Sustainability Report 2024

HONKAJOKI®

wealth by recycling

Contents

Foreword

Development, continuity and challenges – sustainability in 2024

The year 2024 has been a year of change for the field of sustainability. One of the most significant developments has been the CSRD, which came into force at the beginning of the year and has brought a new approach to sustainability reporting, contributing to previously refined perceptions. However, the Omnibus Bill revolutionised the existing new sustainability legislation and has, at the time of writing, led many companies into the difficult situation of having to choose between overly comprehensive reporting or a situation where there is too little time to prepare for reporting under the CSRD.

In this year's Sustainability Report, we utilised the VSME reporting framework. Before the end of February, we were well advanced in the preparation of CSRD-compliant reporting and carried out a double materiality assessment in line with the Directive. While the Omnibus initiative has brought changes to our reporting, we will ensure that we remain ready for CSRD-compliant reporting in 2026.

During the reporting period, we updated our sustainability programme for the end of the strategic period, 2025-2027. A wide range of internal experts from different departments have been involved in the development of this programme. Our sustainability objectives, which were already set in 2022 as part of the company's strategic review, remains valid. However, it is clear that both the economic realities of the global market and changes in the sustainability landscape have affected our operating environment. We remain committed to moving towards carbon neutral production and a reduced environmental footprint, as well as ensuring a prosperous workforce and a supportive working environment through responsible asset management.

We have calculated the carbon footprints of our end products. In addition, we have taken steps such as developing charging capacity for electric vehicles and carrying out an energy audit at Findest Protein. The decision to invest in LIKE and the start of the construction project are also important steps in our strategic goal to produce higher value-added end products, especially for the animal feed industry.

Sustainability is a continuous process of development, and our reporting evolves with it. We published our first Sustainability Report in 2017, focusing on key figures in production, personnel and finance. Over the years, we have deepened our understanding of the different dimensions of sustainability and developed our reporting to be more comprehensive and transparent.

As we move away from the GRI to the new framework, it is a good time to look back on our journey: what we have learned and how we have evolved. This process has not only been a reporting obligation for stakeholders, but also a valuable tool to improve our operations and strengthen our sustainability work. We remain committed to providing our stakeholders with clear and reliable information on our performance.

Honkajoki will continue to report on sustainability in the future, and the legislator's planned simplification of reporting will not change our commitment to sustainability. For us, sustainability is not just a report - it is our way of working, our competitive advantage and a key part of the core of our business and strategy. Sustainability reporting is first and foremost a business development tool, and we will continue to do so in the future.

Inquiries regarding Honkajoki's corporate responsibility

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Honkajoki Group

Honkajoki Group has prepared this Sustainability Report in accordance with the principles of the VSME ESRS (Voluntary European Sustainability Reporting Standard for non-listed small- and medium-sized enterprises). The report has been prepared in accordance with the baseline. In addition, we have included information from the comprehensive section where available. This Sustainability Report has been prepared on a consolidated basis covering the entire activities of the Honkajoki Group. The reporting period is 1 January - 31 December 2024.

The Honkajoki Group is comprised of the parent company Honkajoki Ltd and the following subsidiaries:

Findest Protein Ltd: Santastentie 197, 38950 Honkajoki

GMM Finland Ltd: Santastentie 197, 38950 Honkajoki

Board of Directors

At the Annual General Meeting on 30 May 2024, the following were elected as ordinary members of the Board:

CHAIRMAN

Mika Ala-Fossi
Deputy Chairman Markku Hirvijärvi

Juha Ruohola
Deputy Petri Toivola

Janne Leppänen
Deputy Pentti Sivula

Matti Perälä
Deputy Tauno Perälä

The Board of Directors has held 7 Board meetings during the year.

HONKAJOKI®

Legal form	Limited liability company
NACE classification	10910
Primary country of activity	Finland

Location of offices:

- Santastentie 197, 38950 Honkajoki
- Tarhatie 25, 69600 Kaustinen
- Yliopistonkatu 60A, 33100 Tampere

CEO's Review

New products for growth

For Honkajoki Ltd, 2024 was a challenging year. Operating profit was EUR 3.6 million, and profitability deteriorated significantly compared to the previous year. This was due to lower protein meal prices and significantly higher energy costs. Turnover remained approximately at the previous year's level and the volume of raw material processed by the group stayed at a similar level.

The main reason for the deterioration in profitability was the fall in the market price of grade 2 meat-and-bone meal. The weaker demand is expected to continue in the current year. The situation has been exacerbated by a sharp fall in domestic fur farming, as a result of which we have lost a significant share of the market for meat-and-bone meal sold for fur animals. Another important factor that has weighed on profitability was the increase in the cost of steam production. Due to capacity constraints in the KPA boiler, we had to produce a significant part of our steam with expensive LPG.

To respond to this situation, in October 2024 we carried out a major KPA boiler renovation in cooperation with our energy partner, Vatajankoski. The renovation increased the boiler's capacity by 2-3 MWh, while improving the efficiency and reliability of steam generation. The development of energy solutions will continue in the current year 2025, when Honkajoki plans to introduce an electric boiler. This will allow us to produce steam at low cost when the electricity market is favourable. This investment will also support our sustainability objectives. In addition, we are continuing to plan an investment in a steam generation heat pump together with Vatajankoski. The reduction in LPG consumption and the improved energy efficiency of the steam heat pump will translate into a lower carbon footprint of our end products. In addition to these measures, we are exploring new uses for meat-and-bone meal due to weak market demand. We plan to carry out a combustion trial at the KPA boiler in Honkajoki during 2025.

During the year, several new producers entered the European market, producing porcine meal using an EU approved process 1. This has significantly increased the supply of poultry feed, putting pressure on market prices across Europe. The outlook for the animal fat market is also uncertain. Although price levels have so far remained strong, the uncertainty in the biodiesel market will inevitably be reflected in the pricing of animal fats.

Animal disease outbreaks in Europe have made it difficult to export protein meal to Asia. As a result, the oversupply of protein meal on the European internal market has worsened. Most recently, the foot-and-mouth disease outbreak in Germany in January 2025 has had a negative impact on porcine meal prices. This situation is expected to continue until the animal disease situation is brought under control and exports to Asia return to normal.

The avian influenza outbreak that started in 2023, continued to affect the company in early 2024. The processing of the outbreak material was completed in Honkajoki in February. Overall, the operation went well, and our staff received praise from the Food Authority for their efficient management of the outbreak. The spread of the outbreak was contained, and the material was handled safely.

At the beginning of 2024, the management team decided to renew the Helos logistics system. Helos is a business-critical system that manages the logistics of by-products from slaughterhouses and farms, as well as inventory management. The first phase of the Helos 2.0 project, covering slaughterhouse logistics, will be completed in summer 2025. The new system will improve data analysis, reliability and cost efficiency.

International development of the Honkajoki concept continued in Asia. In October, an export terms agreement was signed for the export of processed animal protein from Finland to China. The export licence is still subject to an official inspection of the Honkajoki facilities by the Chinese authorities.

In March 2024, the company's Board of Directors took the decision to build the LIKE plant. This is the largest investment in the company's history, with a total value of approximately €30 million. The new poultry plant will have a capacity of approximately 100 000 tons per year, which will cover the processing needs of poultry by-products for the whole of Finland. The plant will include a hydrolysis unit, which will allow us to produce new, higher quality soluble proteins. The main customer segments for these are the fish feed and pet food industries. Trial operation of the production line will start in August 2025, with full production expected by the end of the year. It is important that the production line is commissioned as planned and that product quality meets expectations. The next step is the successful commercialisation of the products.

In autumn 2024, we started the wastewater treatment plant expansion project, the first phase of which will be completed in summer 2025, increasing our wastewater treatment capacity by around 80%.

For 2025, one positive outlook is the possible opening of the Norwegian fishmeal market to animal protein. This would create new demand, especially for poultry and feather meal, and support product price developments. The economic outlook remains restrained both in Finland and in our key export countries. Inflation and market interest rates have fallen, but investment and consumer confidence remain weak. Despite these challenges, I strongly believe that together we can achieve our strategic objectives. If the LIKE facility is up and running as planned and the new products are successfully commercialised, the company's future looks strong.

Janne Lukkarinen

Chief Executive Officer

Strategic review

Honkajoki Group is committed to developing solutions for a responsible future in the food chain and circular economy. Our strategy aims to be the safest and most reliable value producer in the food chain by 2027. This means systematic investment in sustainability, resource efficiency and the development of new, more sustainable solutions.

A key part of the strategy is to strengthen the circular economy and resource efficiency. Honkajoki Group is developing new ways to utilise end-use raw materials. The construction of a feather plant and the manufacture of a new product, as well as the soluble hydrolysates plant under construction, which will be completed in late 2025, are important examples of this. The development of higher value-added products, such as products suitable for pet food, is a key objective.

Reducing our environmental impact is at the centre of our strategy and we are making strategic decisions with our partners to move towards a net-zero end product. Energy consumption in production is being improved, with a long-term target of 0.4 megawatt-hour of energy consumption per ton processed. We have commissioned an energy study for the Findest Protein Ltd plant and will next carry out a study for Honkajoki Ltd. These will give us a good idea of the factors we can influence to reduce emissions effectively and decide on possible investments.

