

# Sustainability report

**HONKAJOKI®** wealth by recycling



INTRODUCTION

## Aiming for an even smaller environmental load

Global warming is a major threat to the future of the environment, people and the entire planet. Swift action is required to stop this change, and no company can postpone the implementation. This also applies to the meat industry, where the environmental impact of production is subject to intense public debate.

Although meat consumption is reaching its peak in the Western world, it is growing in developing countries as a result of rising living standards. Animal by-products are formed in the same proportion, but the exploitation of by-products is still in its infancy. At worst, they are discarded as waste into the environment. It is therefore necessary to make the operating models more sustainable, and everyone must take responsibility for the development of more environmentally friendly solutions.

With the circular economy, we can recycle existing resources more efficiently and reduce the generation of new material. This would reduce the climate emissions and resource overconsumption of new commodities production. By the responsible handling of raw materials and circular economy processes, animal by-products can be utilised in biofuels, pet food and animal feeds, for example. This means that valuable nutrients are preserved longer in the natural cycle and in industrial use – while respecting the environment.

For us in Honkajoki Group, the responsible handling of animal by-products means, above all, three things: we care for the welfare of our environment, improve the recycling of resources according to the circular economy and quality standards, and we operate ethically in all areas of our business. We want to be pioneers and provide our stakeholders with a reliable and responsible partner. These are the themes we focus on in our 2018 responsibility report.

### INQUIRIES CONCERNING CORPORATE RESPONSIBILITY AT HONKAJOKI

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# Innovation and investment towards a more sustainable future

Concerns about global warming and the sustainability of meat production were highlighted in 2018. The debate on finding more sustainable solutions has spread everywhere, and meat production is at the centre of it. The interest in measures to promote corporate responsibility and environmental welfare has increased significantly, which has also brought the circular economy into focus more strongly than ever.

In Honkajoki Group, production volumes have multiplied over the last 10 years. The flow of animal by-products for processing by the Group is increasing, and the new poultry line almost doubled the quantity of raw materials we processed in 2018. The production volume is expected to rise to 190,000 tonnes in 2019, and the rise will clearly continue in the coming years. It is therefore important to invest in the environmentally friendly exploitation and circulation of all the streams in the meat industry.

In 2018, we invested especially in the mapping of new uses for by-products, the development of the quality and sales of finished products, and the energy efficiency of our operations. We invested in automating our operations so that we can streamline our internal processes, accelerate the processing time of materials, and further reduce our energy consumption. We also optimised production using smart technology in order to reduce costs by developing and digitalising data collection in production.

Investments in innovation and technical solutions will ensure our competitiveness and add value to the Honkajoki® concept, which boasts the world's top technology and processes. The concept provides a scalable and energy-efficient solution also for production companies in developing countries, where animal by-products are not yet optimally utilised. At the same time, the concept provides a means for preventing animal epidemics, which are a serious risk to both the economy and the environment. In China, for example, African swine fever has led to a situation where up to half of the country's pig population must be culled. If the diseased animals are not treated properly, it is difficult to destroy the virus.

Society is at a point where new, efficient and environmentally friendly means must be found and deployed to exploit all industrial streams. We at Honkajoki are making a strong contribution to the implementation of this task, and our concept exports to third countries are already underway. Therefore, investments in the intangible and tangible assets of our circular economy concept are, at the same time, investments in the export of domestic knowledge, the welfare of the environment and the sustainable development of the meat industry globally.

This also means investments in research, the accurate analysis of results as well as training, because it is only through increasing knowledge and information that we can meet the challenges of the future. The work we have started in 2018 for an even smaller environmental load will continue and will not be confined to our own production plants.

## Highlights of the year 2018

### REMSOIL LTD ESTABLISHED, CONCENTRATING ON BIOLOGICAL SOIL REMEDIATION

Remsoil Ltd is a company which originated from a research project of the University of Helsinki and which uses the grain made from agricultural organic by-products in soil remediation. The effect of the REMSOIL® grain is based on a natural method: it accelerates the operation of soil organisms and the natural cleansing of soil. At the same time, animal by-products are given a new use, and contaminated soil can be recovered.

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“INVESTMENTS IN INNOVATION AND TECHNICAL SOLUTIONS WILL ENSURE OUR COMPETITIVENESS AND ADD VALUE TO THE HONKAJOKI® CONCEPT, WHICH BOASTS THE WORLD'S TOP TECHNOLOGY AND PROCESSES.”

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*Kari Valkosalo*

- CEO, Honkajoki Group



## GROUP OVERVIEW

## Honkajoki Group – expert in the circular economy

Honkajoki Group is Finland's leading processor of animal by-products. We refine high-quality, clean and safe products from the by-products of meat production for our customers operating in various industrial sectors. At the same time, we give new life to materials from the food chain, which are used as raw materials in, for example, animal food, fertilisers, cosmetics, pharmaceuticals and biofuels.

Responsible operations are vital to the continuity of the Group. We have made great efforts especially in our circular economy concept, which is globally among the most energy-efficient and purest methods in its class for processing animal by-products. Thanks to the carefully planned production and processing of raw materials, we can process 100% of the incoming organic material safely while nurturing the welfare of the environment and society. The energy efficiency of Honkajoki Ltd's Kirkkokallio unit is already world-class, and our goal is to further reduce the environmental load throughout the Group.

## BUSINESS AND DOMAINS

Honkajoki Group's offices are located in Finland.

