

GOALS AND ACHIEVEMENTS

KEY PERFORMANCE INDICATOR (KPIs)		
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SAFE AND HEALTHY PRODUCTS		
<ul style="list-style-type: none"> • Certified sites • Number of recalls • Number of products with aspects launched 	<ul style="list-style-type: none"> • All sites certified • Zero recalls • Enhance positive impact on nutrition and public health 	<ul style="list-style-type: none"> • All of HKScan's production plants have certified product safety management systems. The certification of two new plants was started in 2017 and one of them had a certification audit then. For the other plant, the process was completed at the beginning of 2018. • 16 product recalls. • Around 16 per cent of the products introduced by HKScan were based on an innovation or improvement related to nutritional value.
ANIMAL HEALTH AND WELFARE		
<ul style="list-style-type: none"> • Optimal animal welfare in general and compliance with Welfare Quality Principles targeting good animal health and welfare at farms, during transportation and in slaughter 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Become the best in animal care • Enhance positive impacts on animal health and welfare through proper animal handling and conditions at farms, during transportation and in slaughter • Maintain low use of antibiotics and achieve even better results – without endangering animal welfare 	<ul style="list-style-type: none"> • High level animal welfare: "No antibiotics ever" pork meat products were launched for exports. The animals have been healthy their entire life and hence there has been no need to treat them with antibiotics. • In HKScan's production chain, antibiotics are used for animal medicine considerably less than on average in European countries. If an animal has been treated with antibiotics, due to compliance with withdrawal period, HKScan's meat products do not have antibiotic residues at the consumer's end. • In pork meat production, the new Opti-Pekoni feed concept was launched, promoting piglets' animal welfare. • HKScan is pioneering among the first in the world with the launch of a new concept enabling chicks to be born on the farm they are raised rather than at a separate hatchery. By eliminating the need for transportation of chicks from hatchery to farm the concept marks an improvement in animal welfare. • Animal transporters were trained and transport of animals were regularly monitored by the authorities and veterinarians. • One of HKScan's partners in Finland took into use a modern semi-trailer designed especially for the transport of pigs (link in Finnish). New vehicles (link in Finnish) were also taken into use for the transport of cows and calves. Vehicles used in animal transport is of great importance for animal welfare. • HKScan has installed recording surveillance cameras in all of its slaughterhouses in its home markets. The cameras are located in areas that are critical in terms of animal welfare.
EMPLOYEES		
<ul style="list-style-type: none"> • Absentee rate (%) 	<ul style="list-style-type: none"> • General goal: healthy 	<ul style="list-style-type: none"> • Lost Time Injury (LTI) frequency rate was 44.3 per million hours worked (2016: 40.6).

<ul style="list-style-type: none"> Lost Time Injury (LTI) frequency rate 	<p>employees, safe working environment, employee satisfaction</p> <ul style="list-style-type: none"> Numeric Group targets for LTI and absence rate to be set 	<ul style="list-style-type: none"> Absentee rate was 6.2 per cent of the total working time (2016: 6.3 per cent). In 2017, the company carried out an extensive online survey for 405 participants related to values and leadership. The survey aimed for a deeper understanding and for determining requirements for leadership in line with the company's values and management that supports strategy implementation. Participation rate was 90 per cent.
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ENVIRONMENT

<ul style="list-style-type: none"> Total energy use Greenhouse gas emissions Total water use Waste tons by type and disposal method Material efficiency 	<ul style="list-style-type: none"> Mitigation of environmental impacts Energy use -10% decrease by 2017 vs 2014 indexed to net sales Numeric Group KPI targets to be set Development towards more sustainable packaging materials and solutions Efficient use of animal raw material - circular economy approach 	<ul style="list-style-type: none"> Total energy consumption measured in GWh decreased by 3 per cent from 2014 to 2017. In 2016, total energy consumption fell by 5 per cent compared to 2014. Energy efficiency project resulted -0.29 per cent as target was -10 per cent reduction of energy consumption indexed to net sales. Greenhouse gas emissions decreased by a total of 46 per cent from 2014 to 2017. Of the total amount of electricity consumed in HKScan's operations, 67 per cent was generated from renewable and 33 per cent from non-renewable sources. From consumed total energy in HKScan's operations 42 per cent was renewable origin and 58 per cent non-renewable origin. HKScan's water consumption increased by 0.4 per cent from 2016 to 2017. Over the last five years, HKScan has reduced its overall water consumption by 11 per cent. The amount of landfill waste decreased by 98 per cent from 2012 to 2017. The amount of virgin material (packaging and transport solution) from non-renewable sources used in 2017 was 57 per cent. This covers the use of plastic, aluminium and steel in packaging solutions. From renewable sources (cardboard, paper) came 38 per cent of materials. Of these, 16 per cent were of virgin origin and 22 per cent were of recycled origin.
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FARMING COMMUNITY

