

GOALS AND IMPROVEMENTS

GOALS

IMPROVEMENTS



Economic responsibility

- Achievement of financial objectives for HKScan and its stakeholders
- Investments, production management and employment security
- Significant direct and indirect tax footprint
- Improved sourcing of production animals, materials and services
- Improved profitability, cash flow and primary production productivity

- New poultry production facility investment project in Finland
- Stronger balance sheet and improved net gearing
- Restructured debt maturity
- Progress of cross-border primary production collaboration groups targeting systematic improvement of best practices and economic performance
- Ongoing work to provide producer services supporting primary producers' performance



Social responsibility

Responsible products

- Continuous improvement of Food safety and quality systems (ISO/FSSC 22000, BRC, IFS, ISO 9001)
- Control of microbiological, chemical and physical risks, maintenance and control of salmonella-free status
- Production of safe, tasty and nutritionally balanced products
- Brand promises of selected brands using only domestic meat
- Traceability from farm to fork: HKScan's own farms and contract producers, imported meat originating from audited slaughterhouses
- Clear and transparent product information

- All production plants are third-party certified according to international food safety management standards
- First harmonized Group-wide food safety guidelines put in place
- Continuous reduction of salt, phosphate, nitrite (Sweden, Finland)
- Iodized salt introduced at the beginning of 2016 (Finland)
- Wide assortment of products supporting cardiac health: "Sydänmerkki" products in Finland and "Nyckelhål" products in Sweden
- Special concepts: Omega-3 rapeseed-fed pork (Rypsiporsas® in Finland, Rapsgris® in Sweden), corn-fed chicken (Majs Plus kylling in Denmark) and organic products throughout the Group
- HK®, Kariniemen®, Scan®: meat of domestic origin
- Flodins®: HKScan meat


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| Personnel | |
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| <ul style="list-style-type: none"> • Continuous improvement and harmonization of employee wellbeing and workplace safety processes • Promotion of equality and diversity • Competence development | <ul style="list-style-type: none"> • Common Group-wide HR guidelines adopted • Systematic development actions taken on the Group-wide Employee Engagement Survey (EES) • Harmonized work uniforms adopted throughout the Group • Implementation of Group-wide job grading system for white collar employees • Launch of the HKScan Leadership Academy |
| Responsible supply chain | |
| <ul style="list-style-type: none"> • Primary production based on long-term contract production or on HKScan's own farms • Extended supplier and subcontractor evaluation and assessment process • All meat-supplying slaughterhouses are audited; meat sourced only from audited slaughterhouses • Management of ethical risks | <ul style="list-style-type: none"> • Collaboration and advisory services provided to contract producers • Group-wide supplier and sub-contractor evaluation and approval process developed further • All sub-contractors and meat suppliers evaluated and audited • All meat sourcing only from audited meat suppliers • Supplier Code of Conduct (HKScan Group's Supplier Guidelines) adopted • Evaluation of suppliers from CSR (Corporate Social Responsibility) perspective ongoing • Membership in the Roundtable of Responsible Soy (RTRS) and responsible soy commitment • Membership in the Roundtable of Sustainable Palm Oil (RSPO) |
|  Animal health and welfare | |
| <ul style="list-style-type: none"> • Common indicators and measures in use, as well as sharing of best practices across the Group • Retain very low usage of antibiotics and other medication, which is to be subject to continuous monitoring and strict control • Proactive assessment and management of animal disease risks | <ul style="list-style-type: none"> • Animal welfare and animal sourcing policies adopted • Animal health and welfare monitoring implemented throughout the value chain, including production, transport and slaughtering. Common KPIs for transport and slaughtering • Ensuring compliance in our own operations through external and internal audits of animal welfare in slaughtering operations • Investment in slaughterhouses: improved animal welfare |

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| | <ul style="list-style-type: none"> • Use of antibiotics in primary production registered and controlled throughout the Group • Increased collaboration to assess and mitigate risks related to animal diseases • African swine fever (ASF) risk management in Estonia • ASF prevention in Finland and Sweden |
|  <p>Environment</p> | |
| <ul style="list-style-type: none"> • Improved energy efficiency and reduction of GHG emissions • Reduction of wastage in production and food waste reduction through enhanced packaging solutions • Efficient use of raw materials by using the whole carcass • Reduction and management of waste and wastewater • Reduced and fully controlled use of chemicals | <ul style="list-style-type: none"> • Energy efficiency project targeted at reducing energy usage by 10 per cent in relation to net sales from 2014 to 2017, energy reviews, investments and increased use of renewable energy • Continuous GHG emission calculations for the whole Group (GHG protocol, Scope 1 and 2) • Production-related wastage reduction through improvements in production, and food waste reduction through packaging solutions and the Social Supermarket in Sweden • Continuous improvements in the Biotech business line: further optimized utilization of by-products and biomass • Improvement of wastewater treatment through investments in sewage treatment plants in Mikkeli and Outokumpu, Finland • Improvement of waste recycling • Biogas adopted in Skara, Sweden, and additional studies are ongoing regarding further biogas options • Chemical management system in use |