GROUP HEADQUARTERS:

Honkajoki Ltd, Honkajoki

OTHER OFFICES:

Findest Protein Ltd, Kaustinen

GMM Finland Ltd, Honkajoki

Honkaleather Ltd, Honkajoki

Remsoil Ltd, Honkajoki



## STRATEGIC OBJECTIVES AND VALUES

# The Group's objectives for 2017–2020



### QUALITY AND BUSINESS

- Improving product and service development
- Improving the competitiveness of the company
- Increasing our share in international markets
- Development of analysis and risk prevention
- Strengthening production qualitatively
- Development of communications



### ENVIRONMENT AND ECOLOGY

- Management of the phosphorus content and temperature of the wastewater treatment plant
- Reducing energy consumption
- More efficient sorting of waste
- Chemical safety
- Improving the quality of raw materials and expanding the procurement base



### OCCUPATIONAL SAFETY AND HEALTH

- Implementation of a comprehensive well-being at work survey
- Reducing the number of occupational accidents
- Reducing sickness absences

### KEY FIGURES FOR THE YEAR 2018\*

2018 was a year of growth and development for the whole Group. More specifically, the Group's figures were influenced by the introduction of the poultry line in November 2017, which corresponds to the volume of by-products of the entire Finnish broiler production. The line also brought 11 new jobs to Honkajoki Group.



€39.2 M

NET SALES



0.7%

PROFIT MARGIN FOR THE  
FINANCIAL PERIOD



113

EMPLOYEES IN  
THE GROUP



96.51%

INCREASE IN RAW  
MATERIAL VOLUME



171,542 tn

SLAUGHTERHOUSE WASTE

Key figures include the business operations of all Honkajoki Group companies.



## VALUES AND OPERATING PRINCIPLES

We are committed to delivering high-quality, responsibly produced products and services at competitive prices. Reliability, honesty and responsibility are included in all our activities, and we adhere to the highest level of ethics even when the law does not set a framework. We

expect the same approach from our partners. We are also dedicated to the construction of a safe, responsible and equal community within our organisation and outside.



### RELIABILITY

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



### ENVIRONMENTAL FRIENDLINESS

We operate according to the principles of circular economy and agroecology.



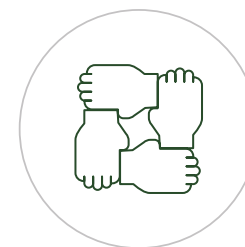
### INNOVATIVENESS

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



### GROWTH ORIENTATION

We strive for a leading position in all areas of our business.



### HUMANITY

We care for the well-being of our staff in everyday life.

## PRODUCTS

## 100% clean and safe products



BOVINE PROTEIN MEAL

Animal protein derived from bovine animals.



PORCINE PROTEIN MEAL

Animal protein derived from pigs.



POULTRY PROTEIN MEAL

Animal protein derived from broiler.



REINDEER MEAL

Animal protein derived from reindeer.



BOVINE FAT

Pressure-sterilised and purified bovine fat.



PORCINE FAT

Water- and solid-free porcine fat.



POULTRY FAT

Solid-free and feed-grade broiler fat.



CLASS-1 ANIMAL FAT

Pressure-sterilised, hygienic fat for use as fuel raw material.



CLASS-2 ANIMAL FAT

Pressure-sterilised, hygienic fat for use as biofuel raw material.



CLASS-3 ANIMAL FAT

Dry-rendered fat for use as biofuel raw material.

## SERVICES

### Close cooperation on the customer's terms

#### COLLECTION AND TRANSPORTATION OF CARCASSES

We collect the dead animals from our customers' farms and locations. The collections are planned by Honkajoki Group's logistics department, which uses the HELOS logistics system, created to meet the Group's needs in logistics planning and monitoring.

#### CONSULTATION ON PRODUCT USE

We guide our customers in the use of the raw materials manufactured by us. We help them choose the raw materials that are appropriate for the products and services of the customer and bring out their benefits to end customers.

#### CONSULTATION ON CONCEPT APPLICATION

The Honkajoki Ltd circular economy concept is applicable to a wide range of operating environments and adaptable according to raw material flows. With the virtual working environment, you can explore the plant in Honkajoki, wherever you are.

## EXPORTS

### Growing international demand

Honkajoki Group exports fats and PAP products to Africa, Europe, Asia and Russia. When exporting our products and services, we always follow international guidelines as well as the legislation of the country in question.

The restrictions we face are largely concerned with bovine proteins. Their imports have been restricted in a number of countries due to the BSE epidemic of the 21st century, and even today, exporting products made from European bovine animals is not permitted to many countries outside Europe. For the time being, broiler and porcine proteins are not subject to such stringent or extensive export restrictions.

# Sustainable growth ethically

Our main tasks are to support the sustainable productivity of agriculture and the meat industry, to promote the efficient use of resources, and to provide added value both to our stakeholders and to the environment in which we operate. We want to act as a pioneer in responsibility and circular economy in all areas of our business and to build a business that is competitive and sustainable in the long term. We comply with a number of national and international regulations and laws as well as the highest level of business ethics.



## CORPORATE RESPONSIBILITY

# Responsibility is vital to our business

The corporate responsibility of Honkajoki Group is based on sustainable economic growth and the continuous development of social and environmental responsibility. We are committed to complying with the world's strictest standards and corporate responsibility requirements. We also require a similar approach from our stakeholders and our production chain, and that is why we have created a Code of Conduct for the Group. Its purpose is to set a clear, responsible framework for the activities of the Group and its stakeholders, even when the law does not take a position.

Over the decades, together with the various research institutions, we have developed a circular economy concept, which is unique even at the global level: all the incoming organic waste is utilised 100% in the production of products and energy. However, our work on energy-efficient circular economy solutions continues intensively, for example, by promoting the operating models of the circular economy and agroecology together with various research institutes.

Our goal is to set an example of responsible policies, developing innovations and building sustainable industrial solutions even for our colleagues abroad. We want to make our concept even more energy-efficient and enable its use even in the toughest conditions of developing countries.