In alignment with the company's strategy, Honkajoki Group is building a future where responsibility, efficiency and innovation guide the company's operations towards sustainable growth and more environmentally friendly solutions. By 2027, the Group will be a stronger player in the circular economy and food chain, providing ecological and high-quality products and services for global needs.

Integrated quality systems ensure food safety

Honkajoki Ltd has a comprehensive quality system in place, based on international ISO standards (ISO 9001, 14001 and 45001). The company's quality manual covers all production facilities, including the Findest Protein Ltd plant, in a HACCP-based self-control plan. The company holds ISCC and ISCC CORSIA certifications, which allow the use of animal fat as a renewable transport and aviation fuel feedstock in the EU. Honkajoki Ltd has been granted an INS certificate for category 1 animal fat, which allows it to export to the Italian market and demonstrates that the company meets strict international quality standards.

Vision 2027

The safest and most reliable value provider in the food chain.

Mission

Developing a sustainable future.

Our values

Reliability

We are honest and transparent in all areas of our business.

Environmental friendliness

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

Innovation

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

Growth ambition

We strive for leadership in all areas of our business.

Humanity

We care for the well-being and motivation of our staff in their daily lives.

Compliance with international principles

Honkajoki Ltd is committed to respecting the UN Declaration of Human Rights and the Convention on the Rights of the Child, as well as the ILO's fundamental labour rights, such as freedom of association and the prohibition of discrimination, forced and child labour. The company operates in accordance with the OECD Guidelines and promotes responsible business practices, including in international markets. Honkajoki Ltd is also committed to the ICC's principles of sustainable development and anti-bribery and anti-corruption.

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

Carbon offsetting and reduction scheme for international aviation certificate

2024 Highlights

- In March 2024, the Board of Directors of Honkajoki Ltd made an investment decision to build the LIKE plant. This is the largest inventory project in the company's history, with a total value of approximately EUR 30 million, and will involve the construction of a new poultry production line with a capacity of approximately 100 000 tons. The LIKE investment, which started in April 2024, progressed according to plan. In December 2024, the project was on budget in terms of both euro and schedule. Trial operation of the new production line is scheduled to start in August 2025, with full production by the end of 2025.

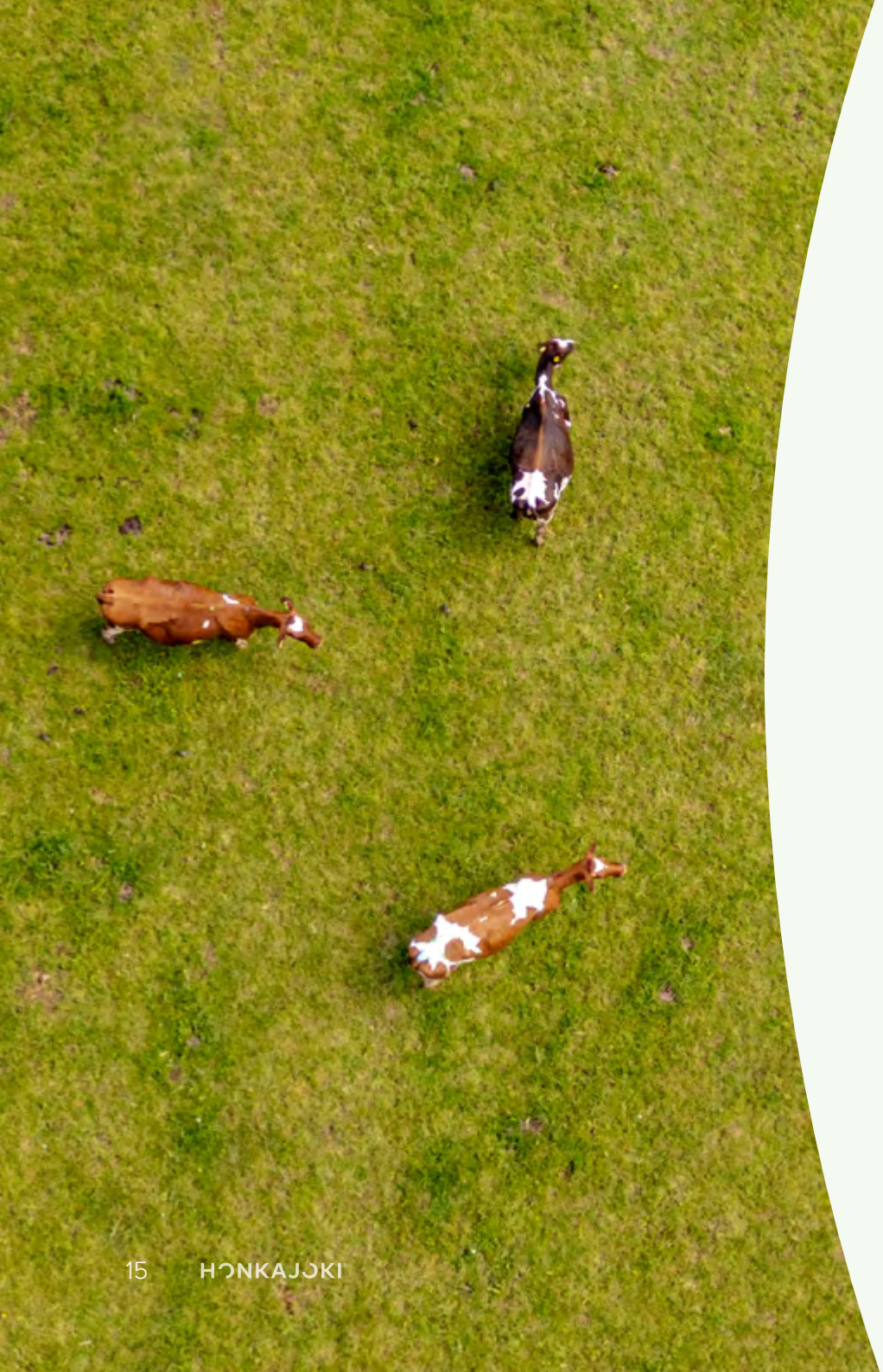
- In autumn last year, the Honkajoki wastewater treatment plant expansion project was launched and will be completed in summer 2025, increasing wastewater treatment capacity by around 80%.

- Honkajoki KPA boiler underwent a major renovation in autumn 2024, which increased the boiler's steam production capacity by 2-3 MWh and at the same time improved the boiler's reliability. After these investments, the use of expensive LPG for steam production will be limited.

- In January 2024, the Steering Group decided to implement the Helos 2.0 project. In the first phase of the project, a new information system will be built for material flows from slaughterhouses, in the second phase for carcass collection and in the last phase for inventory management.

- In 2024, Findest Protein Ltd renewed its electrical and automation system, which improved the flexibility and energy efficiency of production. The renovation included replacing almost all electrical cabling and control panels, building a new electrical room building and upgrading the old electrical room to current standards. The process automation upgrade will facilitate system expansion and development. The changes resulted in reduced steam and compressed air consumption, improved energy management and product quality, and long-term cost savings from the switch to a new converter station.

- GMM Finland Ltd continued its work to increase the added value of animal by-products and to improve the energy efficiency and environmental friendliness of processing methods. The most important project of the year was the design and project management of the new poultry plant in Honkajoki. At the same time, the company increased the volume of its consulting and engineering services by acquiring new clients. At the end of the year, Kauppalehti awarded GMM Finland Ltd the Kasvaja-certificate in recognition of the company's ability to create a successful business in the long term.



Animal By-products in Finland

In 2023, meat consumption in Finland declined slightly by 0.6 kilograms per capita, and poultry became the most consumed meat type, surpassing pork. Poultry consumption rebounded after a brief dip, while beef and pork consumption continued to decline (**Luke, 2024**). These shifts have impacted Honkajoki, as they affect the availability of different animal by-products. The decrease in red meat products reduces the long-term supply of these raw materials, while the growth in poultry consumption has changed processing needs. Changing consumer preferences and sustainability trends also influence the demand for Honkajoki's products, making it essential to adapt to evolving market conditions.

Products

Fats

We produce high-quality fat products for pet food, animal feed and biofuel feedstocks.

Animal proteins

Our poultry meal, feather meal, blood meal and porcine meal are suitable as a source of protein for circular pet food and animal feed.

Fertilizer raw materials

Depending on the product, either a quick or a long-term fertilizing effect on plants can be achieved.

Condensation heat

We recover the excess steam left over from the process. The steam is used for heating greenhouses.

Raw materials for fur feed

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

Products in 2024

- **Poultry meal**
- **Porcine meal**
- **Blood meal**
- **Feather meal**
- **Meat-and-bone meal category 1 and 2**
- **Poultry fat**
- **Fat category 1,2 and 3**

The product label sent with the products informs the customer of the main nutrients, i.e. crude protein, crude fat and ash. In addition, the best-before date, the additives and antioxidants used and the hygiene analyses carried out on the feed materials (Salmonella, not detected, Clostridium perfringens <1 pmy/g and Enterobacteriaceae <10 pmy/g) are indicated.

Sales activity report

As in the previous year, our largest customer segment in 2024 was the biofuels industry in euro equivalent. The pet food and fish feed industries increased their share compared to the previous year, while the fertiliser industry and fur feed production had a smaller share than in the previous year due to the lower market price of category two meat-and-bone meal and lower volumes used in domestic fur feed production.

