

|                                 | Board | Audit Committee | Compensation Committee | Working Committee | Special Committee |
|---------------------------------|-------|-----------------|------------------------|-------------------|-------------------|
| Reijo Kiskola                   | 19/19 | 5/5             | 6/6                    | 7/7               | 2/2               |
| Jari Mäkilä                     | 19/19 |                 |                        | 7/7               | 2/2               |
| Anne Leskelä                    | 19/19 | 5/5             |                        | 7/7               |                   |
| Terhi Tuomi                     | 19/19 | 5/5             |                        | 7/7               |                   |
| Harri Suutari                   | 19/19 |                 | 6/6                    | 7/7               | 2/2               |
| Per Olof Nyman                  | 18/19 |                 | 6/6                    | 6/7               |                   |
| Carl-Peter Thorwid <sup>1</sup> | 5/19  | 1/5             |                        | 3/7               |                   |
| Ove Conradsson <sup>2</sup>     | 13/19 | 4/5             |                        | 3/7               |                   |
| Ilkka Uusitalo                  | 19/19 |                 | 6/6                    | 7/7               |                   |

<sup>1</sup> Deputy member of the Board of Directors and member of the Audit Committee until 30 March 2022.

Between 1 January 2022 and 30 March 2022 the Board held 6, the Working Committee held 3 meetings and the Audit Committee held 1 meeting.

<sup>2</sup> Deputy member of the Board of Directors and member of the Audit Committee as of 30 March 2022.

Between 30 March 2022 and 31 December 2022 the Board held 14 meetings, the Working Committee held 4 meetings and the Audit Committee held 4 meetings.



## Group Executive Team

The Group Executive Team (“GET”) of HKScan assists the CEO in the management of the Group, in the preparation of matters such as business plans, strategy, policies and other matters of importance, as well as in the implementation of the strategic and operative targets. The members of the GET are appointed by the Board.

## The Group Executive Team on 31 December 2022:



**Juha Ruohola** (b. 1965)  
Interim CEO as of 29 September 2022, 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 2022: 12,154 shares



**Lars Appelqvist** (b. 1974)  
EVP, Business Unit Sweden  
B.Sc. (Econ.)  
Shareholding at HKScan on 31 December 2022: -



**Markus Kirsberg** (b. 1980)  
Interim EVP, Business Unit Baltics as of 29 September 2022  
B.Sc. International Business Management  
Shareholding at HKScan on 31 December 2022: 2,610 shares

## The Group Executive Team on 31 December 2022:



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

Shareholding at HKScan on  
31 December 2022: 36,460 shares



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

Shareholding at HKScan on  
31 December 2022: 61,075 shares



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

Shareholding at HKScan on  
31 December 2022: 26,693 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 2022: 34,098 shares

Tero Hemmilä, M.Sc. (Agr.&Econ.), acted as the CEO of HKScan Corporation until 29 September 2022. Mika Koskinen, M.Sc. (Chem. Eng.), acted as the EVP Strategic Business Development, Investments, Export and Import and a member of the Group Executive Team until 28 June 2022. Jouni T. Laine, (eMBA) acted as the EVP Food Solutions and a member of the Group Executive Team until 18 November 2022.

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

### Internal control framework

HKScan Group's ("the Group") internal control framework is within the remit of 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. The internal control system has the further objective of supporting activities in line with HKScan Group's strategy. The reliability of financial reporting and measures in the service of this goal are an integral component in the Group's internal control framework.

### Control environment

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

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

Internal audit assesses the suitability adequacy and effectiveness of the internal control system and risk management. The Head of Internal Audit reports to the CFO and the Board of Directors. In addition to this, the EVP Administration especially ensures that all operations are lawful. He reports directly to the CEO.

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

### Risk management

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

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

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

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

### Control measures

Control measures are designed to ensure that

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

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

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

## Monitoring

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

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

## Related party transactions

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

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

The principle defined in the Group's internal guidelines is that the Internal Auditor regularly 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 insider guidelines of Nasdaq Helsinki Ltd. The Board of Directors of HKScan 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 summarize the most important rules and restrictions regarding inside information and the use and management thereof, of which all employees of the Company should be aware. Regardless of the insider guidelines, each person is always personally responsible for complying with the laws, regulations and guidelines concerning inside information. Each person must in each case personally assess whether the information he or she possesses constitutes inside information. This obligation applies always regardless of whether the person is entered into an insider list and from whom or in which way he or she has obtained the information, and whether he or she has received general or specific instructions in the matter.

The top managers of the Company include the members of the Board of Directors, the CEO and other members of HKScan Group's Executive Team. The Company's top managers have an obligation to notify transactions relating to the financial instruments of the Company to the Company promptly on the day of the transaction. The top managers also have an obligation to notify the Finnish Financial Supervisory Authority of the transactions, but the Company will deliver the notifications received from the top managers to the Finnish Financial Supervisory Authority on the top managers' behalf based on an authorization given by each of the top managers. The notification obligation also applies to persons closely associated with the top managers. The Company will deliver notifications regarding the notification obligation to closely associated persons and preserve the said notifications on the top manager's behalf. The top manager in turn has an obligation to inform the Company of changes in his or her closely associated persons or alternatively to deliver the said notifications to the new closely associated persons him/herself as the top manager is ultimately responsible for delivering such notifications. The insider management of the Company maintains a separate list of the top managers with notification obligation as well as their closely associated persons. This 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 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 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 reports and financial statements bulletins. The Company maintains a separate list of these persons, which is not an insider list.