## AGREEMENTS WHICH THE GROUP ADHERES TO IN ITS OPERATIONS

- The Organisation for Economic Co-operation and Development (OECD) Guidelines
- The International Chamber of Commerce (ICC) Rules on Combating Corruption
- The International Labour Organization (ILO) Convention
- Universal human rights defined by the UN Declaration of Human Rights

## ASSOCIATIONS AND LOBBYING ORGANISATIONS IN WHICH HONKAJOKI GROUP IS INVOLVED

- The Taxpayers Association of Finland (TAF)
- The Finnish Food and Drink Industries' Federation (ETL)
- Registered Association Finnish-Russian Chamber of Commerce (FRCC)
- Satakunta Chamber of Commerce
- The Finnish association for biological waste treatment
- The Scientific Agricultural Society of Finland
- World Energy Council Finland ry
- The Federation of Finnish Enterprises
- European Fat Processors and Renderers Association EFPRA
- FIBS ry (Corporate Responsibility Network of Finland)

CERTIFICATES ISSUED FOR THE OPERATIONS OF HONKAJOKI GROUP

ISO  
9001:2015

MANAGEMENT SYSTEM

ISO  
14001:2015

ENVIRONMENTAL MANAGEMENT  
SYSTEM

OHSAS  
18001:2007

OCCUPATIONAL HEALTH AND  
SAFETY MANAGEMENT

ISCC  
EU

INTERNATIONAL SUSTAINABILITY  
AND CARBON CERTIFICATION

## Contributing to the UN sustainable development goals



### SDG 2: ZERO HUNGER

Honkajoki Group collects slaughterhouse waste derived from animals listed as hazardous waste and processes it into protein meal for animal feed. In this way, we promote the recycling of valuable nutrients and the feeding of animals with high-quality feed. At the same time, we ensure that by-products do not end up in the environment, where they would decay and contaminate water, for example. Our plants are located in rural areas, which promotes rural development and infrastructure.



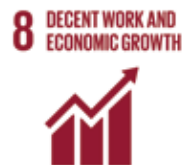
### SDG 6: CLEAN WATER AND SANITATION

We prevent the release of water-polluting waste and emissions into the environment by treating the Group's wastewater in our own wastewater treatment unit. The unit also processes the wastewater of Lihajaloste Korpela Oy. The groundwater used in our processes is restored purified into the natural cycle – the water analyses in 2018 showed that the water purification results are at an excellent level.



### SDG 7: AFFORDABLE AND CLEAN ENERGY

We are a significant part of Finnish renewable energy production. The raw materials we process are refined into fat for biodiesel which complies with quality standards, replacing fossil fuels and increasing the share of renewable energy in energy sources. Our production gets its energy from the incoming organic waste, Vatajankosken Sähkö and the biogas plant on Honkajoki Ltd's site.



### SDG 8: DECENT WORK AND ECONOMIC GROWTH

We comply with Finnish legislation, EU standards, the ILO Convention, and the universal human rights defined by the UN Declaration of Human Rights. We guarantee our staff the benefits and rights defined by legislation and the general collective agreement, and we support their health. We achieve growth without sacrificing the environment and staff well-being.



### SDG 9: SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURES

Our circular economy concept recycles resources efficiently and promotes sustainable industry and the introduction of clean energy. Through technological innovations, we can use all the incoming organic waste. In our Kirkkokallio unit, we are an integral part of the area's infrastructure and energy network. For example, the condensate heat from our production heats the area's greenhouses. We are actively developing the Group's concept, solutions and business in partnership with various parties.



### SDG 12: SUSTAINABLE CITIES AND COMMUNITIES

We promote responsible consumption and production in two ways. We process hazardous waste into a safe product with a huge demand in the global market. At the same time, we reduce the amount of waste from Finnish food production and promote the sustainability of the meat industry. We support sustainable consumption: 100% of our slaughterhouse waste goes into commodities for industry or energy for our own production processes.



### SDG 13: CLIMATE ACTION

The goal of the Tekes development project in 2018 was to develop Honkajoki Ltd's globalising business and concept to meet international challenges. The project focused particularly on the use of the concept in developing countries where new, climate-friendly solutions for the treatment and processing of slaughterhouse waste are needed. The project was funded by Business Finland. We are also involved in the Robocoast centre of excellence, which aims to strengthen the company's business through smart technology.



### SDG 17: COOPERATION AND PARTNERSHIP

Our circular economy concept provides an environmentally friendly solution for processing and utilising waste from food production in developing countries. The export of the concept to developing countries has already begun, and we will invest strongly in exporting Finnish circular economy knowledge in the coming years. This will promote sustainable development and the exploitation of environmentally friendly technologies in industry.

## STAKEHOLDERS

## We provide added value to our stakeholders

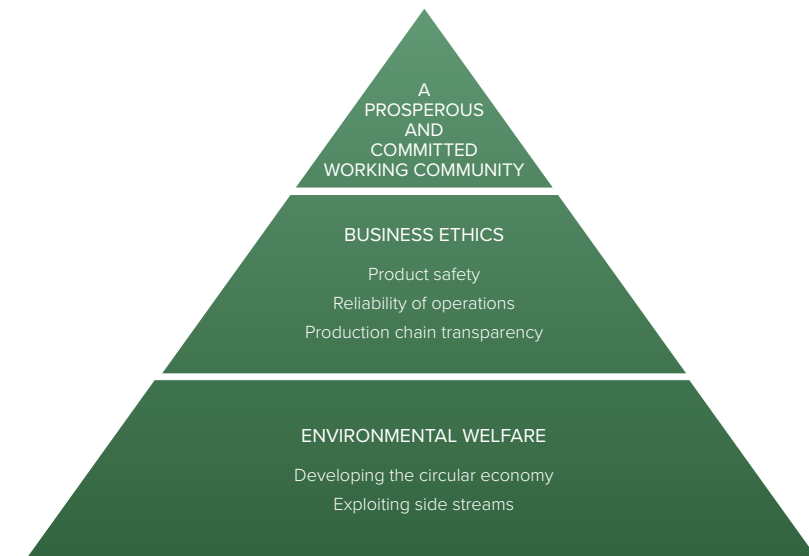
The expectations and aspirations of stakeholders and the flow of information between various actors have a significant impact on how profitable our business is. We engage in active dialogue with our stakeholders in the areas of our operations that are of interest to them to ensure that all actors get the information related to them quickly and up to date. We choose the means of communication based on the needs of each stakeholder group and the nature of the information. We are constantly working to improve our communication and particularly the Group's internal communication between all employees.