<ul style="list-style-type: none"> HKScan's actions to promote businesses and living at countryside, local investments, competence and professional development, wellbeing of farmers 	<ul style="list-style-type: none"> To enhance positive impact: farm economy, animal health and welfare Contribution to national food supply in possible national emergency situations Keep local countryside alive 	<ul style="list-style-type: none"> HKScan provides its contract producers with training and advisory services (link in Finnish) related to the rearing of animals, the planning of feeding (link in Swedish), animal healthcare (link in Finnish) and the design of new production facilities (link in Finnish), among other aspects. HKScan organises seminars and well-being events for its producers. Producers of the Year in Finland and Sweden were acknowledged.
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RESPONSIBLE AND ETHICAL SOURCING		
<ul style="list-style-type: none"> • Purchase of responsible soy • Purchases from local markets (%) • Purchases from suppliers that comply with HKScan's requirements 	<ul style="list-style-type: none"> • 100% responsible soy by the end of 2018 • Avoid ethical risks • Supplier Guidelines signed by 100% of suppliers 	<ul style="list-style-type: none"> • Use of 100 per cent responsibly produced certified soy was achieved in Finland in 2017 and in Sweden in 2015. • HKScan aims to include its Supplier Guidelines in all of its supplier contracts by 2020. In 2017, suppliers committed to complying with HKScan's ethical principles and purchasing practices represented 65 per cent of the cost of services, goods and raw materials acquired by HKScan. This proportion will increase as the contracts are updated. • HKScan acquires nearly 100 per cent of its live animals from local markets. The origin of the meat and the growing conditions of the animals are always known. • HKScan purchases also a majority of other raw materials, products and services from its local home markets. These local purchases represent approximately 70 per cent of the Group's total sourcing spend.
ECONOMIC VIABILITY OF VALUE CHAIN		
<ul style="list-style-type: none"> • HKScan's four long-term financial targets • No special Corporate Responsibility KPI's 	<ul style="list-style-type: none"> • Enhance positive impacts in value chain • Operating profit (EBIT): >4% of net sales • Return on capital employed (ROCE): >12% • Net gearing: <100% • Dividends: >30% of net profit 	<ul style="list-style-type: none"> • HKScan creates both economic and intangible added value widely to its various stakeholders throughout the value chain in all countries where it operates. The company's net sales in 2017 were EUR 1 808.1 million with investments accounting for 6.9 per cent i.e. EUR 125.5 million. Dividends of EUR 9.0 million were paid to shareholders. Wages and salaries paid to personnel including social costs amounted to EUR 328.4 million. Raw material, energy and service suppliers were paid EUR 1 520 million and creditors EUR 11 million. The public sector was paid EUR 2 million as income taxes.
COMPLIANCE		
<ul style="list-style-type: none"> • No non-compliance in Corporate Responsibility-themes 	<ul style="list-style-type: none"> • Compliance with laws and regulations 	<ul style="list-style-type: none"> • In August 2017, evidence of a <u>serious deviation</u> was found in the handling of unviable chicks and unhatched embryos in HKScan's Estonian hatchery operations. The incident was immediately investigated and corrective actions were implemented. • HKScan had no serious environmental legislation violations in 2017. • In 2017, three (3) reports related to suspected human rights violations were made via Fair Way or other channels. The internal investigations of these suspected violations are still under way. • In 2017, HKScan requested the Estonian authorities to investigate whether any crimes had been committed in HKScan's Baltic operations, and simultaneously it ended its own investigation. In November 2017, the Estonian Public Prosecutor published a press release related to the criminal allegations. • In Sweden, HKScan was corporate fined for insufficient protective equipment, as a meat cutting room employee was not wearing the required cut-resistant shirt.