We supplied 62% of the volume of all products to the domestic market, 35% to the EU and 4% to non-EU countries. The key strategic objective has been to increase the domestic market share to 70%, but the share of domestic volumes decreased by 6 percentage points. The decrease in the domestic share was mainly due to lower domestic demand for meat-and-bone meal. Exports to the EU were 5% higher than last year. Exports to non-EU countries were 2 percentage points higher than last year. During the year, demand for fur kitchens fell by more than 40%. This segment accounts for only 2% of the company's total sales. Demand for organic fertilisers was also weak.

During the year, 77 sacks of protein meal were returned, out of a total of around 24 000 sacks produced by the Group. Of these, 70 sacks were returned because moisture was detected due to a malfunction of the exhaust fan. Hygiene analyses of the bags were clean despite the malfunction. Seven sacks were replaced with new product due to an outdated date, the dispatch of which was due to human error.

During the past year, we increased our visibility in the fish feed segment by participating for the first time in Aqua2024 in Copenhagen. Feather meal is an important feed ingredient in the fish feed segment, replacing feed ingredients such as fishmeal or soya imported from the American continent to Europe. We carried out digestibility tests with feather meal, which showed good quality of our product in fish feed.

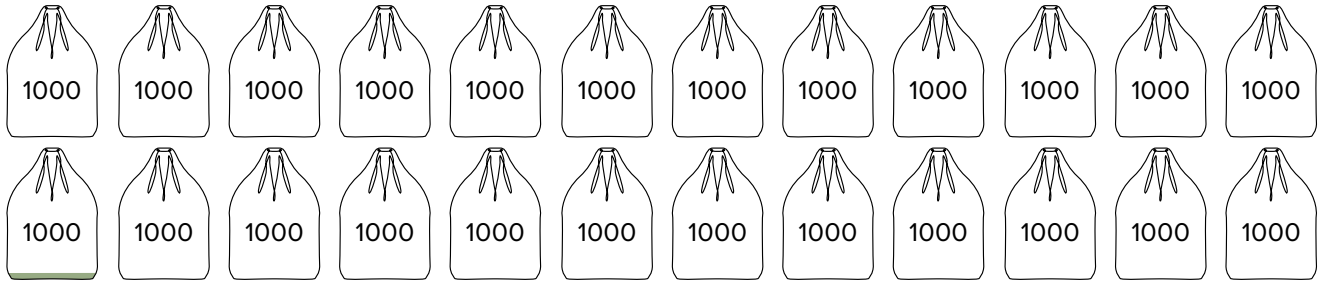
The quality of our protein meal products has actively improved during the year. A successful development project in poultry meal homogeneity, led by our subsidiary, GMM, resulted in reduced variation in fat and protein content. The development project also saw an increase in protein content and a decrease in fat content. The homogeneity of the feather meal was improved in the pepsin content in a development project that started in the autumn, resulting in less variation in pepsin content and better results.

CATEGORY 1	CATEGORY 2	GATEGORY 3
MEAT BONE MEAL For combustion as energy	MEAT BONE MEAL Pet food and feed for farm animals as circular raw material	MEAT BONE MEAL Pet food and feed for farm animals as circular raw material
Domestic **84.6%** EU **15.4%**	Domestic **41%** EU **53%** Other countries **6%**	
FAT Sold as raw material for biofuel	FAT Sold as raw material for biofuel	FAT As biofuel raw material or feed fat for the animal feed industry
EU **100%**	Domestic **98.6%** EU **1.4%**	

RETURN PERCENTAGE

0.3%

77 out of 24 000 sacks



Sustainability Principles

Honkajoki Group has been reporting on its corporate sustainability since 2017 and has continuously deepened the content of its reporting. We have monitored and developed our sustainability programme, calculated scope 1 and 2 emissions and identified key emission sources also in the scope 3 category.

Until 2023, our reporting was based on the core level of the GRI standard. In summer 2024, we started preparing for the implementation of the CSRD Directive, but with the publication of the EU Omnibus package, we are reassessing the situation. In line with the decision of the Management Team, our 2024 Sustainability Report will be prepared in accordance with the VSME framework. From 2024 onwards, we will report the figures at Group level.

The Honkajoki Group's sustainable development practices form a framework that guides sustainable activities in our daily work. The company has a Code of Conduct that defines our actions in accordance with the principles of transparency, ethics and compliance with the law. In addition, the Equal Opportunities Policy supports fairness and non-discrimination in all personnel-related practices.

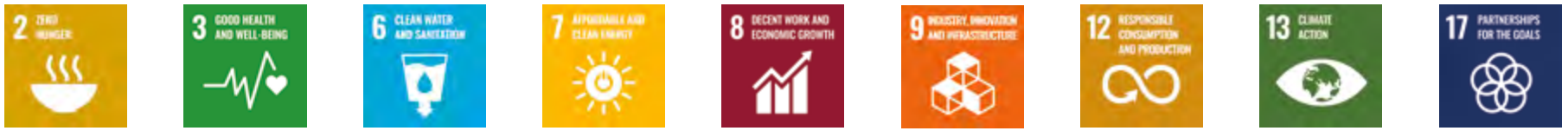
Travel and remote working policies promote sustainable working, minimising environmental impact and supporting employee well-being and work-life balance. Some of the policies are publicly available, while others are internal guidelines that support responsible management and operational activities.

	Current sustainable development practices, policy or initiative [Yes / No]	Available to the public [Yes / No]	Includes targets [Yes/No]
Climate change	Yes	Yes	Yes
Pollution	Yes	Yes	No
Water and marine resources	Yes	Yes	No
Biodiversity and ecosystems	No	No	No
Circular economy	Yes	Yes	Yes
Own workforce	Yes	No	Yes
Value chain workers	Yes	Yes	No
Affected communities	Yes	Yes	No
Consumers and end-users	Yes	Yes	Yes
Business ethics	Yes	Yes	Yes

Sustainability Strategy and Programme

- Progressing faster than expected
- Progressing on schedule
- No progress or below target

	OUTCOMES 2024	SDG
ENVIRONMENT		
STRATEGIC TOP-LEVEL OBJECTIVE We are actively taking steps towards net zero and a lower environmental burden.		7, 13
In the future, we will focus on improving energy efficiency and reducing our carbon footprint. We will invest in more energy-efficient technologies and solutions.		7, 13
Our aim is to achieve zero waste and optimise water use in our industrial operations.		2, 6
We are expanding our survey and research work on plant-based products.		2, 9, 12
We are constantly developing higher value-added products through investment.		2, 9, 12
The quality and hygiene of our products is first class. We improve the monitoring of product quality and hygiene through NIR analyses.		3
We are building a new logistics system that optimises reliability, data analysis and cost efficiency.		17
SOCIAL		
STRATEGIC TOP-LEVEL OBJECTIVE Staff wellbeing and a supportive atmosphere.		8
We will strengthen our leadership work and develop expertise to provide meaningful learning pathways and growth opportunities for the people of Honkajoki. We invest in the employee experience by promoting fairness, equality and a safe working environment where everyone can thrive.		
FINANCE AND GOOD GOVERNANCE		
STRATEGIC TOP-LEVEL OBJECTIVE Responsible wealth.		8
We ensure responsible sourcing and supplier cooperation by supporting sustainability throughout the value chain and investing in investments that promote high-quality production and economic viability.		



Environment

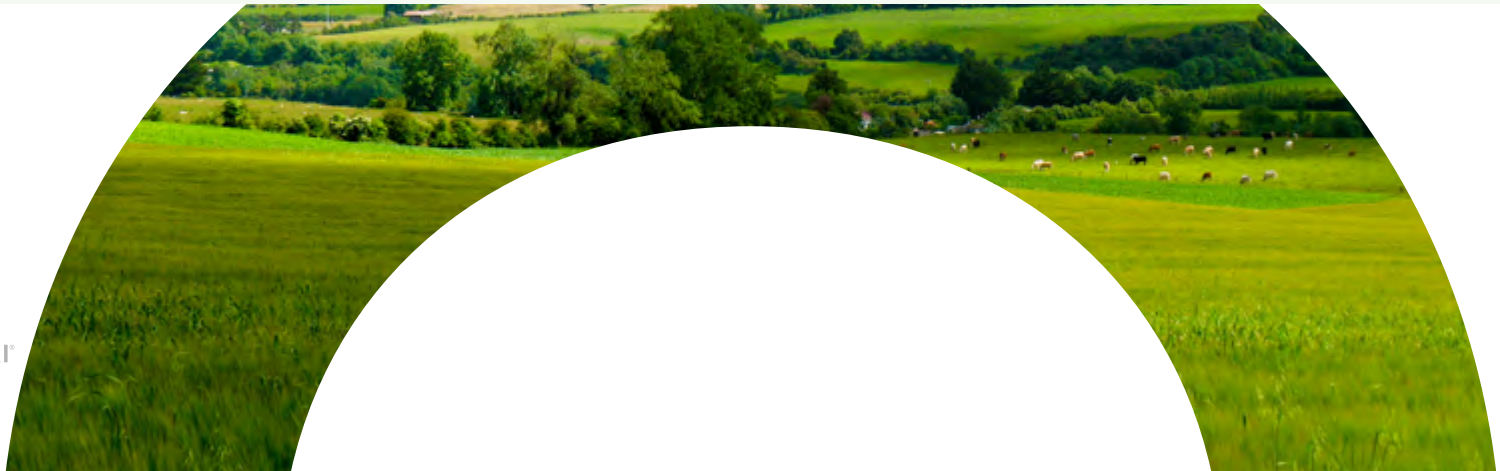
Strategic top-level goal:

We will actively take steps towards net zero and a lower environmental burden.