With our internal stakeholders, we communicate especially on the themes of products, services, finances, operating models and company activities. We communicate to the staff and owners about the topics they need in their work and the choices they make, whether it is related to an individual's job description or to the financial and strategic decisions of the Group as a whole. Each responsible person is responsible for forwarding information relating to their area to the organisation, and employees must immediately inform the designated responsible person of any deviations detected.

Communication with the Group's external stakeholders, including the public sector, financial institutions and municipal decision-makers, is primarily the responsibility of the Group's CEO. We always strive to discuss actively, timely and effectively with our external stakeholders and to ensure that all external communication is aligned with the Group's strategy and image.

Based on discussions with our stakeholders and the themes that have emerged in customer surveys, we have also brought to responsibility report topics that are of the greatest interest to our stakeholders. These include product safety, production chain transparency, operational reliability, circular economy, environmental responsibility and employee well-being.

## PRIORITY ISSUE ANALYSIS





## INTERNAL STAKEHOLDERS

The Group's staff and owners are our most important asset. Staff are particularly interested in workplace and job description issues such as salary, safety, working atmosphere and retention. In particular, owners expect sustained returns and growth, responsible operations and a high level of competitiveness from the Group. The Group's image and financial status affect all our internal stakeholders.

## CUSTOMERS

Our customers are comprised of companies working in different industrial sectors, as well as the Finnish slaughterhouses and farms supplying our raw materials. Communication is generally conducted on services, products, logistics, invoicing, and details of the Group's operations and cooperation. In particular, they expect us to have a good price/quality ratio, competitive services, responsible and transparent activities, and communication on products, services and company activities. They want to be sure that invoicing and the logistics and handling processes of raw materials work effectively and as agreed.

## PARTNERS

Our goal is to be the best partner for our partners, the public sector and the suppliers of goods and services. We strive to ensure that communication is two-dimensional and open, the details of agreements are clear to both sides, and our cooperation evolves. We actively discuss themes concerning the Group's responsibility, business and strategic decisions. Long-term development projects, strategic guidelines and compliance with standards are of particular interest to the public sector, which consists of municipal decision-makers, residents, public authorities, financial and insurance institutions, and the Finnish innovation environment. We also actively communicate with them concerning the local, national and international impacts of the Group, as well as its finances.

## PRODUCT SAFETY AND THE ENVIRONMENT

## Safe products support our customers' growth

The raw materials we use originate from Finnish farms and slaughterhouses, whose operating models are among the world's best in responsibility and transparency. That is why we can be sure that the animals from which our raw materials are derived are healthy and have been treated properly. Antibiotics have been minimally used in their treatment; no antibiotics have been used in the treatment of broilers.

Our production sites process raw materials in accordance with strictly defined policies and quality requirements. The manufacture and storage of products are described in detail in each production plant's self-control plan and in the working instructions and operating system documents. The logistics process handles raw materials as safely and cost-effectively as possible. Raw materials are transported, stored and handled in their own vehicles and facilities.

The quality of each sales batch is assessed before delivery to the customer. No product will be dispatched from our plant to the customer without quality control's approval. As a result, organic materials sourced from the food chain and regarded as waste are reborn as commodities used as raw materials in, for example, animal feed, fertilisers, cosmetics, pharmaceuticals and biofuels.

The energy-efficient and resource-wise processing methods of our fully organic products also ensure their environmental friendliness. Our customers always receive products that are 100% clean and produced in an energy-efficient and environmentally friendly way.

## STAFF AND HUMAN RIGHTS

# We safeguard a safe working environment for our employees

We comply with the universal human rights defined by the UN Declaration of Human Rights. In addition, we treat employees and applicants in accordance with the ILO Conventions and the national labour law and collective agreement. In matters concerning staff health and coping at work as well as supervisors' work on work ability-related issues, our support also includes the proactive work ability support model.

We strive to actively identify risks related to work ability and coping at work. We are aware of the risks associated with the handling of animal by-products and the management of production machinery, and we have created guidelines for the maintenance and development of safety. All members of our staff are obligated to comply with safety regulations and report any deviations or non-compliance.

Our employees also have a mentally safe place to work and develop as professionals. We do not accept discrimination, underestimation or any other unfair activity. No cases of discrimination have been disclosed in our group. We offer the same salary for work of equal value, and we ensure that our production chain is free from child labour, modern slavery and other human exploitation. We also expect our employees to treat everyone fairly, regardless of their personal characteristics or status.

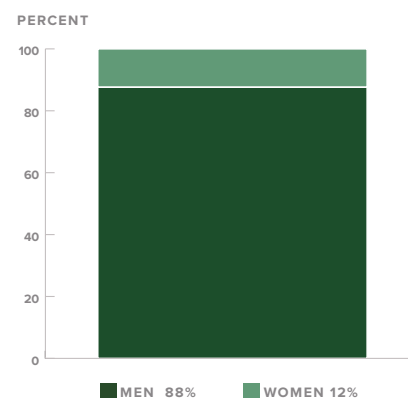
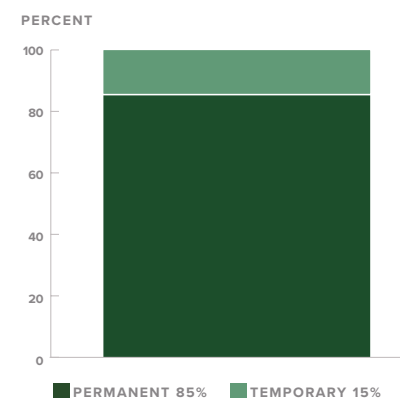
We encourage our employees to have an open discussion about their job description, work environment and the development of the Group, and employees have an equal right to speak to their supervisors about matters on their mind whenever necessary. The Group's supervisors and management undertake to contribute to the realisation of the development areas and to support and protect the employee in difficult situations.

