

Sustainability report 2023



HONKAJOKI®
wealth by recycling



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Responsibility and developments at Honkajoki Oy

Towards a more sustainable future

Dear stakeholders and readers,

It is a pleasure and an honor to present to you the Honkajoki Group Sustainability Report 2023. Through this report, we want to describe our commitment to sustainability and responsible business practices and share with you openly the results, targets and development areas of our operations. With this report, we are preparing for the new directive and will therefore also take the requirements of the CRSD into account.

The year 2023 was a significant year for us, with a focus on accountability, safety and reliability. We are constantly striving to develop our activities in line with these principles. There were several significant events in the Group's business, including the commissioning of a new feather meal production plant, the recruitment and training of new staff, and the response to the avian flu outbreak, during which we measured the company's performance during the animal epidemic.

During the past year, we have strengthened our sustainability practices and procedures and have also actively explored and identified options for adopting sustainable production methods. The key objectives have been to reduce our carbon footprint, improve energy efficiency and promote the circular economy. For example, the recovery and use of waste heat in new production lines is a concrete step towards more energy-efficient and environmentally friendly production.

In this report, we openly report on how we have responded to our stakeholders' expectations and challenges during 2023. We will discuss our environmental impact, corporate social responsibility and financial performance, and present concrete measures to promote sustainability and employee well-being. I would like to thank all our stakeholders for their cooperation during 2023. Your input and feedback are valuable to us and will help us with our continuous development and improvement.

I wish you a pleasant read of our report and hope that it gives you a comprehensive picture of our activities and our commitment to responsible business.

**Honkajoki Corporate
Responsibility enquiries**

Reetta Nevala

Director, Sustainability

reetta.nevala@honkajoki.fi



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The key objectives have been to reduce our carbon footprint, improve energy efficiency and promote the circular economy.

Honkajoki Group

Health and wealth from by-products

The Honkajoki Group is an essential part of the Finnish food production value chain. We are a Finnish company processing raw materials of animal origin. Our mission is to recycle the side streams of the food industry responsibly and safely. We manufacture raw materials for animal nutrition, biofuels, and fertilizers. We create sustainable growth by returning nutrients back to beneficial use and eliminating waste.



1967 HONKAJOKI LTD

Atria Plc 50%
HKScan Finland Ltd 50%



1995 FINDEST PROTEIN LTD

Honkajoki Ltd 66.9%
Atria Plc 33.1%



2017 GMM FINLAND LTD

Honkajoki Ltd 100%

Board of Directors

At the annual general meeting on May 8, 2023, the actual members of the board were elected. During the operating year, the board has organized 7 board meetings.

Chairman

Mika Ala-Fossi

Deputy Markku Hirvijärvi

Juha Ruohola

Deputy Petri Toivola

Janne Leppänen

Deputy Pentti Sivula

Matti Perälä

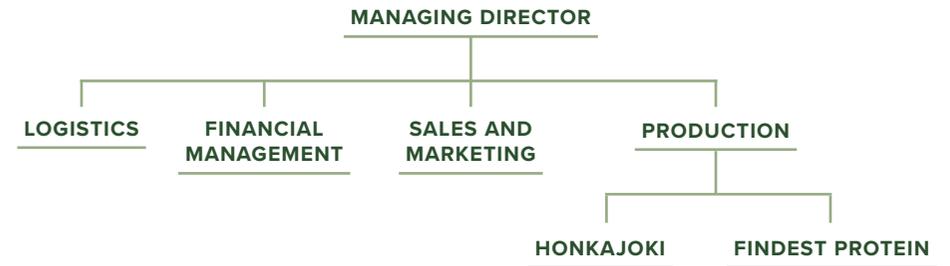
Deputy Tauno Perälä

Honkajoki Ltd

Honkajoki Ltd is a company owned by Atria Plc and HKScan Finland Ltd. To the group in addition to Honkajoki Ltd, it also includes Findest Protein Ltd and GMM Finland Ltd. The subsidiary Remsoil Ltd has merged with the parent company during the accounting period.

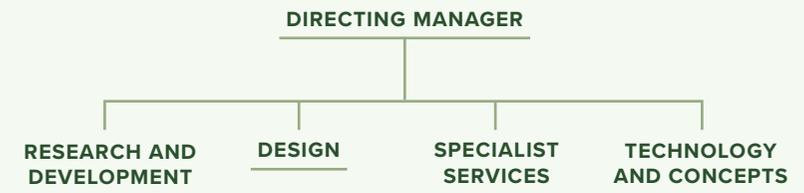
Honkajoki Ltd is located in Northern Satakunta in the Kankaanpää city area. Six separate production lines operate in the plant area, all of which produce different products from raw materials to high-quality protein and fat products for industrial use. In the factory area, there are separate process plants for poultry, feathers, high-risk material, meat bone meal, beef, and blood raw materials. The company's head office is also located in the Kirkkokallio industrial area.

Findest Protein Ltd is a company jointly owned by Honkajoki Ltd and Atria Plc. Findest Protein Ltd is located in Kaustinen, where they process pig-derived category 3 raw materials.



GMM Finland Ltd

GMM Finland Ltd is a specialist company owned by Honkajoki Ltd. GMM Ltd is a consulting, industrial design and development company specialized in the processing and productization of side streams of the food industry.



CEO's review

The beginning of a new era

I started as CEO of Honkajoki Ltd in May 2023. I can say that my first impression of Honkajoki Ltd was correct. The company is in good shape, and Honkajoki has a committed and professional work team. Now we have the next steps ahead in the development of the company in accordance with our new strategy.

Honkajoki Ltd's new strategy was published in 2023. In connection with updating the strategy the organizational model was also renewed. At the core of our strategy is responsibility, safety and reliability. We are part of the food chain, and we take responsibility for recycling the by-products generated in connection with meat production safely and securely.

In addition to the new strategy, a lot of other changes happened at Honkajoki last year as well. Kari Valkosalu, who served the company for 20 years, retired in the spring, and the signatory started as the new CEO. I would like to express my thanks to Kari also in this connection for his long-term service at Honkajoki Ltd. Under Kari's watch, Honkajoki developed into a profitable and a versatile circular economy company.

My personal goal is to focus on staff satisfaction and good leadership. In the fall of 2023, we implemented an employee satisfaction survey, from which several development targets emerged. The steering group has analyzed the results and made an action program with, which efforts are being made to improve these development targets. We will continue to do similar measurements regularly. Long careers are made at Honkajoki, which in my opinion

indicates that this company is valued as an employer. Both internally and externally.

In early spring, we commissioned a new feather protein production line. The commissioning went according to plan, and the sales effort of the new product have also produced good results. The first customers came from the pet food segment and there is a lot of interest from fish feed customers. We are in the process of commissioning digestibility trials with feather protein in various and the first results have shown good results. Product quality has met our expectations. Although we are not a food company, we are part of the domestic food chain. Our mission is to manage the recycling of animal by-products in a responsible and safe way.

The latter half of the year was dominated by the avian flu epidemic. In July the epidemic that started in 2023 brought with it a lot of challenges. The epidemic swelled much bigger than anyone could imagine at first. Delivering more than 495,000 dead fur animals to Honkajoki to be processed. This sudden amount of raw material increase caused that the capacity of production lines 200 and 300 were reached, and we had to make special arrangements to increase the capacity. The handling of infected animals was finally completed in February at the beginning of 2024. In summary, we can say that the job went well. The spread of the epidemic was contained and the disease material was treated and disposed of safely.

The Food Authority, which managed the project, conveyed its thanks to the Honkajoki staff for a job well done and excellent cooperation. As CEO, I would also like to thank the staff, their perseverance in an unexpected and difficult situation. Honkajoki Ltd will continue to play a key role in the management of any further disease outbreaks in Finland.

We have been preparing a new expansion investment (LIKE) for a couple of years now, together with GMM. As raw material volumes continue to increase, it is clear that we need more production capacity. Following the avian flu epidemic, a significant number of Finnish fur farms have closed down. Traditionally, some of the by-products from slaughterhouses have been channelled directly to fur food mills for the production of fur feed. Due to the decline in fur production, a large part of this by-product will be diverted to Honkajoki, in the future. Without investment in expansion, Honkajoki will not have the capacity to handle these additional quantities.

The economic outlook in Finland and in our key export countries looks rather weak at the moment. Inflation and market interest rates are still high. These factors inevitably have a negative impact on consumers' purchasing power and companies' willingness to invest. Despite the weak economic outlook, demand for animal proteins and animal fats still seems moderate. The company's turnover decreased slightly compared to 2022, due to the fall in the market price of animal fat. Last year's financial result can be described as satisfactory. Our balance sheet is in good shape, which gives us us to make new investments. Market expectations are stable.



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The Honkajoki Group has accumulated unique circular economy expertise over the decades. Our aim is to export this knowledge to the world and at the same time promote the recycling of animal proteins.

We are now in a more normal operating environment, compared to where we were a year ago. In 2022, after the war in Ukraine started, market prices changed significantly. The prices of vegetable oils and animal fats jumped to a historically high level, which was also reflected in the high price of animal fat sold by Honkajoki. Last year, the prices of vegetable oils and animal fats returned closer to their historical averages.

At the end of 2023, we started a preliminary study to upgrade our logistics ERP system (Helos 1.0). Based on the preliminary study, the management team decided in January 2024 to start the project. This is a business-critical information system for the company, which we use to manage the logistics of raw materials from slaughterhouses and farms (raw material collection) to factories, as well as inventory management.

With increasing amounts of raw materials, the wastewater treatment plant will need an expansion investment. The expansion of the wastewater treatment plant will start this year. Once the expansion is operational, the load to the River Karvian will be reduced. The values of treated waste water have always remained well below the limits set in the environmental permit and we will continue to strive for this.

The next few years will be busy and challenging for Honkajoki, but I am confident that together we can achieve the objectives set out in our strategy.