During the reporting period, Honkajoki Group focused on monitoring developments in EU sustainability regulation, in particular the Corporate Social Responsibility Reporting Directive (CSRD) and other sustainability policies. Sustainability issues were regularly discussed from different perspectives in management reviews as well as in meetings of the Management Team. In addition, sustainability working teams met during the year to develop processes and practices and to monitor the progress of agreed measures.

We are investing in more energy-efficient technologies and solutions to ensure sustainable production operations. We aim to optimise the use of water in our industrial operations and make the most efficient use of resources. We have also expanded our survey and research work on plant-based products to support our long-term development efforts.

Continuous product development and investment will enable us to develop products with higher added value. We want to ensure that the quality and hygiene of our products are first class, and we are investing in more accurate quality and hygiene monitoring, including the use of NIR analysis methods. During the reporting period, we started building a new logistics system to improve security of delivery, optimise data analysis and increase cost efficiency.



People and social responsibility

Strategic top-level goal:

Staff wellbeing and a supportive atmosphere.

Employee well-being and safety are key priorities in our sustainability strategy. Our aim is to create a working environment that supports well-being at work and enables people to develop their skills. We promote the health and well-being of our employees and encourage an open dialogue in which they have the opportunity to contribute to the development of their work community.

Governance, finance and good corporate management

Strategic top-level goal:

Responsible wealth.

Responsible sourcing and supplier cooperation are key principles of our business, and we support sustainable development throughout the value chain. We invest in investments that promote high quality production and ensure long-term financial profitability. At the same time, we monitor and improve our sustainability reporting to reflect the changing regulatory and business environment.

Promoting transparency and ethics in our business is of the utmost importance to us. We continuously strive to improve our operating models so that they support responsible growth and ensure the sustainable success of our business.

Sustainability Reporting

Reporting framework

Honkajoki Group has decided to report its sustainability in accordance with the Voluntary Sustainability Reporting Standard for SMEs (VSME). VSME has been developed to facilitate sustainability reporting by small and medium-sized enterprises and is aligned with the European Sustainability Reporting Standards (ESRS), but is a lighter version adapted to the needs of SMEs. The standard allows you to choose whether to report using the standard or the extended module. For 2024, Honkajoki Group has chosen to base its report on the basic module of the ESRS, adding some information already available on the reporting requirements of the extended part. VSME-based reporting will support transparency in sustainability work and help prepare for possible future extended reporting requirements.

Double Materiality Assessment

Honkajoki Group, in cooperation with a consultancy firm, conducted a double materiality assessment in preparation for reporting under the CSRD. Thus, the assessment was based on the CSRD reporting framework, but with the transition to VSME reporting, the double materiality assessment is no longer necessary for reporting requirements. Nevertheless, the assessment has been a valuable tool for developing accountability work and managing the risks of the company's business.

The analysis looked at the value chain, the main stakeholders and the environmental and social impacts of Honkajoki's business. The financial risks and opportunities associated with the themes were also assessed to identify the most material issues to be reported. The analysis involved people from several departments and the results were discussed with the management team.

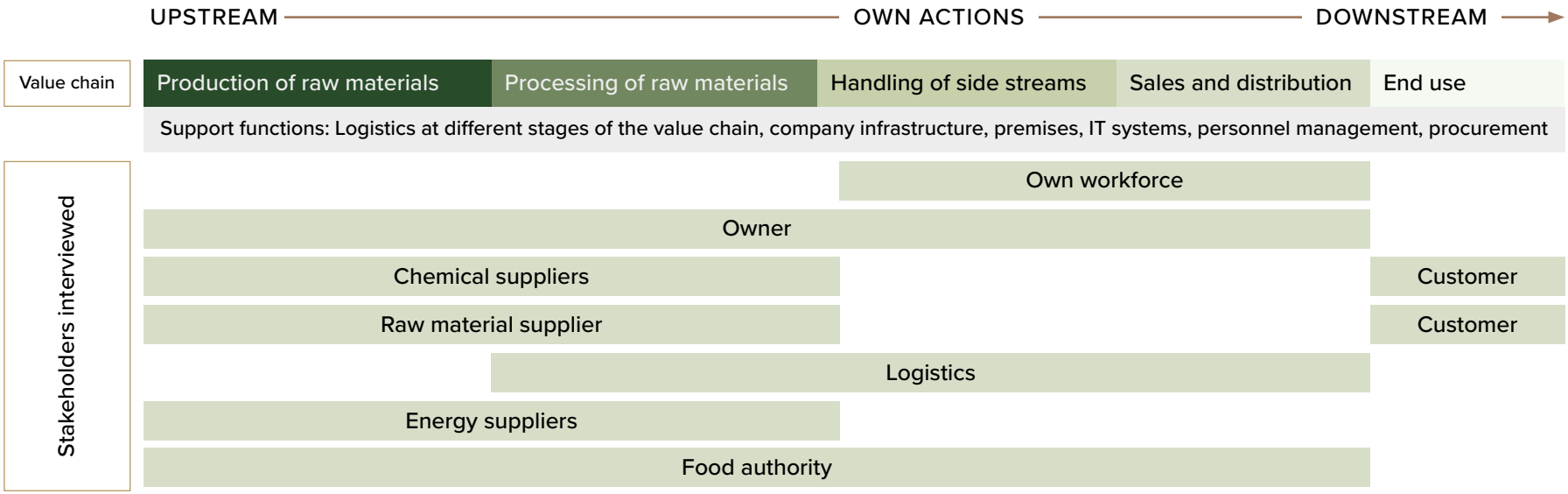
The analysis identified 18 different impact categories, six of which were assessed as material. Economic risks and opportunities were identified in eight themes, four of which were found to be material. Based on these, the material themes to be reported under the CSRD for the Honkajoki Group would be climate change, pollution, circular economy and own labour.

Risk management

Sustainability and risk management are closely linked, as ensuring sustainable operations requires foresight and assessment of risks and opportunities in the operating environment. In the double materiality assessment, we focused in particular on the definition of IROs (Impact, Risk & Opportunity), which helps to identify the key business risks and opportunities related to sustainability. Identifying these provides a basis for strategic decision-making and ensures that the company can respond proactively to changing environmental and market conditions. Improving data collection and analysis will enable more systematic risk management and improve the effectiveness of sustainability work. This will help, for example, to manage climate risks, ensure supply chain sustainability, meet regulatory requirements, and manage occupational safety, corporate reputation and stakeholder relations. Integrating risk management and sustainability into the business strategy improves the company's ability to anticipate and reduce negative impacts, while creating opportunities for competitive advantage and long-term success.

Description of the Value Chain

Honkajoki's value chain analysis was conducted covering the entire process from raw material production to the consumption of downstream products. The chain begins with raw material production, particularly meat production, followed by the processing of raw materials through slaughtering and meat processing. Honkajoki's core operations involve by-product processing (rendering), and the chain continues with sales, distribution, and consumption of end products. The value chain does not include the business of GMM Finland Ltd.



Stakeholders	Interaction channels	Key topics in interaction	
Staff	Continuous internal discussions with staff through different channels, in line with the company's channel strategy. Regular staff satisfaction surveys, internal intranet news on current events in the company.	• Company strategy • Changes in the business environment • Investments • Issues and guidelines relating to staff well-being	• Occupational safety issues • Occupational safety findings • Career development and possible training
Students and potential employees	Close cooperation with educational institutions, recruitment events and recruitment processes.	• Career development and employment opportunities • Continuing training	• Student opportunities • Commentary on study modules and expert lectures
Owners	Regular communication by the management of the company, electronically and through the general meeting and other meetings.	• Profitability analysis • Investments • Financing	• Strategy • Changes in the business environment • Forecasts
End product customers	Constant communication with customers by phone, email and electronic channels. Regular customer satisfaction surveys. Up-to-date information via website and social media.	• New products • Product features • Pricing	• Deliveries • Producer responsibility • Sustainability matters
Suppliers of goods and services	Maintain interaction with key partners and, if necessary, seek new partners in different forums, including through fairs and networking events.	• Development of activities	• Cooperation projects
Slaughterhouses and raw material suppliers	We are in constant contact with contracted suppliers, organising meetings and workshops.	• Co-development of cooperation and productivity • Compliance	• Quality factors • Quality monitoring
R&D partners	We actively cooperate with various research institutes. We maintain regular communication and also look for ways to work with different stakeholders on collaborative projects.	• Collaborative projects	• Development opportunities
Neighbors	Negotiations, discussions and emails.	• Common regional development issues	• Cooperation
Logistics partners	Maintaining constant contact with contractors and dealing with current issues by telephone, e-mail and meetings.	• Logistics chain management • Critical route monitoring	• Quality factors and requirements
Authorities and policy makers	Continuous cooperation with the supervisory authority and the legislative requirements of the sector.	• Permit matters • Monitoring legislation • Biosecurity	• Export facilitation • Export documentation • Product safety

Impacts identified in the double materiality assessment

The value chain analysis helped to identify the key stakeholders involved at different stages of the process. These include owners, suppliers of raw materials and chemicals, logistics service providers, public authorities such as the Food Authority and customers. Following the identification of stakeholders, interviews were conducted to gather views on Honkajoki's operations and sustainability practices.