## KEY FIGURES FOR STAFF\*

NUMBER OF EMPLOYEES IN  
THE GROUP

113

(incl. seasonal workers)

GENDER DISTRIBUTION  
OF STAFFEMPLOYEE  
STATUS

RETIRED

2

PERSONS

NEW RECRUITS

5

PERSONS  
(permanent)

OCCUPATIONAL ACCIDENTS

8

ACCIDENTS

FATALITIES

0

NO  
FATALITIES

\* The figures for Honkajoki Ltd, Honkaleather Ltd, Findest Protein Ltd and Remsoil Ltd have not been separated in figures where individuals could be identified.

## ETHICAL BUSINESS

# Sustainable economic growth ethically

In our business, we always comply with applicable international, national and regional laws and regulations, and we want to continuously develop our business to become more efficient, responsible and transparent. We process all confidential data with particular care – they will be disclosed only in circumstances required by law, or if the owner of the data so permits.

Confidence in our business and our financial performance is important for us. We do not accept corruption in any form, and we make commercial decisions on a commercial basis. In the history of the Group, there are no known cases of corruption. We always strive to play fair with our competitors, and we do not accept dishonest ways to change the competition or to improve the company's financial position. We take responsibility for the promotion and maintenance of sustainable economic growth, and all our economic activities have a strong business base.

As part of our certified operating system, we have identified the risks and opportunities of our operations. In the context of product development, we conduct a risk assessment on all our products in accordance with the HACCP principles to ensure the high, uniform quality of products. The risk assessment also includes the identification of significant environmental aspects and the management and reduction of their impacts. We also actively follow the changes in the Group's operating environment.





# Energy efficiency and the circular economy at the heart of environmental responsibility

Our goal is to maximise the use potential of raw materials with minimal waste and emissions. To achieve this goal, we are committed to developing our products and the ways in which they are manufactured. We want to achieve energy efficiency that leaves no waste at all, and we want to develop production processes that are as emission-free as possible. We also want to build more sustainable consumption by keeping the valuable nutrients from animal by-products in the natural cycle as long as possible.





## CIRCULAR ECONOMY CONCEPT

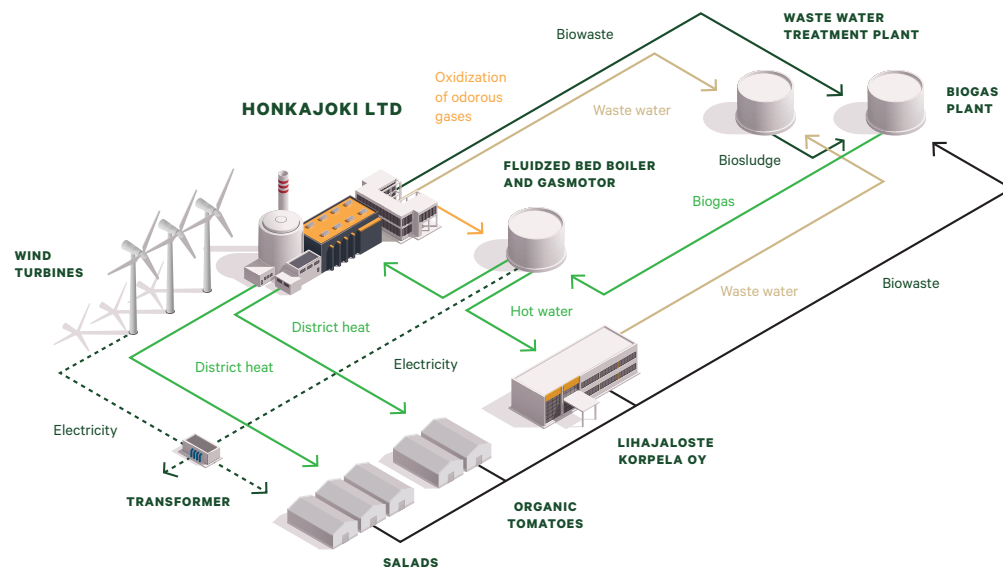
# Honkajoki Ltd recycles safely

More than 250,000 tonnes of waste of animal origin, unfit for human consumption, is generated annually in Finland as a by-product of the meat industry. 70% of this amount is processed in Honkajoki Group's production facilities. Our goal is to keep the nutrients and raw materials derived from these by-products in the natural cycle and in industrial use as long as possible and with minimal waste.

By refining animal by-products into pure raw materials for industrial use, we promote the sustainable and efficient use of natural resources and the share of renewable energy in total energy consumption. At the same time, we prevent these by-products from entering the environ-

ment, where bacteria that live in them would contaminate groundwater, generate climate emissions and pose a health threat to people and animals in the area.

In particular, we have invested in technological innovations that enable us to use all the incoming organic material, either in the manufacture of the Group's products or in energy production. Raw materials of various categories are processed in accordance with requirements and separately from each other. In the case of serious disease, we collect the dead animals from the farms in a separate transport.



## RAW MATERIALS PROCESSED IN THE GROUP

### FINDEST PROTEIN LTD

#### CATEGORY 3 PROCESSING PLANT

Pig	26,189 tn
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### HONKAJOKI LTD

#### CATEGORY 1 PROCESSING PLANT

Cattle/Multispecies	24,155 tn
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#### CATEGORY 2 PROCESSING PLANT

Multispecies	52,686 tn
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#### CATEGORY 3 PROCESSING PLANTS

Total	40,476 tn
poultry line (broiler)	37,514 tn
cattle line (cattle)	2,962 tn
cattle line (reindeer)	636 tn

In addition, 28,036 tonnes of fresh raw material has been sold for fur animal feed.