Janne Lukkarinen

CEO

Corporate and social responsibility

Animal by-products in Finland

In Finland, 260,000 tons of animal by-products are produced annually. Of this, according to our estimates, more than 80% is processed in Honkajoki Ltd's facilities for industrial use as required by Finnish and EU laws.

In 2023, Honkajoki Group received a total of 200,892 tons of raw materials of animal origin. The raw material quantities received by Honkajoki Ltd increased by 8.8% compared to the previous year. Of this amount, 178,713 tons were processed at the Kirkkokallio factory in Honkajoki. Findest Protein Ltd processed the rest of the raw material, 20,472 tons, in Kaustinen. In addition, we delivered a total of 10,655 tons of slaughterhouse by-products to fur feed mills.

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Circular economy products replace virgin raw materials and improve the full utilization of food production.

About our strategy

Honkajoki Ltd's new strategy came into force at the beginning of 2024. In connection with the strategy update, the organisational model was also renewed and strengthened. Responsibility, safety and reliability are at the core of our strategy. We are part of the food chain and we manage the recycling of by-products from meat production in a responsible and safe way.

VISION 2027:

We want to be the safest and the most reliable food chain value producer.

OUR VALUES:



Reliability

Our operations are fair and transparent in all areas of our business.



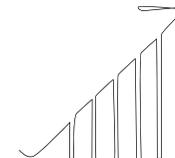
Environmental friendliness

We operate in accordance with the principles of the circular economy and agroecology.



Innovation

We continuously invest in the development of our products and services.



Growth orientation

We aim at a leading position in all areas of our business.



Humaneness

We see to the coping and well-being of our employees in their day-to-day lives.

TO ACHIEVE THIS GOAL, WE HAVE DETERMINED FOUR KEY STEPS

1.

We invest to new products and solutions.

2.

We ensure our customers of comprehensive by-products processing and refining.

3.

We secure a clean and a safe environment for everyone.

4.

We invest in the personnel well-being and to the creation of supportive atmosphere.

Over the past year, we have implemented this strategy in many ways with new production lines and products. We are committed to investing in new products and solutions, reflected in the feather plant that launched in April 2023. Our development and investment plan continued and in early 2024 we announced a new plant investment, the largest in our history.

Through these projects, we will ensure the comprehensive processing and downstream transformation of our customers' by-products into higher value-added products.

In April 2023, the new feather protein production line was commissioned in Honkajoki. The commissioning of the production line went according to plan; the project was completed on schedule and the product quality has also met the expectations.

The project was implemented by the subsidiary GMM Finland Ltd, which also organised the commissioning and related staff training. The target customer segments for feather meal are pet food and fish feed. We have received our first customers in the pet food segment, and demand for fish feed is also positive.

Honkajoki Ltd has been preparing for a few years to build a completely new production plant (the so-called LIKE plant). The new plant is part of the Group's strategy to produce increasingly higher value-added products and improve energy efficiency. The investment is intended to significantly increase production capacity and to also start manufacturing a completely new range of higher value-added protein products. The company's subsidiary GMM Finland Ltd is responsible for the design and implementation management of the LIKE plant project.

You can read about the investments in staff well-being in the S – Social section starting on page 40.

Economical responsibility

In 2023, our business environment was more challenging than the previous year. Inflation and market interest rates remained high. The demand for end products weakened slightly, which resulted in a decrease in sales prices and in protein meal and in animal fat.

Honkajoki Ltd's turnover decreased by 11% compared to 2022, mainly due to a significant decrease in the market price of animal fat. The volume of raw material processed increased by 8.8% compared to the previous year. The main reasons for the increase in volume were an increase in poultry raw material received for processing and the processing of fur animals killed due to the avian flu epidemic.

Sales of feed proteins, fertiliser raw materials and animal fats accounted for the bulk of the Group's turnover, or 71.3%. Raw material processing fees charged to the meat industry and the collection of fallen stock from farms accounted for 27.5% of turnover. Sales of condensation heat recovered from the production process, which is very important for energy efficiency, accounted for 1.1 % of turnover.

Due to the challenging economic environment, profitability fell from excellent/good to satisfactory in the ratio analysis of the consolidated financial statements. However, the level of equity remains excellent and liquidity is good. The Honkajoki Group's financial resources remain well placed to invest in increasing capacity and manufacturing higher value-added products. The decision to invest in the LIKE plant in March 2024 is very important for our financial responsibility; the completion of the new plant will improve the profitability of our operations, promote the recovery of the nutritional value of by-products and provide continuity and interesting jobs for our staff.

Financial key figures for 2023

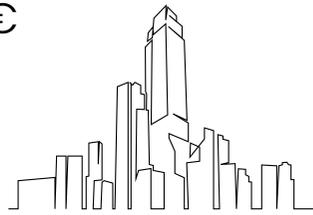
Net sales

59 M€



SOCIAL CONTRIBUTIONS AND TAXES

VAT	Property tax
1 373 903 €	37 721 €
Immediate taxes	
834 850 €	
Public charges for vehicles	
5 414 €	



EMPLOYEE CONTRIBUTIONS

Wages	Pension costs
7 057 363 €	1 315 117 €
Other staff costs	
271 968 €	



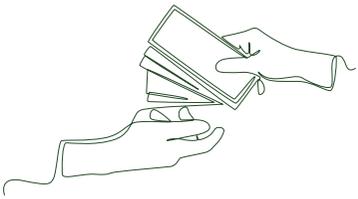
DIVIDENDS

2 970 000 €



GRANTS RECEIVED

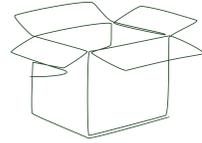
216 012 €



State grants

PURCHASES

25 061 155 €



Materials, supplies, goods

DONATIONS

18 601 €



Products



Fats

Fat processed from food-grade product side streams. Purified to be anhydrous and free of solids. Suitable for the production of biofuels or as a raw material for animal feed.



Animal proteins

Protein meal processed from food-grade product side streams.

Raw materials for fur feed

We sell some of the raw materials from the slaughterhouses we receive to fur kitchens for the production of feed.



Fertilizer raw materials

Meat bone meal as a raw material for organic fertilizer. Contains pig, poultry and beef by-products.

Condensation heat

We recover the excess steam left over from the process. Steam is used to heat greenhouses.

Products in 2023

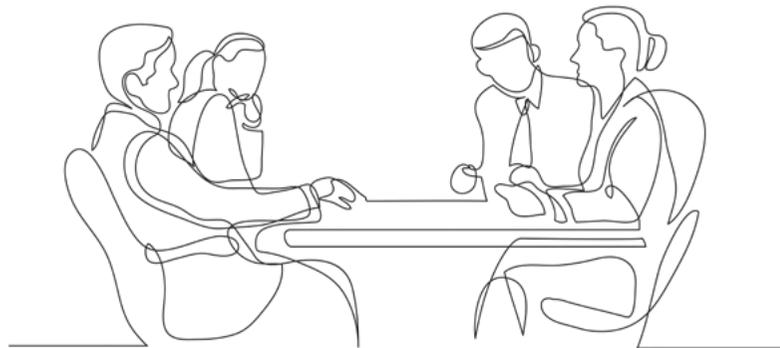
- Poultry meal
- Porcine meal
- Blood meal
- Feather meal
- Meat bone meal Cat1 and Cat2
- Poultry fat
- Cat1, Cat2 and Cat3 fat

The product description sent with the products informs the customer of the most important nutrients, i.e. crude protein, crude fat and ash. In addition, the best before date, the additives and antioxidants used, and the hygiene analysis performed for feed raw materials (*Salmonella*, not detected, *Clostridium perfringens* <1 pmy/g and enterobacteria <10 pmy/g) are also reported.

Services

Honkajoki Ltd produces processing and disposal services for farms and feed raw material brokerage for the fur industry.

GMM Finland Ltd offers global solutions for the processing and management of by-products of the food industry. Consulting services are intended for the food industry, rendering plants, companies offering environmental solutions and all other organizations that aim to process by-products safely into value-added products.



Sales report

In 2023, demand for the products remained strong, although the price of fat products was lower than in the previous year. The biofuel industry was the largest customer segment, followed by the pet food industry, the fertiliser industry in third place, the animal feed industry in fourth place and fur feed in fifth place. The purchase share of the fur feed industry in the customer base declined significantly, in part due to the outbreak of avian influenza in fur animals, which contributed to a negative impact on the profitability of this sector. The avian flu epidemic increased the need for raw material processing, as Honkajoki Ltd pressure sterilised fur animals into safe category 1 and 2

end products. In addition, more by-products that previously went directly to fur feed mills were diverted to Honkajoki for rendering, which increased the production of meat-and-bone meal.

We supplied 68% of the volume of all products domestically, 30% within the EU and 2% to non-EU countries. 90% of animal fats were sold domestically, 56% of meal in tonnes. Exports outside the EU fell from 11% to 3% of the volume of meal in the previous year. Production of feather meal started in May with the industrial start-up of a new production plant. The customer base for feather meal is the pet and animal feed industry in Europe and Asia.

During the reporting period, two recalls of poultry protein products had to be made, the largest of which was due to a raw material quality issue with the turkey meal raw material in the early part of the year. In the second recall, a defective odour was detected in poultry protein bags. The sacks were reclaimed from customers and processed into energy feedstock. The total number of sacks recalled during the year was 18, out of a total of around 24,000 sacks produced by the Group.

During the past year, we revamped the websites of both Honkajoki Ltd and its subsidiary GMM Finland Ltd. We updated and improved the website to better meet modern standards and needs. This helped to improve the visibility and communication of the companies online. We are committed to responsible communication and marketing where we comply with the company's ethical principles and current legislation.

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Our strategic goal is to deliver 70% of the products we manufacture to nearby areas. We delivered 68% of the volume of all products to Finland.