HKScan does not maintain a list of permanent insiders. During separate projects, project-specific insider lists are maintained. A person entered into a project-specific insider list must not trade in the financial instruments issued by the Company or disclose inside information to a person outside of the project during the project. For each inside project, a project-specific insider list is established and maintained. Each person who is entered into a project-specific insider list shall be notified in writing of his/hers 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. Further, 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 financial instruments issued by the Company is not permitted during the project. HKScan Group's Administration function working under the EVP Administration maintains and manages the insider lists. For the management of insider lists a system maintained by the Euroclear Finland Ltd is used.

## Auditors

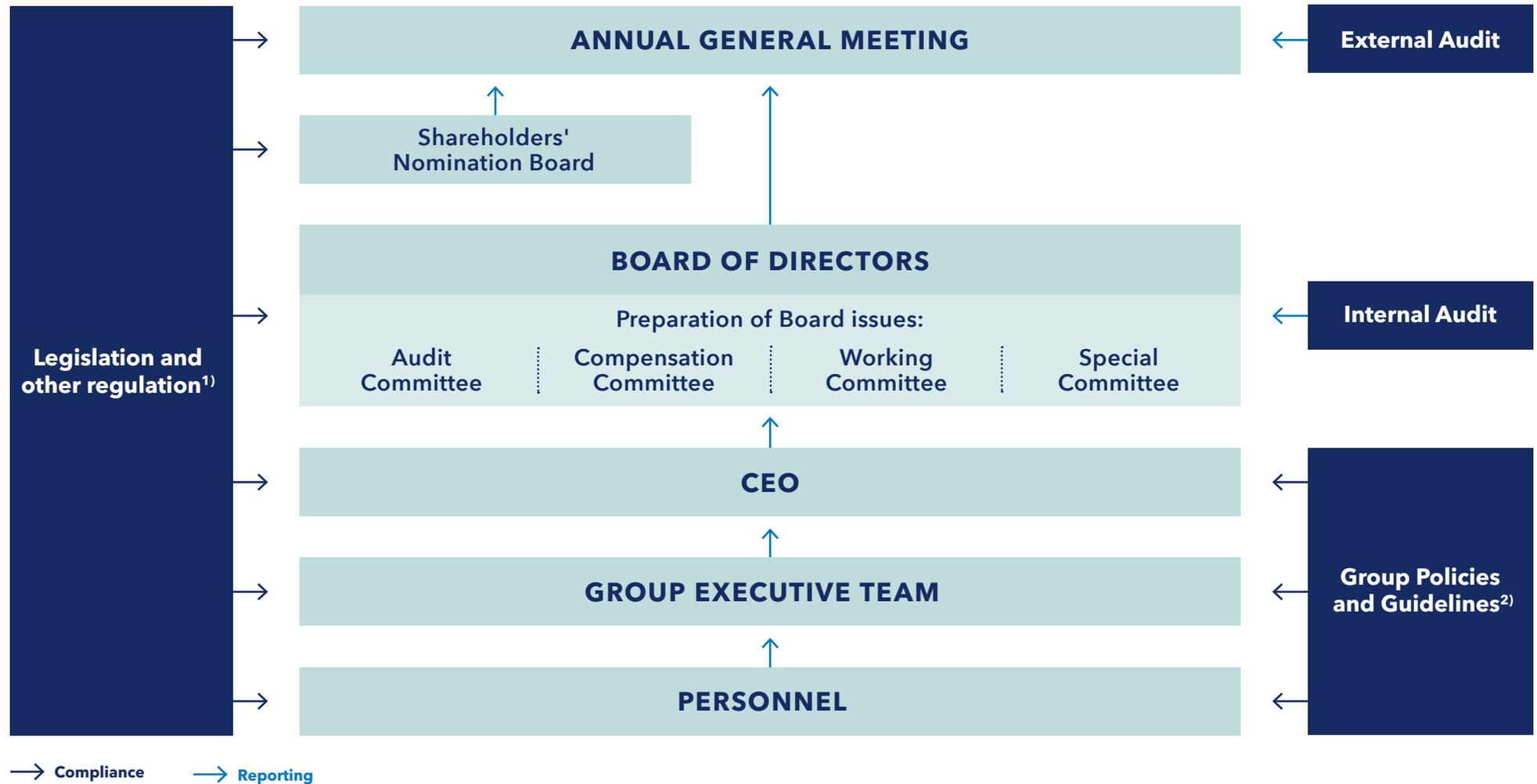
The external auditors are nominated annually by the Annual General Meeting. The AGM 2022 elected Ernst & Young Oy, the firm of authorized public accountants, with APA Maria Onnisekka as responsible auditor of HKScan until the closing of the next AGM.

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

|                          | 2022<br>EUR thousand | 2021<br>EUR thousand |
|--------------------------|----------------------|----------------------|
| Audit fees               | -518                 | -508                 |
| Tax consultation         | -42                  | -84                  |
| Other fees               | -67                  | -30                  |
| <b>Audit fees, total</b> | <b>-627</b>          | <b>-622</b>          |

Ernst & Young Oy was paid in total 47,837.78 euros during the financial year 2022 for non-audit services to entities of HKScan.

# HKScan Group governance and control system



<sup>1)</sup> 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

<sup>2)</sup> Articles of Association, other internal policies, guidelines and operating procedures