## ENVIRONMENTAL LOAD

## Aiming for a minimal environmental load

We have set objectives for our activities to reduce the environmental impact, and we follow the achievement of these objectives through various environmental management tools. The Group's environmental impact is mainly caused by the direct operation of our production plants and the transport of raw materials.

Our plant is not a source of organic waste at all, as we utilise all the organic materials efficiently in our own operations and produce energy from them primarily for our operations. Surplus energy and condensate heat are sold to other companies in the Honkajoki Kirkkokallio area.

## ENERGY EFFICIENCY

We are constantly working to improve the Group's energy efficiency and to reduce our air and water emissions. We are actively developing the methods and technological solutions of our production processes and work closely with various research institutes, companies and communities to make our processes even cleaner and more environmentally friendly.

## EMISSIONS

Our production generates ammonia, total reduced sulphur (TRS) and non-methane volatile organic compounds (NMVOC). In part, emissions have declined since 2017, but work still needs to be done to bring the figures in line with international emissions targets. We are actively developing technological solutions for our production in order to minimise the emissions from our operations.

One of the most important objectives of our emissions policy is to find applications for our products which promote the use of low-carbon and greener forms of energy. One of these uses is renewable biodiesel with an up to 90% lower carbon footprint than fossil diesel. At present, a large proportion of the fatty products we produce goes to the production of biodiesel.

In the future, we will also introduce an application for the carbon footprint and lifecycle calculation of our end products. The software enables us to analyse the effects of the emissions from our operations more comprehensively and to optimise our objectives to reduce them.

## KEY FIGURES FOR THE YEAR 2018

## HONKAJOKI LTD

total thermal energy acquisition	88,937 MWh
produced by peat	87.6%
produced by biogas	5.1%
produced by heavy fuel oil	7.4%
thermal energy sold	27,259 MWh
net thermal energy consumption	61,679 MWh
net steam energy consumption	0.53 MWh/r-a tn
steam energy sold	0.23 MWh/r-a tn
electric energy consumption	0.11 MWh/r-a tn

water consumption	59,742 m3	produced by sod peat	17.2%
total emissions into air		produced by wood pulp	34.7%
ammonia	1.483 t/a	produced by bark	41.2%
NMVOC	3.744 t/a	steam energy used (net)	0.82 MWh/r-a tn
TRS	0.690 t/a	electric energy used	0.10 MWh/r-a tn
		water consumption	20,360 m3
		total emissions into air	
		ammonia	0.558 t/a
		NMVOC	0.737 t/a
		TRS	0.315 t/a

## FINDEST PROTEIN LTD

total thermal energy consumption	21,345 MWh
produced by liquefied gas	6.6%
produced by heavy fuel oil	0.3%



## USE OF WATER

The broiler line introduced in 2017 and the 70% increase in production are reflected in the reporting period's figures, especially as growth in water consumption. Water is a critical component in the Group's production. All water used in our processes is groundwater, which is possible thanks to Finland's abundant groundwater resources. We are constantly working to improve our water consumption to ensure the sustainable use of water resources.

## WASTEWATER AND WASTE

We recycle all the inorganic waste from our production in accordance with environmental standards. We also strive to continually improve the recovery of waste in our production, so that as little as possible of it would end up in landfills. We are actively developing our wastewater treatment processes to reduce discharges into water and thus improve water quality.

Over the years, we have also invested heavily in our wastewater treatment plant, and all the concentrations have been reduced to a minimum. Honkajoki Ltd's wastewater treatment plant treats the company's own process and condensate waters as well as the wastewater of Lihajaloste Korpela Oy. The treated waters are directed to the Karvianjoki river. No leaks have occurred.

In 2018, wastewater monitoring showed that the results of organic matter and nitrogen extraction achieved at the treatment plant are nationally at an excellent level. This achievement is further emphasised by the exceptionally high nitrogen content and variable load of the incoming water. However, the specific load limits of phosphorus are yet to be achieved due to a slightly high soluble phosphorus residue. In 2019, the dosing of the precipitant in the treatment plant will be automated. This will improve the accuracy of the adjustment of phosphorus content.

For organic matter, the load on water courses corresponded to the untreated wastewater load of approximately 13 persons. The corresponding figure for phosphorus was 245 and for nitrogen, 930. At present level, total nitrogen extraction is very high (92%), and the nitrogen ending up in water courses is in the form of nitrate.

### KEY FIGURES FOR THE YEAR 2018

#### HONKAJOKI LTD

mixed waste	108.8 tn
wood waste	16 tn
metal waste	36.9 tn

#### FINDEST PROTEIN LTD

dry waste	25.4 m3
wood waste	15.8 tn
landfill waste	5.1 tn

### WASTEWATER TREATMENT PLANT VOLUMES

#### HONKAJOKI LTD

wastewater condensate	56,763 m3
process water	44,960 m3
flotation sludge to biogas plant	5,004 m3

#### FINDEST PROTEIN LTD

wastewater condensate	16,837 m3
process water	13,531 m3
flotation sludge to biogas plant	954 m3