CAT 1	CAT 2	CAT 3
 <p>MEAT BONE MEAL Burnt for energy</p> <p>Finland 47% EU-exports 53%</p>	 <p>MEAT BONE MEAL Organic or organo-mineral fertilizer as raw material for the circular economy or for fur feed mills</p> <p>Finland 56 % EU-exports 41 % Other countries 3 %</p>	 <p>PROTEIN MEAL Pet food and feed for farm animals as circular feedstock</p>
 <p>FAT Sold as raw material for biofuel</p> <p>EU-exports 100%</p>	 <p>FAT Sold as raw material for biofuel</p> <p>Finland 99,8 % EU-exports 0,2 %</p>	 <p>FAT As a raw material for biofuel or feed fat for the animal food industry</p>

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Utilization of the waste heat from the drying process with steam-generating heat pumps resulted in about 98% lower CO₂ emissions compared to the use of a conventional fuel boiler.

Sales by segments

The biofuels segment accounts for more than half (55%) of the company's total sales. Pet food is the second largest segment, accounting for a fifth of sales. This shows that the company has a strong position in the pet food market and is responding to consumer demand for high quality and healthy pet food. Fertilizers account for 11% of sales, reflecting the company's ability

to meet the growing demands of sustainable agriculture. Specialty feed is a smaller segment but still significant as it complements the company's offering to the agricultural sector.

The importance of product development in creating competitive advantage and long-term success

In 2023, our research and development activities focused especially on new production processes and technologies that expand our end product range and significantly improve the energy efficiency of the processes. As an example, the utilization of waste heat from the drying process with steam-producing heat pumps resulted in approximately 98% lower CO₂ emissions compared to the use of a standard fuel boiler.

The continuous development of the extensive data bank of our cloud service provided more and more real-time information, which helped to improve our environmental efficiency and ensure consistent product quality. The added value and excellent functionality of our current bio-cycling products in animal nutrition and organic plant fertilization were demonstrated in specific use tests that were carried out in cooperation with research institutes and universities.

Sustainability reporting

About the principles of sustainable reporting

The sustainability report has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI) 2021 standard at the Core level, and it has included the GRI requirements that are essential for the Honkajoki Group's business, products and stakeholders.

From 2025, Honkajoki Ltd is bound by the reporting requirements of the EU's Corporate Sustainability Reporting Directive (CSRD), which are taken into account in this report. The 2023 report has been prepared in accordance with these two reference frameworks (GRI and CSRD).

The information has been collected from companies belonging to the Honkajoki Group. The reporting period was January 1–December 31, 2023. We are committed to reporting on our group's responsibility and to setting and monitoring goals for responsibility-promoting measures every year. The results of the report have not been externally verified.

Through the Sustainability Report, we aim to provide our stakeholders with a comprehensive picture of how Honkajoki Group responds to the issues that interest and concern them in its business operations. The report is open and transparent about the impact of our operations on the environment, society and the economy, and how we put our sustainability principles into practice. We want to demonstrate our commitment to sustainability and responsible business practices and how we integrate sustainability into our daily operations and decision-making. It also allows us to communicate openly about our achievements, targets, and areas for improvement, and to receive feedback from our stakeholders to support continuous improvement.

”

We want to demonstrate our commitment to sustainability and responsible business practices and how we integrate sustainability into our daily operations and decision-making.

Cooperation with stakeholders

Honkajoki constantly interacts with its stakeholders and develops its own activities based on the feedback received. During the past year, we decided to develop forms of cooperation with our stakeholders to ensure responsible operations and value chains. This includes an ethical code of conduct for suppliers, a customer satisfaction survey and a stakeholder survey on sustainability performance. We have developed a web-based collection of sustainability data in cooperation with a regional development company. These policies will be implemented during 2024.

In December 2023, we launched an internal notification channel. The purpose of the Honkajoki Group's internal reporting channel is to comply with the requirements of Directive (EU) 2019/1937 on the protection of persons who report breaches of European Union law and applicable national legislation.

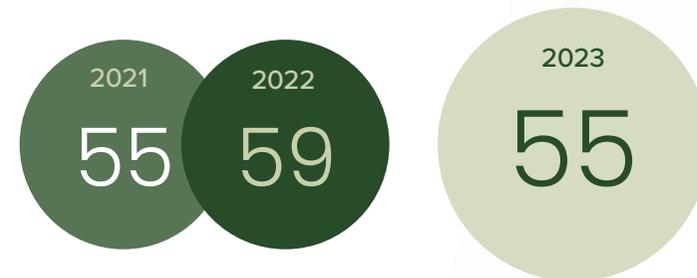
The policy on whistleblowing was approved by the Group's Executive Committee. The policy is reviewed annually by the whistleblowing channel management team, composed of employer and employee representatives for a fixed period of time. During December, we did not receive any reports.

The table (page 25) contains a summary of Honkajoki Group's most important stakeholders.

Customer satisfaction

The customer satisfaction Net Promoter Score (NPS)[®] in 2023 was 55, which we received in a survey from our external stakeholders. The Net Promoter Score (NPS) for the entire group, i.e. the recommendation index, was at a good level when we compare the result with industry players. Looking back at previous years, a slight decrease was noticeable, but we still reached the set goal.

RECOMMENDATION INDEX (NPS[®])



Stakeholder	Interaction channels		Important themes	
Employees	<ul style="list-style-type: none"> • Staff satisfaction survey • Intra • Versatile internal queries in intra • Notification channel (Whistleblow) 	<ul style="list-style-type: none"> • Development discussions • 1-to-1 conversations • Occupational Safety and Health Committee 	<ul style="list-style-type: none"> • Company strategy • Changes in the operating environment • Investments • Matters and guidelines related to the well-being of personnel 	<ul style="list-style-type: none"> • Occupational safety matters and occupational safety findings • Occupational health • Career development and possible training
Researchers, students and learning institutions	<ul style="list-style-type: none"> • Recruitment events • Expert lectures • Collaborative projects • Thesis placements 	<ul style="list-style-type: none"> • Jobs and internships • Arranging visits • Research and development projects 	<ul style="list-style-type: none"> • Educational cooperation • Learning 	<ul style="list-style-type: none"> • Skills and training • Curriculum development work development
Owners	<ul style="list-style-type: none"> • Board meetings • General meetings 		<ul style="list-style-type: none"> • New investments • Sustainability and profitability of production • Competitive advantage and customer relationships 	<ul style="list-style-type: none"> • Strategy • Changes in the operating environment and reacting to them
End product customers	<ul style="list-style-type: none"> • Customer satisfaction surveys • Contact forms for the website 	<ul style="list-style-type: none"> • Materiality analysis • Information via social media about the company's activities 	<ul style="list-style-type: none"> • Responsible products • Product features and product information • Pricing 	<ul style="list-style-type: none"> • Delivery schedule and terms • Producer responsibility • Life cycle impacts
Producers of goods and services	<ul style="list-style-type: none"> • Bilateral negotiations 	<ul style="list-style-type: none"> • Cooperation survey aimed at suppliers and service providers 	<ul style="list-style-type: none"> • Responsible and reliable partner 	<ul style="list-style-type: none"> • Payment terms and payment schedule • Occupational safety
Slaughterhouses and raw material suppliers	<ul style="list-style-type: none"> • Communication electronically • Complaints and records 	<ul style="list-style-type: none"> • Audits and visits to slaughterhouses 	<ul style="list-style-type: none"> • Cooperation and productivity • Quality factors co-development 	<ul style="list-style-type: none"> • Compliance with requirements • Raw material quality control
Logistics partners	<ul style="list-style-type: none"> • Helos logistics system applications 	<ul style="list-style-type: none"> • Drivers' discussion group • Order center and driving arrangements 	<ul style="list-style-type: none"> • Logistics chain management • Quality factors and requirements 	<ul style="list-style-type: none"> • Critical path monitoring • Safe driving style
Authorities and policy-makers	<ul style="list-style-type: none"> • Consultations and opinions • Events and seminars 	<ul style="list-style-type: none"> • Bilateral meetings and negotiations • Materiality analysis 	<ul style="list-style-type: none"> • Environmental permit issues • Biosafety and product safety • Reducing emissions 	<ul style="list-style-type: none"> • Promoting exports and export documents • Monitoring of legislation

Responsibility strategy and program of measures

The Group's longer-term sustainability strategy and short-term sustainability action plan are based on the Group's strategy. Environmental responsibility has traditionally been at the heart of our operations, and alongside it, people and the economy are also areas of responsibility for which we set appropriate indicators and targets. The implementation of these strategic objectives is monitored through sustainability teams and workshops. By the end of 2024 we will prepare a Sustainability Action Plan for the next 2-year period.

As sustainability legislation becomes stricter, we have started to prepare for the new CSRD Directive. During 2023, we will have developed our sustainability processes and started to implement a sustainability management system across the organisation. As a result of these developments, our sustainability

reporting will meet the new requirements and will also be auditable in the future. In 2023, we conducted an externally audited and verified LCA assessment for Poultry meal and will continue to prepare and calculate the next LCA assessments. We also participated in the LevelUp project of the development company, where we are developing a solution for value chain auditing and sustainability data collection. The application, which will allow us to better ensure the accountability of the Group's value chain, will be piloted in 2024.

In this year's analysis, we combined the measures already taken as part of the assessment with the new criteria and framework that the CSRD will establish. The objectives and indicators created by the different frameworks are summarised in the table below.