Results of the double materiality assessment

Honkajoki Group carried out a double materiality assessment between November 2024 and January 2025 in accordance with the EU Corporate Sustainability Reporting Directive (CSRD). The objective of the assessment was to identify the sustainability issues relevant to Honkajoki Group from the perspective of both the external impacts and the financial risks and opportunities for the business. The work was guided by the ESRS standards and extensively used stakeholder interviews, expert assessments and a numerical assessment tool.

As a result of the assessment, Honkajoki identified four themes that are material to the company, in line with the principle of double materiality assessment. These include climate change (E1), pollution (E2), circular economy (E5) and own labour (S1). These themes exceeded the thresholds defined in the materiality assessment: 80% for impacts and 60% for economic risks and opportunities. Climate change clearly emerged as a key theme, with both significant negative impacts and significant economic risks. In Honkajoki's own activities, only minor positive impacts and economic opportunities related to climate change were identified.

Pollution was another environmental issue that clearly emerged. It relates in particular to waste water treatment, odours and other emissions that can affect both the environment and local communities. Although the economic risks or opportunities were not as significant as for climate change, the scale and severity of the impacts made the issue relevant.

The circular economy was identified as the core of Honkajoki's business. Utilisation of the slaughterhouse's side streams into valuable end products is a key part of the company's operating model, with both strong positive impacts and opportunities for business development. The importance of the circular economy is also highlighted in the company's branding and strategic planning.

From a social responsibility perspective, the own workforce (S1) emerged as an essential theme, in particular because of the positive impacts. Honkajoki invests in the well-being, safety and working conditions of its employees, and fair treatment and remuneration of employees were identified as key strengths. These factors reinforce the company's long-term success and competitiveness.

In contrast, themes such as employees in the value chain (S2), water resources (E3) and affected communities (S3) did not emerge as relevant in the analysis. The impacts or risks associated with these themes were considered to be either negligible or of limited relevance to the company's business.

	IDENTIFIED IMPACTS	MATERIAL IMPACTS	IDENTIFIED FINANCIAL RISKS
ENVIRONMENT	E1 Climate Change E2 Pollution E3 Water Resources and Marine Resources E4 Biodiversity and Ecosystems E5 Circular Economy	E1 Climate Change E2 Pollution E5 Circular Economy	E1 Climate Change E2 Pollution E5 Circular Economy
PEOPLE AND SOCIAL RESPONSIBILITY	S1 Own Workforce S2 Value Chain Employees S4 Consumers and End Users	S1 Own Workforce	
GOVERNANCE, ECONOMICS, AND GOOD ADMINISTRATION	G1 Business Operations		

Environmental Responsibility

Managing environmental impacts with data and group-wide collaboration

In 2024, we continued our determined efforts to reduce our environmental impact and improve energy efficiency. A key development in our sustainability work was the consolidation of sustainability data across the Group, instead of separate reporting, which will allow us to present a more integrated and transparent picture of our operations. By integrating the environmental data of all our subsidiaries into the parent company's reporting, we are able to look at our impacts more effectively as a whole.

Monitoring and managing our environmental impacts is based on accurate data. We collect and analyse data on energy consumption, fuel use, waste streams and water treatment, among other things. We use data to monitor operational efficiency, identify areas for improvement and ensure that our environmental work is based on timely and reliable information.

The process and logistics of our rendering plants consume a lot of energy and fuel, which increases greenhouse gas emissions and accelerates climate change. As a result of climate change, for example, more frequent heat waves may reduce the holding time of raw materials, thus affecting the quality of finished products. We aim to reduce these emissions by increasing the amount of renewable energy and by investing in energy efficiency. The Honkajoki Group treats its emissions to air and water, which helps us to protect biodiversity and prevent environmental pollution.

Water management is a key part of our environmental responsibility, alongside energy efficiency, and in 2024 we paid particular attention to wastewater treatment by deciding to expand the wastewater treatment plant to enable efficient treatment of the growing volume of wastewater. Our long-term goal is to optimise water use and improve the efficiency of treatment processes.

Our environmental work is based on continuous improvement and we are actively looking for new ways to reduce the environmental footprint of our operations. In the coming years, we will focus in particular on improving energy efficiency, recovering waste heat and further reducing emissions to the environment.

Energy and greenhouse gas emissions

Honkajoki Group is developing a transition plan for climate change mitigation, with the initial phase focusing on an energy roadmap, its primary area of concern and contribution to greenhouse gas (GHG) emissions. This roadmap includes installing steam volume meters on each processing line to monitor steam consumption and investing in new technologies, such as a steam-generation heat pump to lower the need for steam produced by the boiler. These measures support the company's goal of achieving an energy consumption target of 0.4 MWh per ton of raw material.

Beyond steam consumption, Honkajoki Group has identified raw material logistics as another major source of GHG emissions. To address this, ongoing projects like Helos 2.0 aim to enhance the efficiency of raw material transportation.

Honkajoki group's emissions are separated into three scopes, where the method used to calculate follows the GHG protocol. Scope 1 includes fuel consumption from our own vehicles, scope 2 covers electricity and steam consumption, and scope 3 includes purchased goods and materials, water use, waste generation, raw material transportation, business travels, hotel stays, and emplLtdee commute. The VSME framework requires only Scope 1 and Scope 2 emissions to be reported, focusing on direct and energy-related emissions. However, at Honkajoki Group, we have chosen to follow to include Scope 3 emissions. This decision reflects our commitment to greater transparency and accountability in our sustainability reporting, ensuring we capture the full environmental impact of our operations and supply chain.

Honkajoki Group's total emissions increased compared to previous years due to several factors. The 2024 report includes newly available data, such as GMM's office electricity consumption, business travel, and hotel stays. Additionally, the new feather plant operated for the entire year, unlike in 2023 when it ran for only half the year, resulting in higher steam consumption. Another contributing factor was the switch from a location-based to a market-based emission factor for electricity consumption, which led to a higher reported total. Furthermore, emissions from Category 1 by-product processing were mistakenly excluded from the 2023 calculations but have now been correctly accounted for. These continuous improvements in data availability and collection provide a more in-depth and accurate representation of our greenhouse gas emissions.

Greenhouse gas emissions

	2024 tCO_2e	2023 tCO_2e
Scope 1	193	170
Scope 2	61,611	50,346
Scope 3	5,171	4,679
Total	**66,975**	**55,195**

GHG-intensity

1,150.8 tCO_2e

/ million euros per turnover

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 identify emission hotspots, such as energy production, which is mainly due to the use of peat for steam generation. We work to reduce emissions and make new investments. Our development plan for carbon emission calculations includes increasing accuracy by storing production line-specific data and incorporating third-party verification.

Product carbon footprint

The Honkajoki Group has calculated Product Carbon Footprints (PCFs) for all its end products to ensure accurate monitoring of greenhouse gas emissions and the ability to measure progress in reducing environmental impacts. The calculations cover Scope 1 emissions from fuel used on-site, Scope 2 emissions from purchased steam and electricity, and Scope 3 emissions from raw materials, chemicals, packaging, logistics, waste and water consumption. The data used in the calculation is based on consumption data allocated to final products based on the mass of raw material used. The product-specific carbon footprint calculation follows the GHG protocol and is externally verified, confirming our commitment to transparency and continuous improvement in sustainability work.

Thermal energy

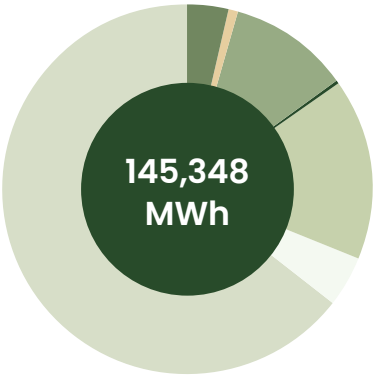
In 2024, the Honkajoki Group used a total of 145,349 MWh of thermal energy in the form of steam. The fuels used were milled peat, biogas, LPG and heavy fuel oil. Renewable fuels accounted for 8.8% and fossil fuels for 89.2% of the thermal energy produced.

The heat consumption per ton of raw material processed was 0.7 MWh, slightly higher than in 2023. The increase in energy consumption is influenced by the fact that in 2024 the energy consumption of the feather plant in its first full year of operation will be higher than in other plants. In addition, the efficiency of the Vatajankoski KPA plant was slightly lower in the first year of 2024 than in 2023, but the renovation of the KPA plant in September-October brought significant improvements in the energy efficiency of the plant. After the renovation, monitoring showed that the relative specific steam consumption was 14% lower than before, demonstrating the positive impact of the renovations on the resource efficiency of the production process.

New, more energy-efficient air compressors have been purchased for late 2024 and will be commissioned during the winter of 2025. This equipment is expected to improve the energy efficiency of production and thus reduce overall energy consumption.