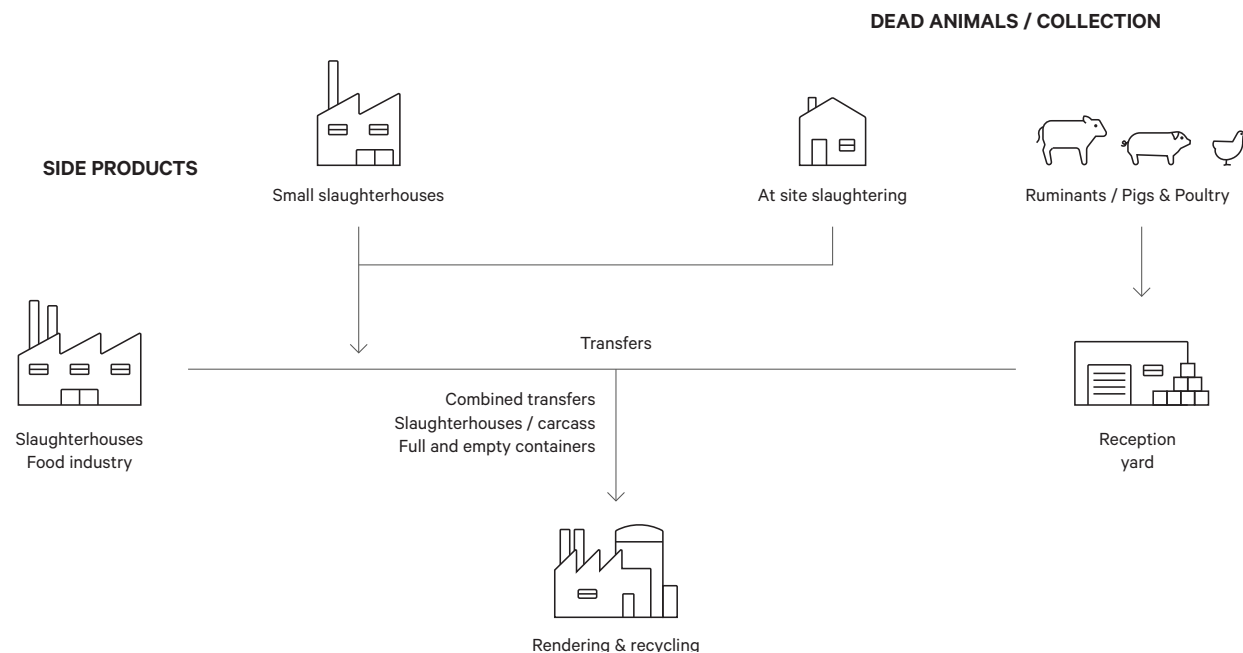
## LOGISTICS

We use the mileage as efficiently as possible

Honkajoki Group's operating area covers all of Finland except Lapland. In the area, there are tens of thousands of farms and slaughterhouses that provide us our raw materials. This means that the mileage accumulated is considerable, as the number of cattle alone collected by us from farms amounts to approximately 40,000 heads annually. Careful planning and monitoring help us to develop our logistics to become as cost-effective as possible and to ensure that raw materials are always processed as quickly as possible.

## KEY FIGURES FOR THE YEAR 2018

Container transfers from slaughterhouses	2,178,600 km
diesel consumption (45 l/100 km)	980,000 l
Carcass collection from farms	1,512,900 km
diesel consumption (35 l/100 km)	533,000 l



### THE HELOS LOGISTICS SYSTEM OPTIMISES ROUTES

The Group's logistics department plans the transportation of raw materials through the HELOS logistics system, developed for our business needs. The system receives transport orders and optimises transport routes, so that the collection containers can be as full as possible at the lowest possible mileage. The system allows us not only to optimise the mileage, but also to improve the transparency and performance of the Group's logistics costs.

### COST-EFFECTIVE AREA COLLECTION MODEL

We have cooperation agreements with local transport companies, which enables us to ensure the rapid and cost-effective transportation of raw materials. The transport equipment is under the guidance of Honkajoki Ltd's logistics department and is reserved for the Group's raw materials transport. We actively follow various indicators related to emissions and the cost efficiency of rounds, such as driving speed, consumption, and the development of loading and unloading times. We also conduct development discussions with our partners on the results of the indicators.

### BETTER CONTAINER FILLING RATE

We fill the containers as full as is possible for the good quality of the raw materials. This also prevents unnecessary mileage and emissions. At present, the filling rate of containers is about 80%, and we are constantly looking for new technological and logistical solutions to raise it. Increasing the filling rate with current technology is not yet possible, as this would mean a delay in the transport of raw materials, thereby significantly affecting the quality of the raw material and, consequently, processing costs.

### TOWARDS RENEWABLE FUELS

Since we have created partnerships with transport companies, we ourselves do not own most of the equipment in which the raw materials are transported. The agreements are created according to the service life of the equipment for five years at a time, so that we always have access to good equipment. Our goal is to switch from diesel-powered equipment to renewable fuels, and we are currently studying the possibility of moving to biodiesel trucks. The change is determined in particular by technological developments – for example, the use of a gas truck on a long journey remains problematic because there are not enough refuelling points.



# Corporate responsibility reporting

The 2018 (1 January – 31 December 2018) responsibility report is dedicated specifically to the way in which Honkajoki's operations account for environmental welfare and business ethics. These themes have also emerged in the discussions with our stakeholder groups. We also deepened our materiality analysis of 2017 in order to find more concrete issues to report. The reported themes for the year 2018 have been highlighted, among other things, in customer surveys and in general communication with internal and external stakeholders.





## REPORTING

## Corporate responsibility reporting

The responsibility report has been built respecting the Global Reporting Initiative standard and the UN sustainable development goals. The Group's previous responsibility report was published on 22 November 2017 and was made at the Core level. There are no significant changes to the report in relation to the 2017 report. The report has not been authenticated externally.

The themes discussed in the responsibility report have often emerged in discussions with our stakeholder groups. With this report, we want to tell our stakeholders how we respond in our business to these issues that interest them and are on their minds. At the same time, we want to participate in the public debate on the importance and environmental impact of meat production. The information was collected from the companies belonging to Honkajoki Group.

We are committed to reporting on the Group's responsibility and to setting and monitoring objectives for responsibility-promoting measures annually.