	PROGRESS 2023	OBJECTIVE 2027	SDG	CSRD		
SOCIAL RESPONSIBILITY						
OBJECTIVE Well-being staff and supportive atmosphere.			8	Own workforce		
Strengthening the work of supervisors and developing the skills of supervisors.		Education and training	4, 5, 8	Own workforce		
The employee experience is at the center and we invest in strengthening it.		eNPS >25	5, 8	Own workforce		
We offer opportunities for the development of Honkajoki students and various learning paths.		Increase in the number of participants in training	4	Own workforce		
We pay attention to equity and equality.		DEI key figures are reported	5, 10	Own workforce		
We all support a positive and safe atmosphere.		0 accidents	3	Own workforce	Employees of the value chain	Affected communities

	PROGRESS 2023	OBJECTIVE 2027	SDG	CSRD		
ENVIRONMENT						
OBJECTIVE We are actively taking steps towards carbon neutrality and a smaller environmental burden.			7, 13	Circular economy	Climate change	
In the future, we will invest in reducing energy consumption and carbon footprint.		0,4 MWh/t	7, 13	Circular economy	Climate change	
Our goal is zero waste and reducing water use.		0 waste, reducing water use by 10%	2, 6	Water resources and oceans		
We draw attention to waste water condensate and the utilization of waste water in the washing of the factory and containers.		Honkajoki and Findest Protein	6	Water resources and oceans		
We strive for even better utilization of bone-based products.		Reducing the ash level	2, 9, 12	Circular economy	Spoilage	Biological diversity and ecosystems
We aim to expand the raw material base to non-animal products.		Plant based products	2, 9, 12	Circular economy	Biological diversity and ecosystems	
We are constantly developing products with a higher processing value.		Making hydrolysates	2, 9, 12	Circular economy	Conducting business	Biological diversity and ecosystems
We will try to develop our own edible products in the future.		New product	2, 9, 12	Circular economy	Spoilage	
The quality and hygiene of our products is first class.		0 reclamation	3	End users and customers		
We produce and deliver to the customer what we promise. This requires that the interplay between production and logistics works seamlessly.		0 reclamation	17	End users and customers		
FINANCE AND GOOD GOVERNANCE						
OBJECT Responsible wealth.			8	Conducting business	Affected communities	
Honkajoki Group is a responsible corporate citizen.		We take care of responsibilities on time	8, 9	Conducting business	Affected communities	
We are a trustful partner.		We take care of responsibilities on time	16, 17	Conducting business	End users and customers	Affected communities
We ensure responsible procurement and supplier cooperation.		We know our value chain	16, 17	Conducting business	Workers of value chain	End users and customers
We improve profitability to enable product development work and investments.		€/t	9	Conducting business	Own workforce	

Double materiality assessment

Honkajoki Group's double materiality assessment and stakeholder analysis have been carried out in three stages during the reporting year. Identifying and evaluating relevant impacts, risks and opportunities is a continuous and regular job that is done in different departments. Our operating methods and models emphasize the impressive responsibility work done by the entire company, and in the future, we will invest in and deepen the cross-cutting responsibility expertise of the entire company.

The assessment of the risks and possibilities of double materiality is carried out in management reviews four times a year. The main goal is to identify the risks and opportunities that affect the company's strategy, values or the achievement of goals. Management reviews also evaluate the effects on society and the environment.

For the year 2023, the Honkajoki Group conducted a double materiality assessment and a GAP analysis in cooperation with an external consultant. All departments of the Group were represented in the workshop. The workshop resulted in an analysis and a report to be used in the sustainability work. A materiality assessment was also carried out in the spring of 2024 in the context of management training on accountability, with the assistance of an external consultant, based on a questionnaire. The CSRD topics presented in the report are based on the materiality assessments carried out according to the analysis provided by the partners and provide a framework for reporting under the ESRS standard. This report focuses on Honkajoki Group's current sustainability reporting practices and the differences in obligations that have arisen with the CSRD, as well as the current situation within the Group.

During the reporting period, we have collected extensive feedback and views from various stakeholders. Data collection was carried out using an electronic survey in autumn 2023 and spring 2024. The information received from stakeholders has been analyzed as part of the materiality analysis.

Key ESG themes

E = Environment

- Energy efficiency
- The ecological sustainability of products and services produced by the company
- Water usage and the impact of the operation on water bodies
- Circular economy
- Material efficiency

S = Social

- Personnel's health and safety
- Personnel's well-being
- Equality of the staff
- Balance between work and free time of the personnel
- Adequate salary and equal pay for personnel
- Safety of products and services for users

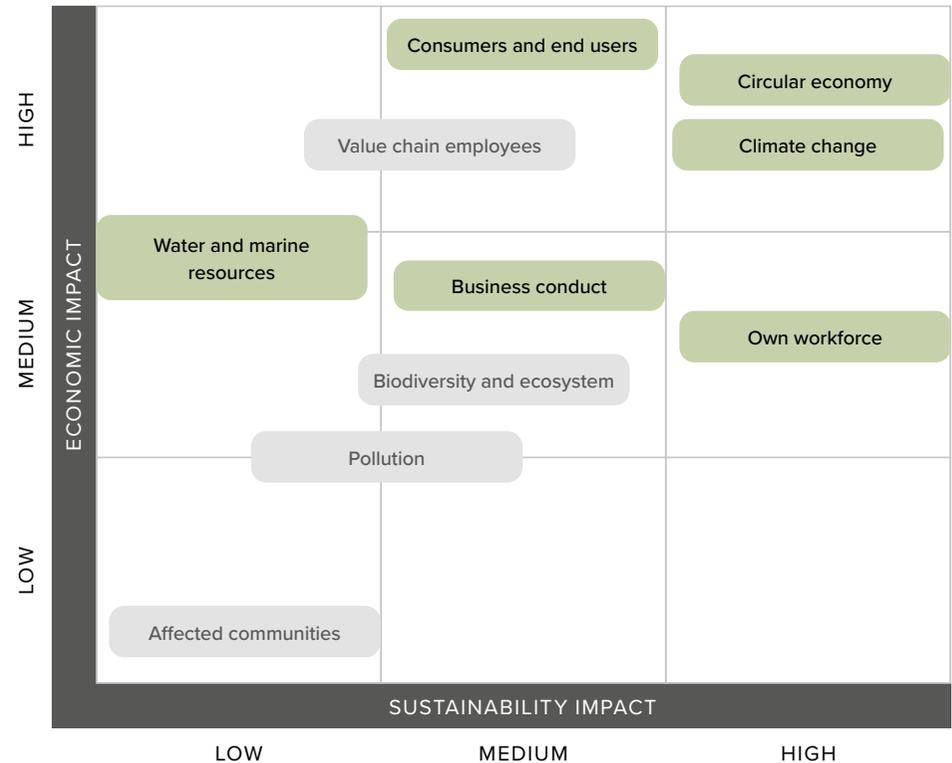
G = Governance

- The 7 different themes in section G received the same score (5.00). These themes include anti-corruption and anti-bribery, transparency in governance and management, ethical business practices, responsible marketing and sustainability reporting.

In summary, it can be stated that the Honkajoki Group has extensively examined the aspects of responsibility in various surveys and with the help of expert interviews. In the dual materiality assessment, climate change, end users and customers, and the circular economy emerge as the most relevant impacts from the financial impact.

Standards common to all				
ESRS 1 General requirements		ESRS 2 General information		
Subject specific standards				
Environmental information				
ESRS E1 Climate change	ESRS E2 Pollution	ESRS E3 Water and marine resources	ESRS E4 Biodiversity and eco-systems	ESRS E5 Circular economy
Social information				
ESRS S1 Own workforce	ESRS S2 Value chain employees	ESRS S3 Affected communities	ESRS S4 Consumers and end users	
Governance information				
ESRS G1 Business conduct				

Materiality matrix



DRIVERS

Customer requirements and legislation are the main motivators of the Honkajoki group.

CHALLENGES

The high costs of investments and the slow adoption of new practices are the main obstacles.

E – Environment

Sustainability report

In 2023, Honkajoki Ltd enhanced its commitment to being a sustainable business. The Group highlighted responsibility, safety and reliability in its new strategy. Investments in new production processes and technologies and the use of real-time data through cloud computing will improve environmental efficiency and product quality. Certified quality systems and new certifications will strengthen the company's position in the market. In addition, employee satisfaction and the management of the avian flu epidemic displayed the company's ability to respond to difficult situations. Despite an increase in raw material volumes and a slight decrease in sales, the company's financial situation remained stable. Honkajoki continues to promote sustainability and aims to meet future challenges with innovative and responsible solutions.

Environmental management

Honkajoki Ltd is committed to high standards and responsible operations, which is reflected in the management systems it uses. The company has various ISO-certified systems covering environmental management, quality management and safety. In terms of environmental management, Honkajoki Ltd complies with the ISO 14001 standard. This international standard provides us with a reference framework to build and develop our environmental management system, improve our environmental performance, meet legislative and other obligations and achieve our environmental targets. The standard emphasizes systematic planning, management, measurement and improvement of activities. This allows for a continual improvement of processes whereby an organization sets environmental objectives, takes action to achieve them, monitors and measures the results, and makes corrections when necessary. Honkajoki Ltd has set goals and targets for environmental improvement and is committed to continuous improvement and responsible operations by ensuring that the obligations are fulfilled. The ISO 14001:2015 standard supports sustainable development from both ecological and economic perspectives and is an important tool for implementing responsible environmental management in our company.

The group is also committed to ISCC (International Sustainability and Carbon Certification) EU and CORSIA certification, which are international sustainability and carbon certification schemes. This supports Honkajoki Ltd's commitment to carbon reduction and sustainable operations.

E1 Climate change

The impacts of climate change are multifaceted and affects the Honkajoki Group's operations. The replacement of fossil fuels with renewable alternatives will affect the demand for animal fats, which may increase their prices due to their limited availability. In contrast, the impact of the Asian market in particular could create an oversupply on the European market if exports are insufficient, which in turn could lower prices in Europe.