Distribution of fuel sources

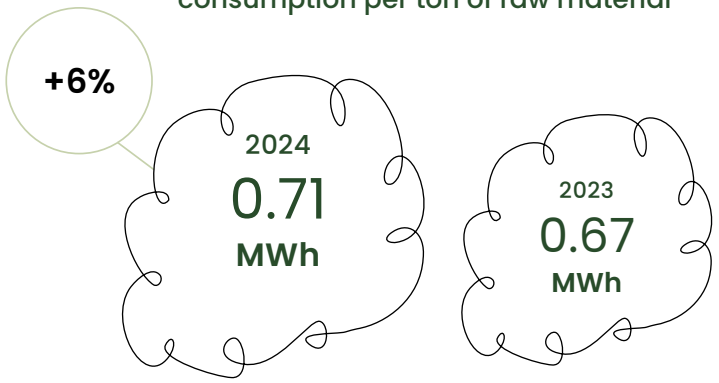
- **64.3%** Milled peat
- **4.3%** Wood chip
- **16%** Liquefied petroleum gas (LPG)
- **0.2%** Light fuel oil (LFO)
- **10.6%** Peat
- **0.8%** Sawdust and bark
- **3.7%** Biogas



8.8%
Renewable energy
12,764 MWh

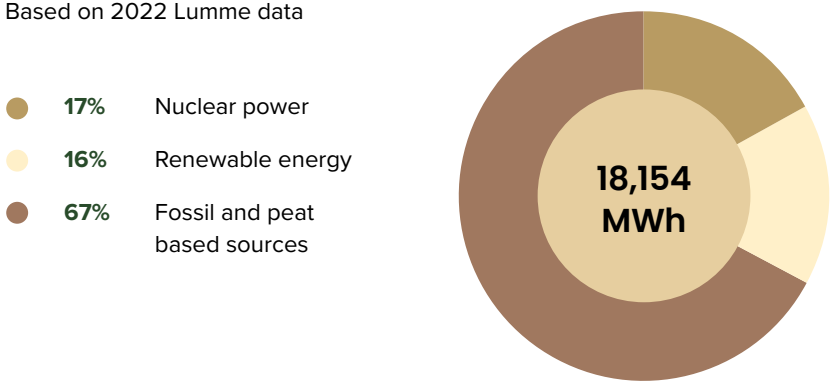
91.2%
Non-renewable energy
132,584 MWh

Honkajoki Group's steam consumption per ton of raw material



Energy sources for electricity production

Based on 2022 Lumme data

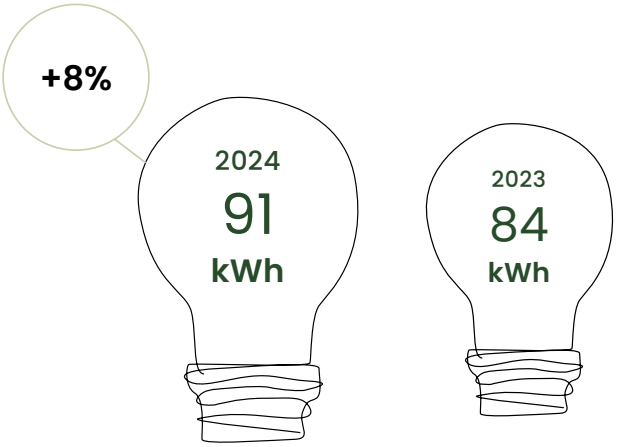


Electricity and specific consumption

The Honkajoki Group's total electricity consumption in 2024 was 18,154 MWh, which corresponds to approximately 0.09 MWh per ton of raw material processed. Total and specific electricity consumption increased compared to 2023, with a figure of 0.08 MWh/ton.

The increase in consumption was mainly due to the fact that the new production plant was in operation throughout 2024. Although the volume of raw material processed increased only slightly compared to the previous year, the plants previously in operation also continued to operate normally, resulting in a lower utilisation rate than the capacity of the production plants. In addition, electricity was consumed at the construction site of the LIKE project and at the Findest Protein Ltd wastewater treatment plant, where the increased solids content increased the energy consumption of the treatment process.

Honkajoki Group's electricity consumption per ton of raw material



More efficient logistics, more responsible mobility

Honkajoki Ltd is upgrading its Helos Logistics system to improve usability, increase efficiency and meet future needs. Built on the Amazon AWS platform, the new system improves mobility, raw material traceability and transport cost efficiency. It also supports sustainability reporting and provides better service throughout the value chain. Honkajoki Group sees international application potential for the Helos concept in ABP logistics. The reform will cover transport from slaughterhouses, carcass collection and product storage and will be implemented between 2024 and 2026.

Honkajoki Ltd's logistics operations are based on large-scale transport to ensure efficient handling of animal by-products. Last year, we consumed a total of 1,515,553 litres of fuels, with a total of 3,695,188 kilometres travelled. Of this, 1,919,352 km is related to container transport from slaughterhouses and 1,775,835 km to farm collections. The scale of the operation underlines the importance of continuous improvement in route planning and logistical efficiency to reduce environmental impact and improve cost-effectiveness.

Kilometres driven 3,695,188 km

Container transfer from slaughterhouses
1,919,352 km

Farm collection
1,775,835 km

Work-related emissions from commuting

In 2024, the Honkajoki Group actively monitored the environmental impact of employees' commuting and business travel as part of Scope 3 emissions reporting. Employees travelled a total of 671,124 kilometres for work commute, 50% of which were in their own diesel-powered cars. Work-related air travel amounted to 165,500 km and 211 hotel nights were recorded during the year. Monitoring these activities will help to better understand the carbon footprint of employee mobility and company travel.

Employee commute and business travel

- 64.3% Cycling/walking
- 4.3% Own car (petrol)
- 50% Own car (diesel)
- 0.2% Own car (hybrid)
- 10.6% Own car (electric)
- 0.8% Train
- 3.7% Bus

Hotel stays
211

Air travel
165,500 km

Air, water and soil pollution

Honkajoki plays an important role in preventing pollution through its animal by-products collection system. The Honkajoki concept ensures that these materials are treated safely instead of being left to decompose in nature. Without proper collection, decomposing by-products could release harmful substances into the soil and water, increasing environmental pollution and greenhouse gas emissions. Through efficient collection and treatment, Honkajoki will significantly reduce the risk of pollutants entering ecosystems, while supporting sustainable environmental management and the principles of the circular economy.

The Honkajoki Group strives to minimise its environmental impact by continuously applying best available techniques (BAT) to reduce emissions. The environmental permits for the plants set limits for emissions to air and water to minimise the environmental impact of the operations. The process is completely closed and normal operations do not produce untreated emissions to the soil. Air and water emissions are monitored both through self-monitoring and through annual measurements by external operators, which improves transparency and supports the continuous development of environmental objectives.

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. The odour and mass flows of the compounds were calculated from the concentration results using measured auxiliary sources. Two parallel water samples were taken from the process stream. In addition, the samples were subjected to olfactometric analyses to determine odour concentrations.

The emissions to air in 2024 were reduced from those in 2023. Only volatile organic compounds increased. In 2024, a bioscrubber was installed in the exhaust air treatment of the new plant, which worked very well to lower the high emission concentrations. In addition, a temporary biofilter was commissioned in April, with pH control for optimal odour removal.

Measurements showed that the odour treatment systems worked well and the conditions of the environmental permit were met at both plants. The bio-filter in the odour treatment plants performed well for the measured parameters, i.e. with at least 90% efficiency, except for volatile organic compounds.

The results have allowed to calculate the annual emissions to air of the plant. Such measurements and the resulting assessments are important to protect the environment and to ensure that operations remain within regulatory limits.

	2024 (tn/a)	2023 (tn/a)
Ammonia	4.8	26.0
NMVOC	112.1	104.4
TRS	10.2	78.5

Water emissions

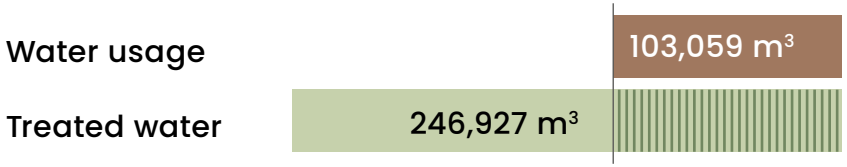
In addition to its own process and condensate water, Honkajoki Ltd's wastewater treatment plant also treats wastewater from the Naapurin Maalaiskana Ltd. The Honkajoki Group's two wastewater treatment plants treated a total of 246,927 m^3 of wastewater. The wastewater treated at the treatment plants was discharged from the Honkajoki Ltd treatment plant into the Karvianjoki river and from Findest Protein Ltd into the Perhonjoki river. In 2024, no water from the process was discharged into the municipal sewerage system or the environment. We are continuously improving our wastewater treatment process to reduce discharges to water bodies and thus prevent water pollution. In 2024, Honkajoki Ltd will start a project to expand the wastewater treatment plant to ensure successful treatment of the growing volume of wastewater.

In 2024, as the volume of wastewater increased, the load on water bodies also increased compared to the previous year for all substances. Nevertheless, despite the exceptionally high nitrogen levels in the water and the variable influent load, the discharge results are very good and the treatment plants are operating as intended.

According to external inspection reports, both wastewater treatment plants of the Honkajoki Group met the permit requirements of the environmental permit during 2024, both in terms of discharge concentrations and specific load.