## FINANCIAL PERFORMANCE

## Management and finances on a sustainable basis

The company's management and staff are responsible for the development, approval and implementation of plans and operations to achieve the company's goals. In addition to achieving results, the way they are achieved is important. Therefore, all managers and staff are required to adhere to the business principles defined by the Group in our Code of Conduct. Our management is based on honest bookkeeping and truthful calculations, and we expect supervisors at all organisational levels of the Group to implement them.

## KEY FIGURES FOR THE YEAR 2018

## FINANCIAL PERFORMANCE

Net sales	EUR 39,177,795
Operating profit	EUR 486,573

## SOCIAL CONTRIBUTIONS

VAT	EUR 683,404
Property tax	EUR 49,570
Direct taxes	EUR 287,240
Public charges for vehicles	EUR 4,046

## STAFF EXPENSES

Salaries and wages	EUR 4,581,169
Pension costs	EUR 826,117
Other indirect staff expenses	EUR 181,113

## PAID TO OWNERS

Dividends	EUR 756,000
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## PURCHASES

Materials, supplies, goods	EUR 18,619,004
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## DONATIONS PAID

Total donations given	EUR 23,592
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## DONATIONS RECEIVED\*

State grants	EUR 329,146
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\* Donations received include: Refund of excise duty for the year 2017, Tekes support for India and Namibia development project, Business Finland support for Fat purification project.

## Ownership structure

### HONKAJOKI LTD, FOUNDED IN 1967

- Atria plc 50%
- HKScan Finland Ltd 50%

### FINDEST PROTEIN LTD, FOUNDED IN 1995

- Honkajoki Ltd 66.9%
- Atria plc 33.1%

### GMM FINLAND LTD, FOUNDED IN 2017

- Honkajoki Ltd 100%

### HONKALEATHER LTD, FOUNDED IN 2015

- Honkajoki Ltd 45%
- The Halkola family 55%

### REMSOIL LTD, FOUNDED IN 2018

- Honkajoki Ltd 60%
- Private owners 40%

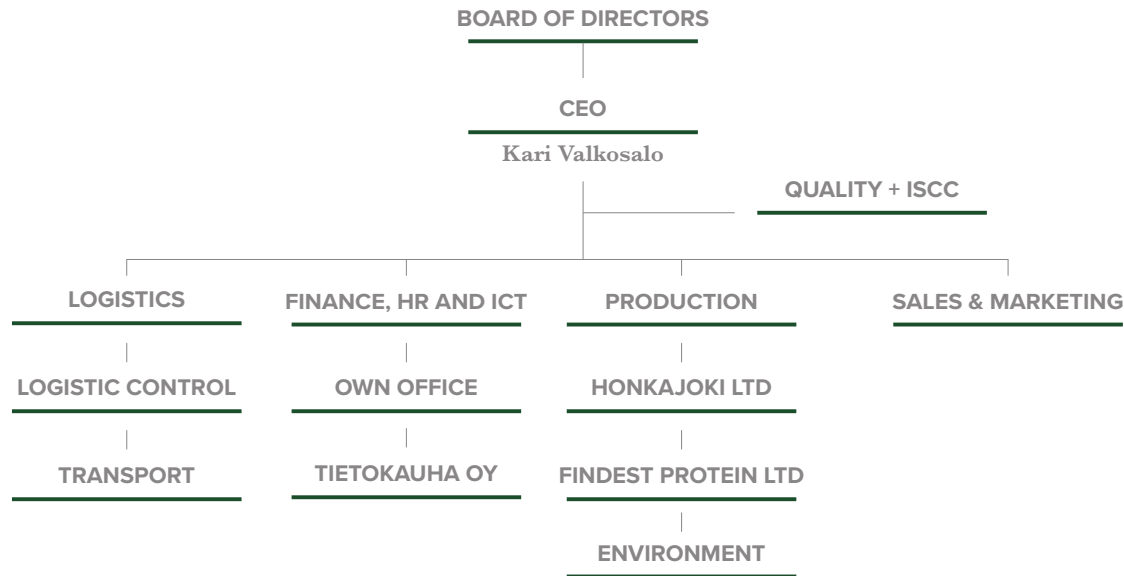
## Board of directors

### THE ANNUAL GENERAL MEETING ON 24 APRIL 2018 ELECTED AS THE BOARD'S REGULAR MEMBERS:

- Mika Ala-Fossi, born 1971, Chair, Merja Leino as deputy
- Sami Sivuranta, born 1975, Janne Leppänen as deputy
- Mika Paulamäki, born 1966, Ulf Jahnsson as deputy
- Matti Perälä, born 1966, Tapani Potka as deputy

The Board of Directors convened 6 times during the operational year.

## Organisational structure



# GRI content table

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2. Strategy		
102-14	Statement from senior decision-maker	Page 3 and 4

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<b>5. Stakeholder engagement</b>		
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**GRI 103: MANAGEMENT APPROACH**

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**GRI 300: ENVIRONMENTAL TOPICS****GRI 301: MATERIALS**

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**GRI 302: ENERGY**

302-1	Energy consumption within the organization	Page 23
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**GRI 303: WATER**

303-1	Water withdrawal by source	Page 23 and 24
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**GRI 306: EFFLUENTS AND WASTE**

306-1	Water discharge by quality and destination	Page 24
306-2	Waste by type and disposal method	Page 24

**GRI 400: SOCIAL TOPICS**

**GRI 401: EMPLOYMENT**

401-1	New employee hires and employee turnover	Page 19
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**GRI 403: OCCUPATIONAL HEALTH AND SAFETY**

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 19
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**GRI 405: DIVERSITY AND EQUAL OPPORTUNITY**

405-1	Diversity of governance bodies and employees	Page 19 and 29
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**GRI 406: NON-DISCRIMINATION**

406-1	Incidents of discrimination and corrective actions taken	Page 18
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