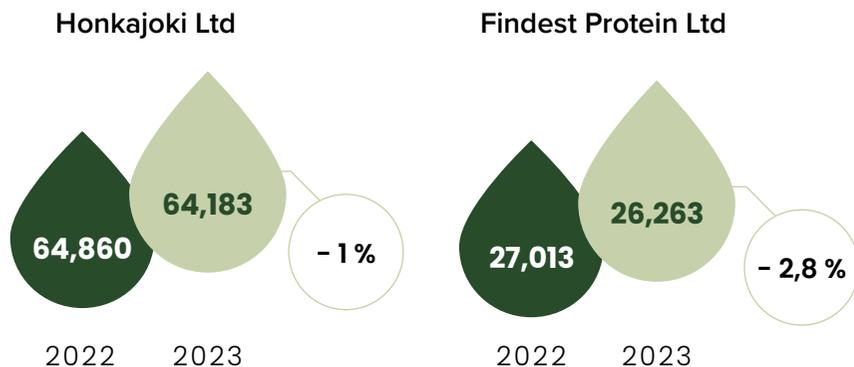
In addition, an increase in extreme events, such as heavy rainfall or drought, may cause a yield shortfall for virgin raw materials, which increases the demand for recycled protein. This may affect product prices when the additional costs of climate change are taken into account. The Honkajoki Group must be prepared to respond to these changes and consider strategies to stabilize prices and secure raw material supplies. The Group must also continuously monitor market developments and adapt to changes in an efficient and flexible manner.



E2 Pollution

Although the significance of pollution is low in the double materiality assessment, Honkajoki Ltd's activities are essential for the prevention of pollution. We handle animal by-products, which can cause significant environmental damage if they become contaminated. Contaminated animal by-products can damage nature and water bodies and pose a risk of spreading zoonotic diseases, i.e. diseases transmissible from animals to humans. However, thanks to Honkajoki Ltd's operations, these by-products are carefully processed, posing no risk and are safe to use. The company actively seeks to prevent pollution and minimise the impact of its operations on the environment.

Water use (m³)



E3 Water and marine resources

Efficient use of clean water and treatment of wastewater is crucial to protect the environment. By reducing emissions to water, we can maintain the health and diversity of aquatic ecosystems. Our sustainability programme targets a 10% reduction in water use and we are already well on track, with both Honkajoki and Kaustinen factories achieving water use reductions already in 2023, despite increased production volumes.

Successful improvement in water efficiency

The Honkajoki Ltd treatment plants and wastewater treatment plant used 64,183 m³ of clean water in 2023. The amount of water used has decreased by 1% compared to 2022. This means that water efficiency has been successful, even though production volumes have increased. The water is mainly used for washing plant facilities and equipment and transport equipment, but some water is also used as boiler water in the plant's own LPG boilers during the annual maintenance of the Vatajankoski Electricity boiler plant in September.

In addition to its own process and condensate water, Honkajoki Ltd's wastewater treatment plant also treats wastewater from the neighboring Maalaiskana Ltd. In 2023, the wastewater treatment plant treated a total of 188,011 m³ of water. The wastewater treated at the treatment plant is discharged into the Karvian River. In 2023, no water from the process was discharged into the sewerage system of the municipality of Honkajoki or into the environment. We are continuously improving our wastewater treatment process to reduce discharges to water bodies and thus contribute to the prevention of water pollution.

E4 Biodiversity and ecosystems

According to the annual monitoring report by an external party, the Honkajoki Ltd wastewater treatment plant fully complied with the quarterly permit requirements of the environmental permit during 2023. The average incoming load of the treatment plant increased compared to the previous year for organic matter, phosphorus and nitrogen. The incoming load to the treatment plant varies strongly from season to season, which is generally challenging for the operation of a biological treatment plant. The buffer basins, which were installed in 2023, have balanced the incoming load to the WWTP and helped to handle the increased effluent volume.

Findest Protein Ltd used 26,263 m³ of clean water, 2.8% less than in 2022. Also, at the Kaustinen site, most of the water was used for washing plant facilities, equipment, and transport vehicles.

The total amount of waste water treated was 25,076 m³, which is 7.1% more than in 2022. The load of water leaving the plant decreased for all other parameters except for chemical oxygen demand and solids, where the load increased slightly. The permit conditions were met in all respects, both quarterly and averaged over the year. The new treatment plant has had a clear impact on improving treatment efficiency.

Biodiversity supports ecosystem function and is therefore a key driver of both business and environmental responsibility, although in a double materiality assessment it is of less importance than, for example, climate change or the circular economy. Humans depend on biodiversity for ecosystem services such as oxygen, clean water and food. If one species disappears, the whole ecosystem can be affected. Biodiversity and climate change are interdependent, and tackling climate change will also help protect biodiversity. Biodiversity conservation also helps to adapt to and mitigate the effects of climate change.

One of the accelerators of biodiversity loss is pollution, and Honkajoki Ltd plays a major role in preventing it. The Honkajoki Group's unique circular economy concept efficiently utilises nutrients in animal by-products as raw materials for the circular economy. The same actions that help protect biodiversity and reduce stress on water bodies are also essential in the fight against climate change. The circular economy and responsible use of raw materials are key to this fight. Halting biodiversity loss requires large-scale action, and Honkajoki Ltd is also contributing through its own sustainability work and climate targets to mitigate climate change.

E5 Resource use and circular economy

The Honkajoki Group recycles 100% of the organic raw material it receives. The circular economy model has a positive economic impact on Honkajoki Group, and the products manufactured are based on the circular approach, resource efficiency and recycling.

In 2023, the Honkajoki Group received a total of 200,892 tonnes of raw materials of animal origin. Of this amount, 180,420 tonnes were processed at the Honkajoki Kirkkokallio plant. The amount of raw material received increased by 13.9% compared to 2022. The remainder of the raw material received, 20,472 tonnes, was processed at Findest Protein Ltd. in Kaustinen. The volume received by Findest Protein Ltd increased by 1.6% year-on-year.

Additionally, we forwarded a total of 10,655 tonnes of slaughterhouse by-products to fur feed mills. This reflects the Group's active role in the circular economy and responsible use of raw materials. The Kirkkokallio plant processed 2,935 tonnes of avian influenza material and will continue to do so until early 2024, demonstrating the plant's ability to respond quickly and efficiently to such challenges. The disposal of the risky material has shows that the Honkajoki Group has an important role to play in preventing an epidemic, both for human health and the environment.

Category 1 Honkajoki Ltd 23,644 t	Category 2 Honkajoki Ltd 72,280 t
Category 3 Honkajoki Ltd 82,789 t	Findest Protein Ltd 20,472 t
Total 200,892 t	
Brokerage fats Honkajoki Ltd 1,707 t	

Total emissions 2023

	Scope 1	Scope 2	Scope 3	Scope 1–3
	Direct emissions (tCO ₂ e total)	Indirect emissions (tCO ₂ e total)		Total emissions (tCO ₂ e total)
Honkajoki Ltd	139	37,925	1,661	39,726
Findest Protein Ltd	9	7,984	417	8,410
Total, Group	148	45,909	2,077	48,135

Our emissions calculation methodology follows the GHG protocol and is based on purchase data and consumption data by production site. The data is allocated by factory line based on the weight of raw material processed.

Scope 1 emissions include fuel consumption of own vehicles. Scope 2 includes steam and electricity consumption, while Scope 3 takes into account purchased goods and materials, water, waste, transport and employee commuting.

We identified energy consumption as the main emission hotspot, which is explained by the use of peat for steam generation. We work to reduce emissions and take them into account when making new investments. Our development plan for carbon emission calculations includes increasing accuracy by storing production line-specific data and incorporating third-party verification

Energy use

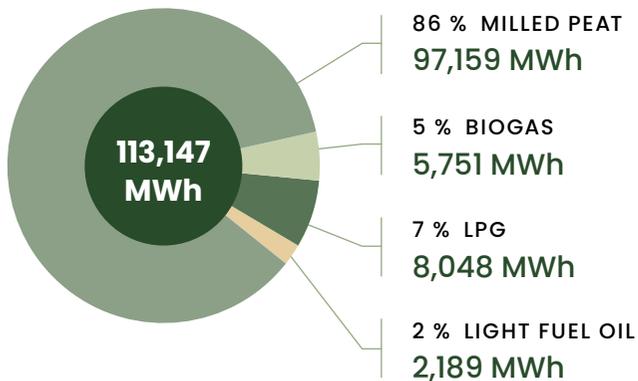
Honkajoki Ltd's energy consumption

In 2023, Honkajoki Ltd consumed 113,147 MWh of heat energy in form of steam, produced by Vatajankoski, a neighbouring power plant. The fuel source comprised of mostly milled peat, in addition to biogas, liquefied petroleum gas and heavy fuel oil.

A total of 23,519 MWh of district heating (from Honkajoki Ltd's process heat) was sold on to commercial greenhouses in the local area, which is less than in 2022. Thus, Honkajoki Ltd's net heat consumption was 89,631 MWh, and based on this, the heat consumption per tonne of processed raw material was 0,475 MWh.

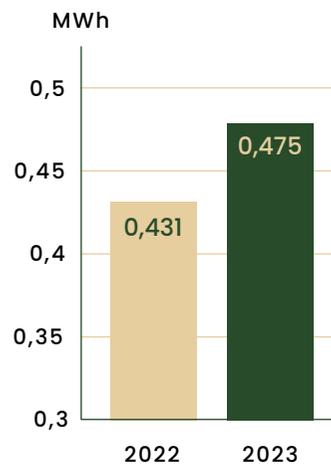
The total electricity consumption of Honkajoki Ltd in 2023 was at 15,175 MWh, at approximately 0,08 MWh per tonne of raw material processed. Although the total of electricity consumption increased compared to 2022, due to the operations of the new feather plant, the consumption of electricity per tonne of raw material decreased.