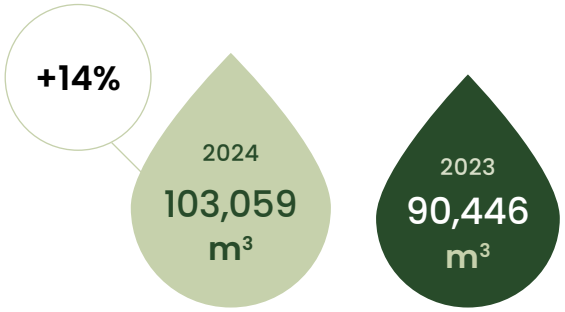
In June and September, part of Honkajoki Ltd's wastewater load was transported elsewhere, such as to the Findest Protein Ltd wastewater treatment plant and Gasum in Honkajoki. This ensured that sudden load spikes would not cause disruptions during the biological treatment of the wastewater treatment plant. Findest Protein Ltd pre-treated the sludge by drying it before further transport. A total of 13,795 m^3 of sludge was transported from both WWTPs to the Gasum biogas plant for further treatment.

	2024 (t/a)	2023 (t/a)
BOD_7ATU	0.35	0.18
COD_{Cr}	7.90	5.90
Phosphorus	0.18	0.15
Solids	4.20	1.31
Nitrogen	19.80	6.60

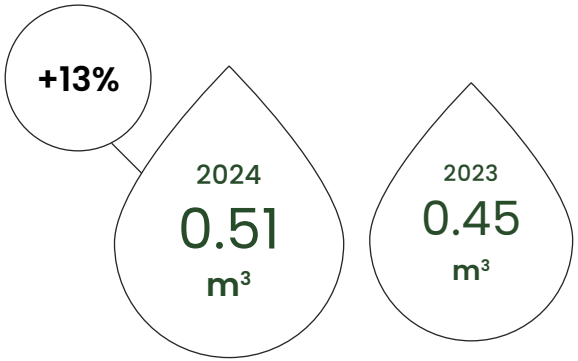


Water consumption

The Honkajoki Group's treatment plants and wastewater treatment plants used a total of 103,059 m^3 of clean water in 2024, an increase of 14% compared to 2023. In 2024,0.51 m^3 of water was used per ton of raw material, compared to 0.45 m^3 per ton of raw material in 2023.



Honkajoki Group's water consumption per ton of raw material



The increase in water consumption in 2024 was mainly due to the first full year of operation of the feather plant. The feather treatment process consumes more water than other processes, but water consumption also increased because the 2024 feathers were drier on average and required more water for treatment. Findest Protein Ltd, on the other hand, had to heat the waste water treatment plant basin with hot water. In addition, the number of washings of the transport equipment increased because the feathers were transported in smaller containers, which increased the need for washing. In addition, the slurry water was diverted to Gasum via the slurry line, which required cooling with mains water. The diversion of sewage water was done to ensure the biological functioning of the treatment plant.

In addition to the process, water is used for washing the plant premises and equipment and transport equipment, but some water is also used as boiler water in the plant's LPG boilers during the annual maintenance of the Vatajankoski electric boiler plant in September.

A total of 246,927 m^3 of wastewater was treated at the wastewater treatment plants. Water consumption is calculated as the difference between used and treated water. Our water consumption is therefore negative at -143 868 m^3. Negative water consumption does not mean excess water use, but reflects the natural water balance of the process, where both the water contained in the raw materials and the condensate produced increase the amount of water treated in the waste water treatment plants. Our raw materials contain water that is released during the process, in addition to which condensation water is generated during the process as a result of temperature fluctuations, which is discharged to the wastewater treatment plant for treatment. In addition, Honkajoki Ltd's wastewater treatment plant also receives and treats wastewater from Naapurin Maalaiskana, which also increases the amount of treated water discharged.

Biodiversity and ecosystems

Biodiversity, or biological diversity, is a key component of ecosystem functioning and therefore an important factor for business and environmental responsibility. Human well-being and the functioning of society depend on the ecosystem services provided by nature, and the Honkajoki Group's activities support the protection of biodiversity, in particular through pollution prevention and circular economy solutions.

Although biodiversity is less relevant in the double materiality assessment than, for example, climate change or the circular economy, these topics are strongly interlinked. Combating climate change contributes to biodiversity conservation, while conserving biodiversity helps to mitigate the effects of climate change. Honkajoki Ltd's sustainability work supports these objectives, and the company actively seeks to reduce the environmental impact of its operations and promote the sustainable use of natural resources.

Neither of Honkajoki Group's sites are located in Natura 2000 areas, and the nearest sensitive area, Karviankosket, is 1.9 km from the company's Honkajoki site. This has been taken into account in the management of environmental impacts: the company has environmental permit limits for discharges of treated wastewater, participates in the joint fisheries monitoring of the Karvianjoki River and pays a fisheries fee.

Circular economy and resource use

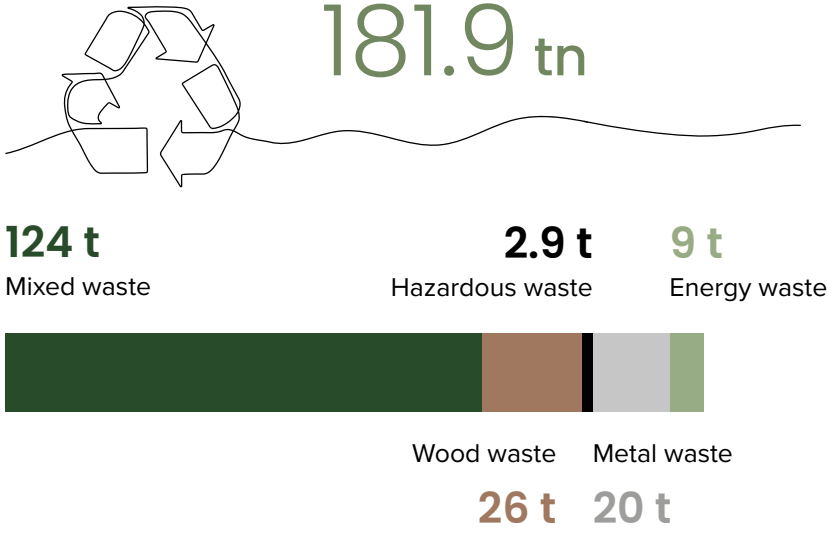
Circular economy and resource efficiency are at the core of Honkajoki's business model. By recycling and utilising by-products from the meat industry, we recover nutrients and convert them into raw materials, reducing the need for virgin resources. Our operations combine nutrient, energy and water recovery, ensuring minimal waste and maximum resource efficiency.

Waste heat from the Honkajoki rendering process is used to heat greenhouses, while sludge from the wastewater treatment plant is used to produce biogas. Water recovery is also key: water from the raw material drying process is treated in accordance with environmental regulations before being discharged.

Material flow management and promotion of recycling

Waste management is an integral part of the Honkajoki Group's operations, ensuring that materials are collected, sorted and disposed of with due care for the environment. Waste is collected at different stages of production and operations, properly sorted and diverted either for recycling or recovery. All waste management is carried out in accordance with local and national regulations and the company's own environmental guidelines, supporting efforts to minimise environmental impact and promote sustainability.

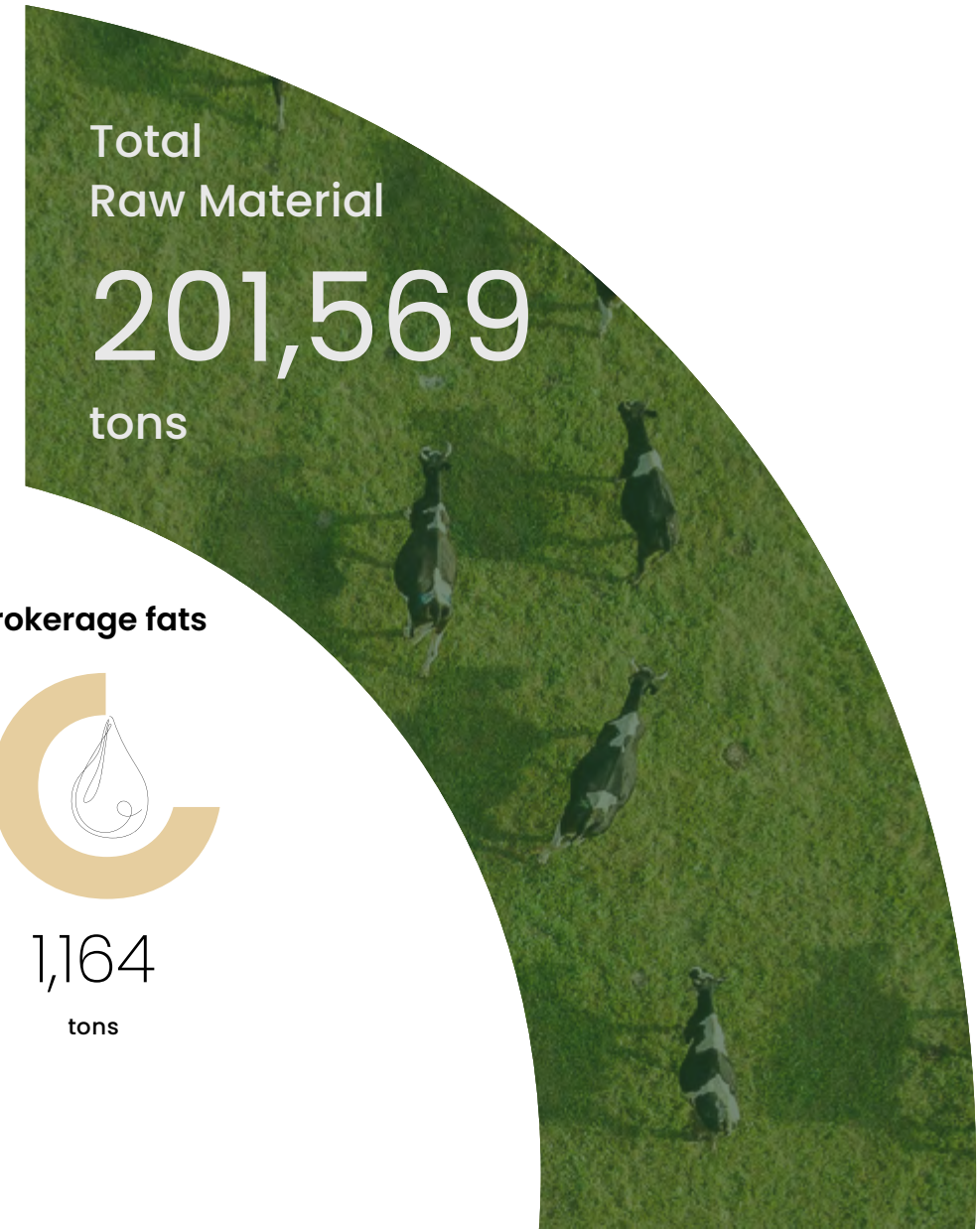
The Honkajoki Group generated a total of 181.9 tons of waste, of which 124 tons were classified as mixed waste, 26 tons as wood waste, 20 tons as metal waste and 9 tons as energy waste. In addition, 2.9 tons of hazardous waste was treated in accordance with strict safety and environmental regulations.



