

March 2021

ESG Questionnaire

General industry

The industry's three biggest sustainability-related challenges according to HKScan are:

1. Climate change
2. Animal welfare incl. animal diseases
3. Healthy food

How does HKScan compare to industry peers regarding sustainability initiatives?

Advanced responsibility work is one of the key priorities in HKScan's strategy. The company's sustainability initiatives regarding climate impacts in its entire food chain are advanced compared to the industry peers.

Is HKScan a signatory of the UN Global Compact or Science Based Targets, reports to the CDP or engages in any other relevant sustainability initiatives?

HKScan is a signatory of the UN Global Compact.

In Finland, HKScan has signed the Energy Efficiency Agreement and the Material Efficiency Commitment of the Food and Drink Industry. In Sweden, HKScan is a member of the Haga Initiative.

Environment

HKScan's climate-related opportunities are:

1. Consumers are increasingly interested in the origin and climate impact of food. We determinedly reduce the climate impact throughout our food chain ensuring that our products meet consumer needs.
2. The Baltic Sea region is well suited for food and meat production, because the farming conditions are expected to remain favourable as global climate change progresses and we have abundant water resources. Together with our contract farmers, we develop and pilot advanced farming methods that can significantly reduce the emissions from, e.g. feed farming and animal production.
3. We see emission reductions from our own industrial production, transport and packaging as opportunities. We are promoting the circular economy together with other companies. In line with our strategy, we will grow into a versatile food company and expand into new categories and raw material bases.

HKScan's three primary risks related to climate change are:

1. Exceptional weather conditions and climate change may affect, for example, energy prices and the availability and prices of raw materials. The effects may be seen, for example, in lower yields and higher prices for feed grain and grass and in increased need to use imported raw materials in feeds.
2. Our operations are affected by consumer behaviour changes, for example changes in red meat consumption and the continuing strong growth seen in poultry demand. We adapt and renew our operations by anticipating consumer needs and by determinedly reducing the climate emissions from our food chain in line with our Zero Carbon plan.
3. We identify possible environmental non-compliances as risks in our production. We manage them as part of the environmental management system ISO 14001.

HKScan's climate-related investments are:

We take environmental issues into account in all our investment decisions. We focus on improving energy efficiency and energy recovery as well as increasing the use of renewable energy in our own industrial production to reach our Zero Carbon target related to our own industrial production (scope 1 & 2).

Does HKScan rely on any scarce resources for its operations? What efforts are made to mitigate the risk of those resources becoming even more scarce in the future?

HKScan's packaging materials are partly fossil-based plastic. The company's packaging strategy sets the following targets for packaging:

By the end of 2025:

- 100 % recyclable packaging
- 20 % carbon footprint of packages
- 20 % packaging plastic

Transition-related risks: Does HKScan anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively effected? If yes, is HKScan well positioned to handle that risk?

Opportunities:

- Growing interest in the locally produced food, origin of food and the food chain's transparency.
- The continuing strong growth seen in poultry demand

Risks: Changing consumer behaviour, changes in the demand for red meat.

HKScan's focuses on tasty, responsibly produced food and it is growing into a versatile food company. The company's strategy supports the mitigation of climate related transitional risks.

HKScan's primary means of making a positive environmental impact or minimising negative environmental impact. How are they tracked and communicated?

1. HKScan's Zero Carbon climate plan targets to climate-neutral food production by the end of 2040.
 2. HKScan's packaging strategy aims to recyclable packaging, less packaging plastic and smaller carbon footprint of packages.
 3. Continuous communications of Group CR programme related topics like animal welfare etc.
- The progress for both initiatives is tracked and communicated regularly e.g. in the company's Corporate Responsibility Report, website and social media.

Social

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

HKScan is committed to systematic work towards zero accidents. In 2020, the number of lost time accidents declined for the third year in a row. The company's top management is highly committed to the continuous promotion of occupational safety. All our Business Units and production units have their own occupational safety action plans and our employees regularly review safety issues. HKScan's Health and Safety Policy defines the principles for safety management.

Does HKScan conduct any community engagement activities aside from those directly connected to the business?

Yes, HKScan has small-scale community engagement, e.g. donating food to charities and sponsoring sporting teams.

Circular economy: How are purchases and waste managed?

HKScan produces zero waste to landfill. Majority of our production waste and side streams are used circularly e.g. to energy recovery, biogas, farm fields or composting. We are promoting the circular economy together with other companies.

Are there any goals, policies, or codes of conduct applicable to HKScan's suppliers? How often does HKScan conduct audits of its suppliers?

We require suppliers to commit to our Supplier Guidelines. At the end of 2020, 77 per cent of our suppliers (excl. contract farmers) were compliant with our Supplier Guidelines. 100% of animal purchases complies with HKScan's animal sourcing principles.

In 2021, HKScan will update its responsible procurement principles and the goal is that all suppliers commit to compliance with the principles by the end of 2025.

HKScan audits regularly its suppliers based on risk assessment.

Governance

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?

HKScan has a Code of Conduct e-learning, which also covers anti-corruption issues. The e-learning is compulsory for all personnel.

HKScan has a whistle-blower channel called Fair Way, where stakeholders can report suspicions of unethical conduct anonymously. All reported cases have been solved and preventive and corrective measures taken.

HKScan's business tax residence:

Finland

Are there independent members of the Board of Directors?

Yes, there are members of the Board of Directors who are independent of the Company and significant shareholders.

Please state if and to what extent, HKScan has transactions with related parties:

HKScan reports its business transactions with related parties in its Financial Statements. In 2020, sales to associates were EUR 9.6 million and purchases from associates EUR 34.0 million.

Is the remuneration of the CEO and other members of the management team in line with the industry peers? Which KPIs dictate the remuneration?

Yes, the remuneration is in line with the industry peers.

The remuneration of the CEO consists of fixed components, such as base salary and fringe benefits, variable components, such as short- and long-term incentives and a defined contribution pension.

For incentive plans, performance measures are, for example Group EBIT, Group Cash Flow and Individual targets.

The CEO remuneration is described in more detail in the HKScan's Remuneration Report.

Relative split of men/women in HKScan:

Board of directors: 25% women and 75% men

Management, Group Executive Team: 11% women and 89% men

Supervisors: 35% women and 65% men

All employees: 40% women and 60% men

Is the Head of Sustainability a member of the management team? If not, who does that person report to?

HKScan's sustainability work is led by VP, SQS (Safety, Quality, Sustainability) who reports to the EVP Strategic Business Development and Investments. VP, SQS is not a member of the Group Executive Team.

Please state whether HKScan has the following policies or agreements in place:

- Union agreement: Yes
- Code of Conduct: Yes
- Diversity policy: No
- Anti-corruption policy: Yes, included in the Code of Conduct. Also, Group Approval Guidelines define gifts and hospitality guidelines.