TOTAL CONSUMPTION OF THERMAL ENERGY

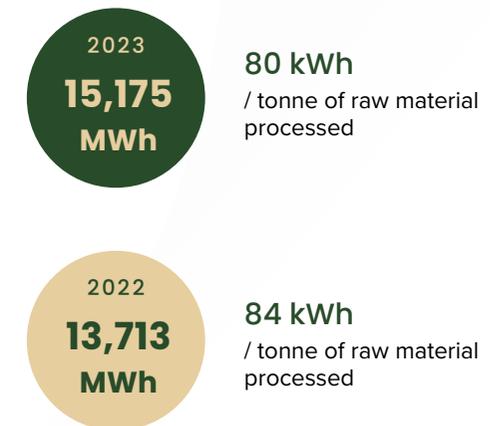


SPECIFIC ENERGY CONSUMPTION

/ tonne of raw material processed



ELECTRICITY CONSUMPTION

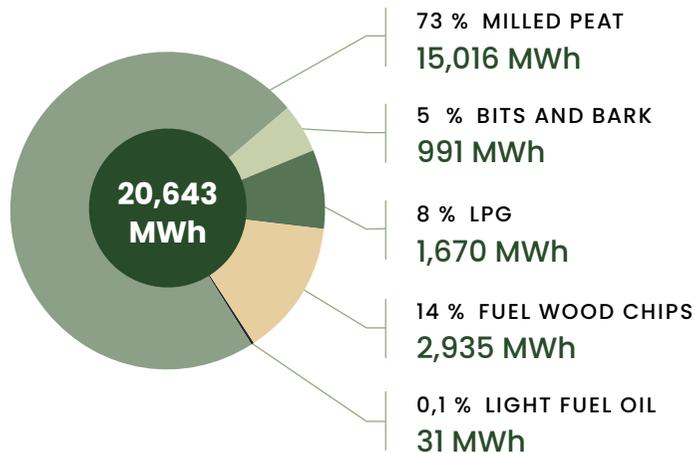


Findest energy consumption

In 2023, Findest Protein Ltd purchased 20,643 MWh of steam from the neighboring STEP power plant. The nominal consumption of thermal energy per raw material was 1 MWh, which is higher than in 2022. The majority of this thermal energy was produced with burnt peat. Fuel wood chips and LPG were also used.

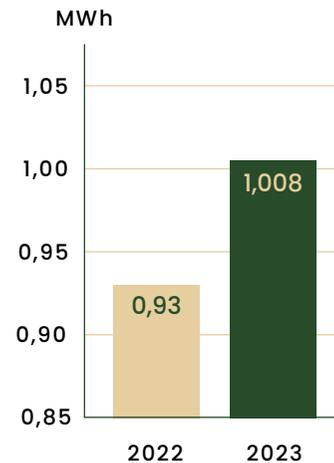
Findest Protein Ltd consumed 2,431 MWh of electricity in 2023, or about 0,118 MWh per processed raw material. Total electricity consumption increased until 2022 as well as the electricity consumption per tonne of raw material due to the increase in raw material volumes.

TOTAL CONSUMPTION OF THERMAL ENERGY



SPECIFIC ENERGY CONSUMPTION

/ tonne of raw material processed



ELECTRICITY CONSUMPTION



Waste

Waste collection and sorting are a vital part of the Honkajoki Group and are carried out carefully and efficiently, taking into account environmental considerations. Waste is collected systematically at different stages of production and operations. The waste collected is divided into appropriate categories and sorted into different categories for recycling and recovery. The waste generated by the Honkajoki Group is carried out in accordance with local and national waste management regulations and the company's own environmental guidelines. Through the collection and sorting of waste, the Honkajoki Group aims to reduce environmental pollution and promote sustainable development in its operations.

Honkajoki Ltd

	tonnes
Mixed waste	109,15
Wood waste	18,00
Hazardous waste	0,14
SER	581,00

Findest Protein Ltd

	tonnes
Energy waste	8,50
Wood waste	4,16
Unsorted waste	3,28

Emissions to air

The Group's production units have been subjected to odour emission measurements in accordance with the requirements of the environmental permit at all production plants and the waste water treatment plant. The measurements have determined the amounts and concentrations of ammonia, volatile organic compounds (NMVOC) and reduced sulphur compounds (TRS) from different emission sources. In addition, olfactometric analyses of the samples have been carried out.

The measurements showed that the odour treatment systems were functioning well and the conditions of the environmental permit were fulfilled. The results have allowed the annual emissions to air of the plant to be calculated. Such measurements and assessments are important to protect the environment and to ensure that operations remain within regulatory limits.

Honkajoki Ltd

	t/a
Ammonia	25,8
NMVOC	87,5
TRS	77,9

Findest Protein Ltd

	t/a
Ammonia	0,162
NMVOC	16,869
TRS	0,635

Emissions from transport

During 2023, the Group decided to reform its logistics system. The first phase of the project is to build a new information system for material flows from the slaughterhouses, the second phase focused on transport services and the final phase was for stock management.

The aim of the new Helos 2.0 is to manage the entire container logistics cycle in a comprehensive manner. The system will enhance accurate tracking of the location, status of containers, contents, events and their time stamps. This will include, among other things, information on loading, unloading, transfers and storage. Helos 2.0 will plan, optimize and schedule transport routes. This helps to improve the efficiency of the logistics process and reduce costs. In addition, the aim is to reduce the emissions from transport, an essential element of sustainable and responsible logistics.

The system must guide all actors in the logistics cycle with appropriate, timely and proactive information and instructions. This requires the use of comprehensive and up-to-date information for logistics process management and decision-making. These measures enable the Group to improve the efficiency of its logistics operations, enhance customer service and contribute to sustainable development in the logistics sector.

Kilometers driven	
Honkajoki Ltd	Findest Protein Ltd
Container transfers from slaughterhouses 1,354,002 km	Container transfers from slaughterhouses 348,262 km
Cadaver collection 1,433,840 km	



The Helos 2.0 system aims to optimize transport routes, manage material flows and reduce emissions, thus supporting sustainable development in logistics.

S – Social

Social responsibility reflects an organisation's commitment to act ethically and promote economic, social and environmental well-being in society. We are committed to the health and safety, equality and diversity of our employees, as well as to developing their professional skills and promoting work-life balance. We support local communities, for example through education programmes, charitable projects or local events. Examples include regular sponsorships for the well-being of children and young people in the local area.

S1 Own workforce

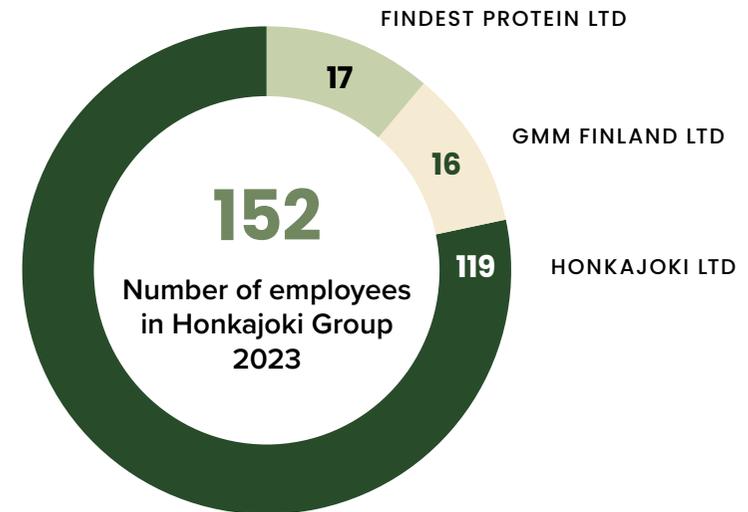
This section of the report contains information about the structure of personnel, preventive measures and the well-being, health and security measures during the year.

Diversity of the workforce

The total number of employees at the end of the financial year was 129 person-years. One FTE is the number of hours worked by one full-time employee per year, i.e. 12 x monthly working hours. In total, 152 people were employed by the Group. This figure also includes seasonal workers employed.

We have developed the Group's internal reporting on human resources, and during the past year we improved the transfer of information between different HR systems. As a result, we will now have all absences, including those granted by the supervisor, in the occupational health portal. With the new system integration, the number of occupational health visits accumulated in the system increased significantly. The results will be more comparable in the future as the measurement method will remain the same and will cover all Group companies.

The number of recruitment-related placement checks was higher than in the reference period. We carried out chemical surveys in the various departments of Honkajoki Oy, with the exception of the Feather plant. The number of sick leave days increased and the reasons for absence varied between different diagnosis groups.



Wellbeing for everyday life

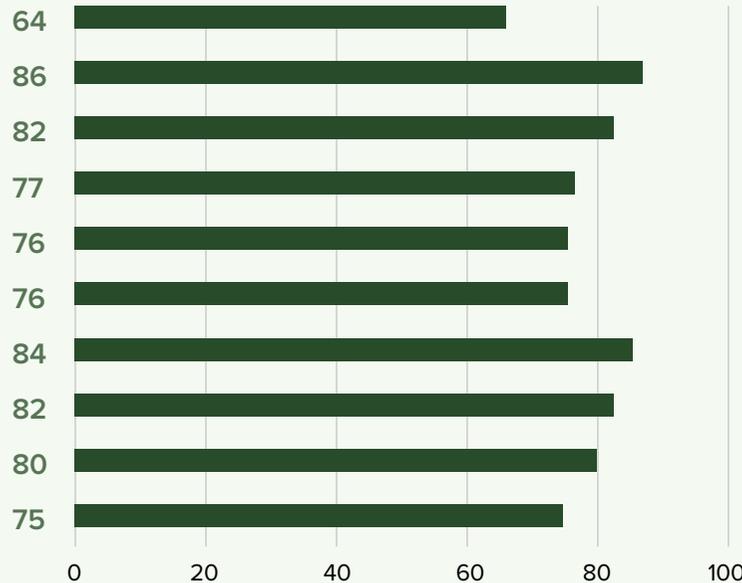
We conducted another employee satisfaction survey and the Group's response rate was 63%. The response rate increased by 11% compared to the previous year. We surveyed the issues that are important to staff and how they are implemented. Group management received a total of 165 responses on the issues that are doing well. We received 145 suggestions for improvement and 98 comments on how to refine the employee experience. Group management team has created a development plan based on the results below, which focuses on the low performing relevant issues and measures that need to be addressed that will help us to be more successful in the future.

Employee Net Promoter Score (eNPS), shows how willing employees are to recommend a company to others. eNPS can range from -100 to 100. This year's result is 11 points lower than last year and represents industry average.

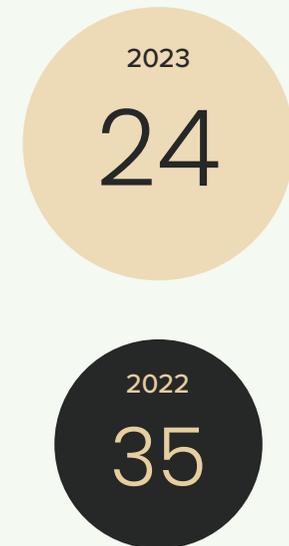
The TOP 10 meaningful matters to our employees were:

1. Fair pay and benefits
2. Job security and continuity
3. Work-life balance
4. A fair and capable manager
5. Strong workplace team spirit
6. Ability to make decisions independently
7. A working environment where you can be yourself
8. Professional colleagues
9. Meaningful work assignments
10. The opportunity to use your skills on a daily basis

Realisation of the TOP 10 meaningful matters at the workplace:



Popularity index (eNPS®)



Health and safety

Total costs per employee down slightly from a year earlier 2022. 39% of staff were not absent from work at all due to sickness during the reporting period, according to the report.

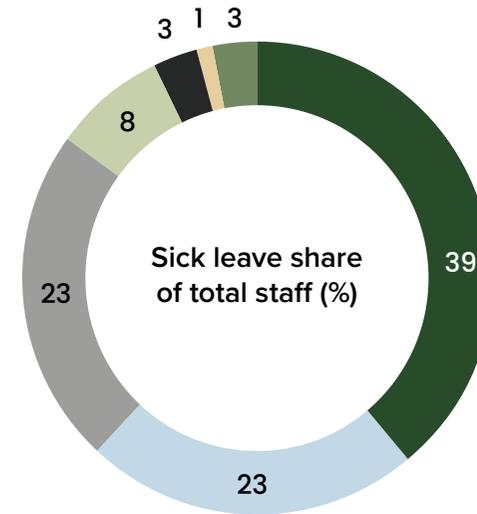
We invest in staff well-being

We support the well-being of our staff with benefits aimed at exercise, health and well-being and offer online fitness services to everyone. For permanent staff, health and accident insurance is provided, along with bicycle benefit, a fishing license and a discount on eyeglasses. These benefits offer a wide range of options for both health and leisure activities and leisure activities, contributing to the well-being of employees and their ability to cope at work. Well-being benefits and the bicycle allowance allow for tax-deductible employment benefits, such as sports and cultural services, saving on personal expenditure. Health insurance reduces the cost of private health care costs of private healthcare, providing faster access to care without significant co-payments. Bicycle benefits and fishing permits offer economical alternatives for mobility and leisure, reducing staff travel and accommodation costs, travel and recreational costs for staff

Sickness related absence (%)



*Sickness absence rate formula:
 (Days of absence in a period) / (average number of staff * length of period in days) * 100.



NUMBER OF DAYS OF SICK LEAVE



*2022 missing for managerial staff and occupational health services sick leave granted outside the health care system.

*If absences of more than 90 days are excluded, the sickness absence rate is 2.1

(Occupational Health Report 2023)

Occupational safety and accident management

The operations of Honkajoki Ltd and Findest Protein Ltd have undergone an audit, and meet the requirements of ISO 45001:2018. This is an international standard that defines the requirements for occupational health and safety management systems. In practice, this means that employees are actively involved in hazard identification and risk assessment and are trained to manage hazards at work. We encourage employees to report all near misses and safety incidents. These are recorded and dealt with regularly. There were 17 safety reports in the past year.

The tightening of legislation on safety at work requires the Honkajoki Group to pay more attention to the safety of its employees and working conditions. The company must ensure that employees receive appropriate training and that all safety regulations are followed in the workplace. The concrete objective is for all staff to complete a safety course and first aid training.

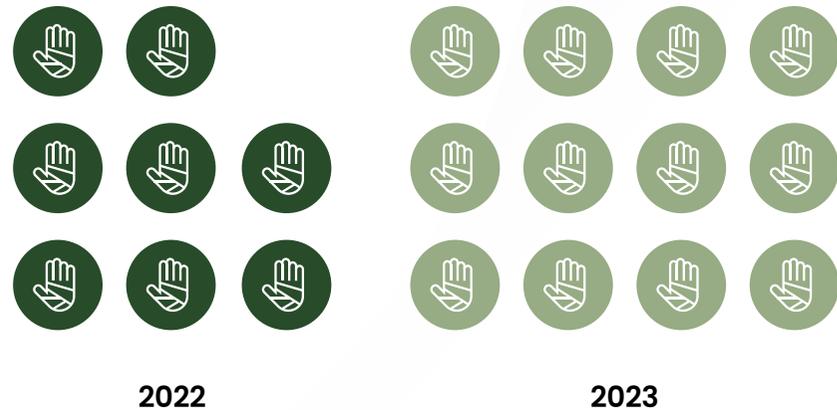
During 2023, staff attended a total of 152 hours of safety and first aid training. A total of 12 accidents were reported in the Group during the year 2023. There were 7 minor accidents and 5 of the accidents resulted in absences. The number of lost working days was 17.

Training days

During the past year, we trained our staff extensively in the English language courses. In addition, we regularly organized training sessions for management and junior staff on topics related to management work. This training was available throughout the year and was specifically targeted at managers and supervisors. A web-based learning platform is available for those in specialist positions, offering a comprehensive range of courses in different areas. Approximately 52 hours of course-viewing were accumulated.

The GMM organization was strengthened during 2023 with the recruitment of new circular economy and project management professionals. The Honkajoki Ltd sales team was strengthened with a new sales manager and a new maintenance manager was recruited.

ACCIDENTS



S3 Affected communities

Responsible sourcing

Under the CSR-Directive, we must be aware of our entire supply chain, including all the companies we buy services from. This means that we ask these companies to report on their responsibility. This is an important part of responsible sourcing and helps us to ensure that our entire supply chain adheres to the same high ethical standards as we do.

We have developed a sustainability tool that makes it easier for companies to enter and process sustainability data. This tool is designed to be easy to use and effective, helping companies understand what data they need to collect and report. To facilitate the use of the tool, we have organized briefings on sustainability.

We have decided to improve our Group's procurement processes in 2023 by joining a network that promotes cost-effective and transparent procurement. This will enable supplier management with our key suppliers, including the use of key reporting and metrics and regular business reviews. A key part of this work is to assess the accountability and transparency of the supply chain.

S4 Consumers and end-users

The customer has the most economic power in every industry. Changes by customers in their own sustainability issues, or changes in the business in general, have a material economic impact on the Honkajoki Group. Customers are therefore the key stakeholder group for sustainability reporting, and we invest in gathering their views.

We need to clearly understand and communicate the sustainability benefits and features of our products and services, which is key to building and maintaining customer relationships. We have identified changes in customer demand for sustainable products and services. This creates new sales opportunities and helps retain existing customers who value sustainability. We will use sustainability reporting as part of the Group's marketing and communication strategies.

You can read our sales review on page 18.

G – Governance

G1 Business conduct

The management of Honkajoki Group is strongly guided by the ISO 9001:2015 standard, whose main content focuses on quality management principles and enables the organization to operate efficiently and continuously improve, ensuring consistent quality of products and services to customers.

Rather than documented processes and procedures, ISO 9001:2015 is based more on performance and efficiency of operations, including assessment of risks and opportunities, and understanding of context and stakeholder needs. The standard requires that an organization monitors and measures

its processes and strives to continuously improve them. The management team must demonstrate commitment to the quality management system, set clear objectives and create an organizational culture that values quality management. Our management team conducts regular management reviews to assess the effectiveness, efficiency and effectiveness of our operations from the perspective of both external and internal stakeholders. These reviews enable continuous improvement and ensure that our activities are aligned with both the strategic objectives of our organization and the expectations of our stakeholders.

Associations and advocacy organizations in which the Honkajoki Group is involved

Honkajoki Ltd is actively involved in several organisations and advocacy groups, such as the European Fat Processors and Renderers Association (EFPRA) and the Finnish Business and Society (FIBS association). This network supports the company's commitment to sustainability and responsibility and provides a platform for sharing best practices and following the latest industry trends.

- EastCham Finland Chamber of Commerce Association
- EFPRA
- ANIMAL HEALTH ASSOCIATION
- Federation of the Food Industry
- Finnish Business & Society association (FIBS) – Corporate Responsibility Network
- Waste Management Association
- PSK Standardization association
- Satakunta Chamber of Commerce
- SKANDBI
- Finnish Quality Association association
- FINLAND ASSOCIATION OF AGRICULTURAL SCIENCES
- Finnish Association of Purchasing and Logistics LOGY
- Finnish Entrepreneurs
- Tampere Chamber of Commerce
- Central Taxpayers' Association
- Pohjanmaan Chamber of Commerce
- Taxpayers' Central Association

Certifications and standards: an assurance of quality and management practices

Honkajoki Ltd has a comprehensive quality system in place, based on internationally recognized management, environmental and occupational safety standards, such as ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. During 2023, the company has made significant updates to its quality manual documentation, which has improved its consistency and clarity. This has enabled more effective compliance with the requirements of the standards and increased transparency of operations.

In autumn 2023, Honkajoki Ltd was recognized for its quality work when it was awarded an INS certificate for Class 1 animal fat. This certificate is particularly significant as it allows the export of animal fat to the Italian market, demonstrating the company's ability to meet stringent international quality standards.

During 2023, Honkajoki Ltd has also updated its HACCP-based self-monitoring plan, integrating the documentation of all production facilities, including Findest Protein Ltd and the new feather processing plant in Honkajoki, into a single entity. This consolidation has improved operational efficiency and ensures a high level of food safety maintenance at all sites. Honkajoki Ltd has valid ISCC and ISCC CORSIA certifications, which are necessary for the sale of animal fat to the EU as a raw material for renewable land transport and aviation fuels. These certifications allow the company to actively participate in international markets and promote sustainable energy solutions.

HONKAJOKI LTD'S OPERATIONS ARE CERTIFIED IN ACCORDANCE WITH THE FOLLOWING ISO AND EU STANDARDS



ISO 9001:2015
Management system



ISO 14001:2015
Environmental management system



ISO 45001:2018
Occupational health and safety management



ISCC EU
International sustainable development and carbon dioxide certificate



ISCC CORSIA
Plan to reduce carbon dioxide emissions in international air travel

Impacts related to the conduct of business, risks and opportunities

The Honkajoki Group's management team regularly assesses in management reviews the impacts, risks and opportunities associated with the conduct of business. The assessment of risks and opportunities is a process of identifying, analyzing and managing potential internal and external factors that may affect the achievement of the organization's objectives. Management reviews assess impacts on society and the environment. We have prioritized risks and opportunities according to the impact and urgency of the factors.

Compliance with these commitments is reflected in the company's day-to-day operations through transparency, adherence to ethical business principles and responsible practices. During the past year, we were not aware of any suspicions or incidents of corruption involving an employee of the Honkajoki Group. The company's employees, stakeholders and customers are informed that the Honkajoki Group is committed to high international standards and values.

” Honkajoki Ltd has made significant measures to develop its quality system and comply with international standards. This has strengthened the company's position as a reliable and responsible player in both domestic and international markets.

Business principles to which the Honkajoki Group is committed

- **UN Universal Declaration of Human Rights and Convention on the Rights of the Child:** Honkajoki Ltd is committed to upholding and respecting fundamental human rights as defined by the United Nations, including the rights of children.
- **International Labour Organisation (ILO) Convention on Fundamental Rights at Work:** the company is committed to observing the fundamental rights at work as defined by the ILO, including the freedom of association, the elimination of forced labour, the elimination of discrimination and the prohibition of child labour.
- **OECD Guidelines for Multinational Enterprises:** These guidelines provide a framework for responsible business conduct, particularly for companies operating internationally, including recommendations on environmental protection, consumer protection, technology transfer and competition.
- **The International Chamber of Commerce (ICC) Charter for Sustainable Development and the ICC Anti-Bribery and Corruption Guidelines:** Honkajoki Ltd. commits to comply with the ICC's Guidelines for Promoting Sustainable Development and Anti-Corruption, demonstrating its commitment to ethical business practices.

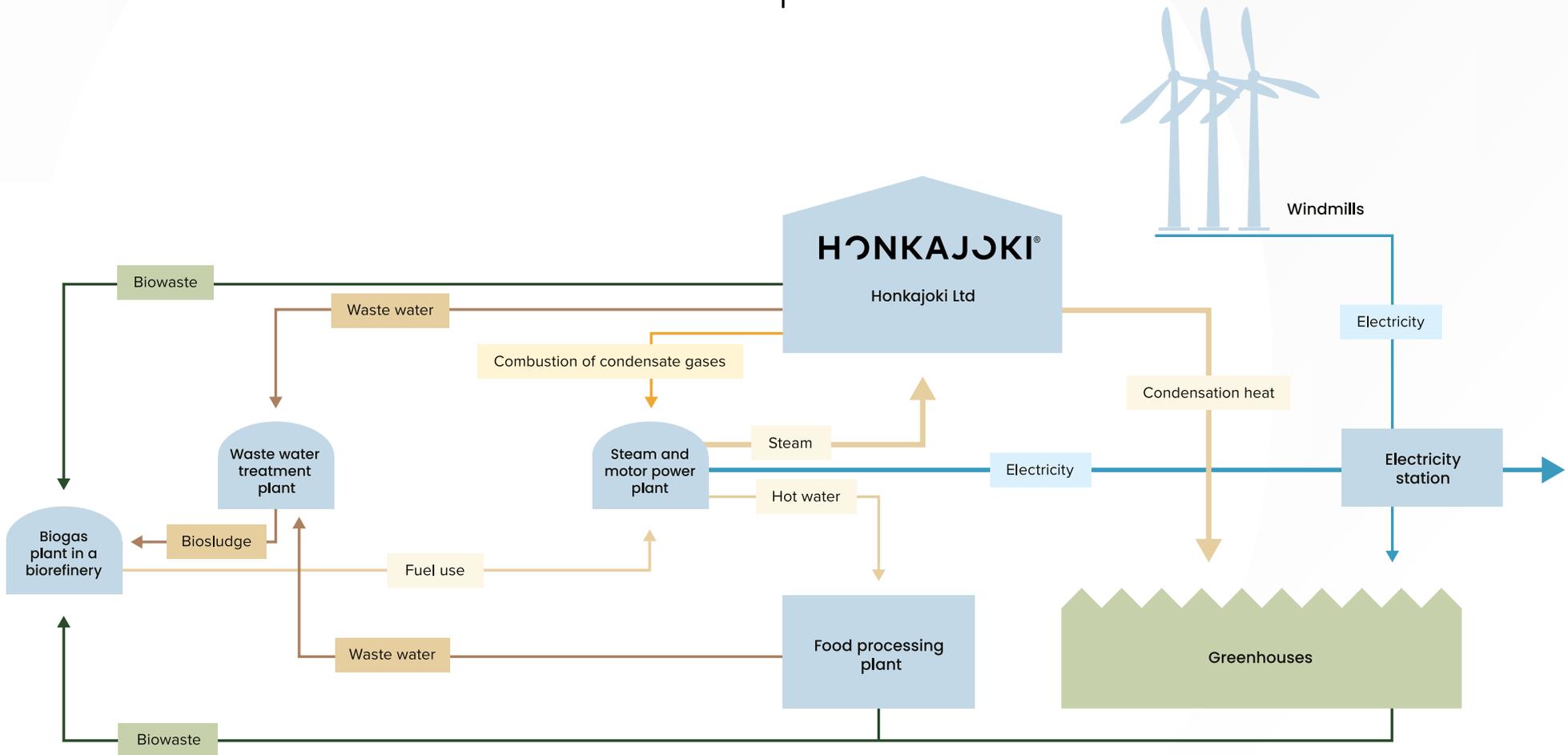
Principles for reporting abuse

A code of conduct is a document or set of principles that defines desired behavior and moral expectations within an organization. The Code of Conduct provides the basis for how employees are expected to behave towards each other and stakeholders as well as provide guidance on how to act if they encounter ethical challenges in their work. In late 2023, we introduced a new Directive-compliant reporting channel. The whistleblowing policy is approved by the Group's CEO. The policy is reviewed annually by the whistleblowing platform management team, composed of employees and officers. The members of the team receive training and the team is temporary. The policy describes the purpose and content of the Honkajoki Group's whistleblowing channel and the principles to be followed in managing the channel. The purpose of the Honkajoki Group Whistleblowing Platform is to meet the requirements of Directive (EU) 2019/1937 on the protection of persons who report breaches of European Union law and applicable national legislation regarding the whistleblowing platform.

The whistleblowing channel offers the possibility to report suspected misconduct related to the Honkajoki Group's activities confidentially, without any subsequent threat of retaliation. It is an important tool for reducing risk and maintaining trust, as it enables the Honkajoki Group to address potential wrongdoings in its operations at an early stage and to develop operations in line with its ethical values.

During the rest of 2023, no notifications were received through the notification channel.

Kirkkokallio eco-industrial park

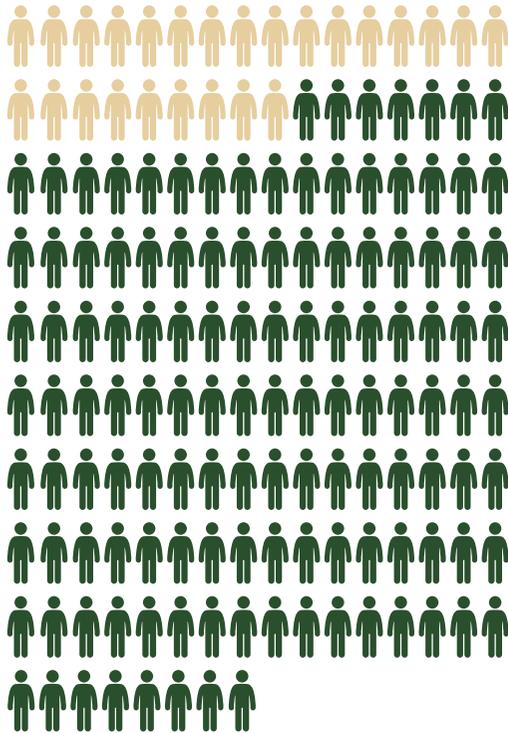


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GROUP'S EMPLOYEES

152

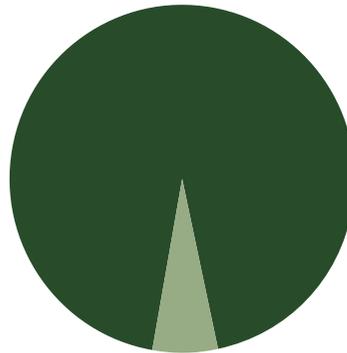
OF WHOM 25 ARE WOMEN



NET SALES

59

million euros



NET PROFIT

6,3

per cent

VOLUME OF RAW MATERIALS

200 892

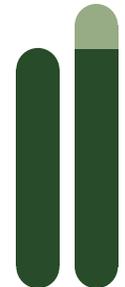
tonnes



GROWTH IN THE VOLUME OF RAW MATERIALS RECEIVED

8,8

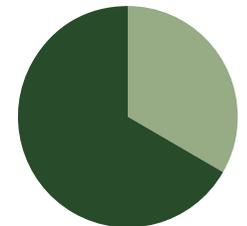
per cent



EQUITY RATIO

66,8

per cent





HONKAJOKI

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