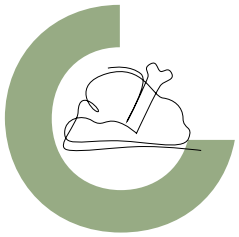
Honkajoki group raw material flows 2024

In 2024, the Honkajoki Group handled a total of 201,569 tons of raw material. Of this, 22,722 tons was Category 1 material, a 4% decrease compared to 2023. 70,400 tons of Category 2 material was handled, a 3% decrease compared to the previous year, while 107,282 tons of Category 3 material was handled, a 4% increase compared to 2023. 599 tons of the total amount was avian influenza material, demonstrating our contribution to epidemic prevention in Finland. In addition, a total of 1,164 tons of raw material was supplied to fur feed kitchen.

178,615 tons of animal by-products were processed in Honkajoki and 21,790 tons in Kaustinen. In addition, we transferred a total of 1,164 tons of slaughterhouse by-products to fur feed kitchens.

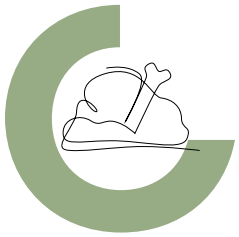


Category 1



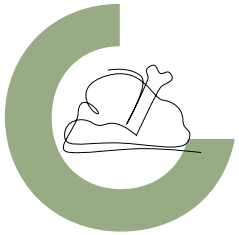
22,722
tons

Category 2



70,400
tons

Category 3

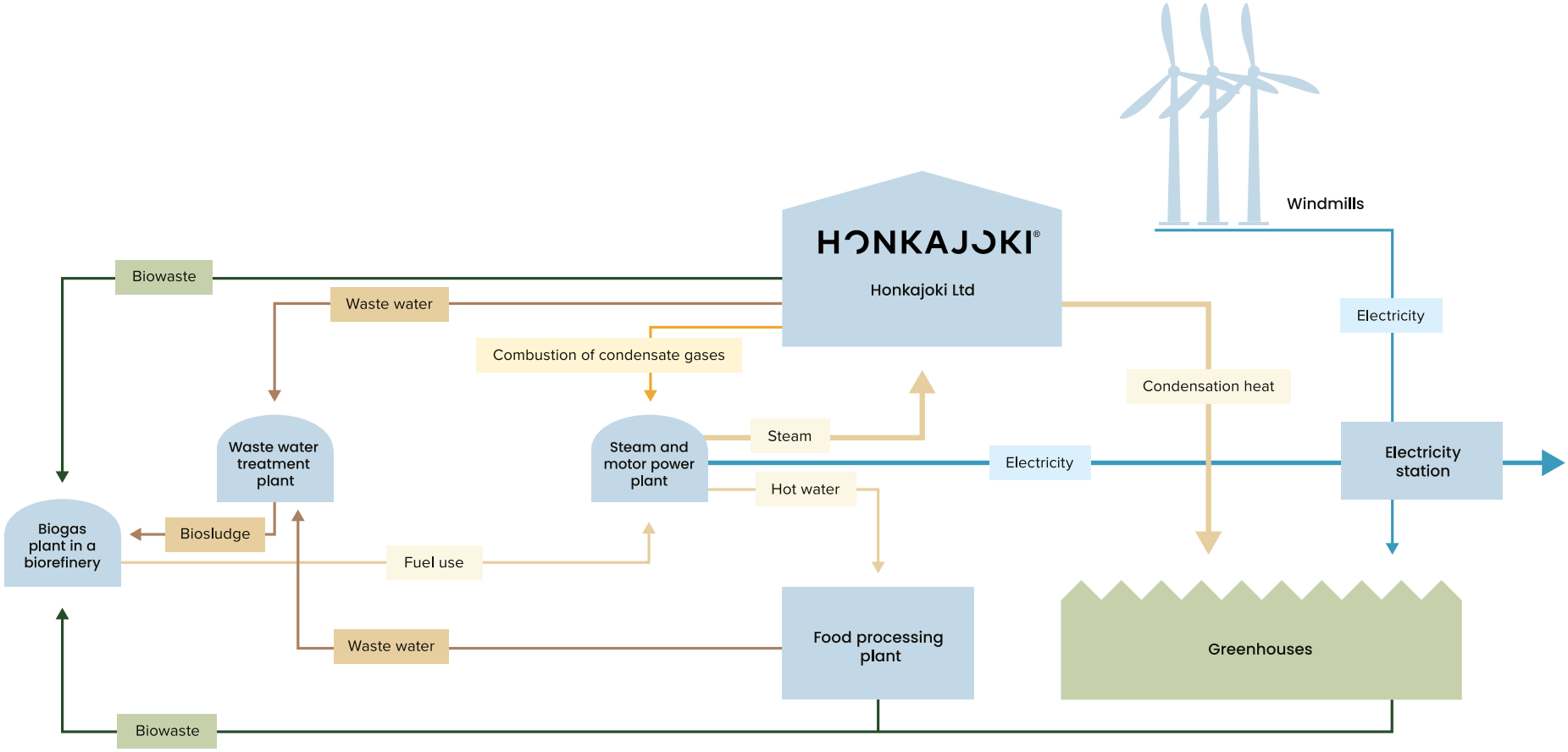


107,282
tons

Brokerage fats

1,164
tons

Kirkkokallio eco-industrial park



Social Responsibility

Own workforce

The well-being of our employees is at the heart of the Honkajoki Group's strategy. We invest in an HR strategy that supports well-being and job satisfaction. The aim is to raise employee satisfaction to an excellent level. The eNPS for 2024 was 22.

Ethical principles and reporting channel

The Honkajoki Group has a Code of Conduct that guides the actions of our employees and sets the organisation's expectations for responsible and respectful behaviour. The Code also provides support to address ethical challenges at work.

The Honkajoki Group has an internal reporting channel for reporting suspected misconduct in line with the EU Directive. The channel allows for confidential reporting without fear of retaliation and supports early intervention in cases of malpractice. The management of the whistleblowing channel is guided by a trained, temporary working group and is reviewed annually. In 2024, no reports were received through the channel.

Employees and workforce dynamics in the Group

All employees are employed on the basis of a contract based in Finland. Workers are paid equal pay for equal work. Collectively negotiated collective agreements cover 99.4% of the workforce. Women make up 40% of the management team but are not represented on the board.

All three companies have a turnover rate of 15-17%, which means that they are very close to each other. This suggests that turnover is not a problem specific to a single company, but is possibly linked to the general dynamics of the industry. In all three companies, turnover has increased with recruitment spikes, but this is not exceptional in growing organisations.

Honkajoki Ltd has been actively recruiting new employees, especially for new production lines, which has contributed to the turnover rate of 17% for the year. The average for the food and processing industry is 10-15%, which means that Honkajoki Ltd is slightly above this average. This figure has risen partly due to the number of new employees. Active recruitment is an important part of a company's growth strategy, but it can also increase turnover rates. Findest Protein Ltd: The company has a turnover rate of 15%, which is close to the industry average. This suggests a stable working atmosphere and employee retention.

GMM Finland Ltd has a company turnover rate of 16%, which is typically higher in the consultancy sector than in many other industries. In general, the turnover rate in consultancies varies between 15% and 20% per year, with employees staying for an average of five to six years. In comparison, GMM Finland Ltd has a normal turnover rate.

Developing occupational health and work capacity

In 2024, we will invest significantly in supporting work capacity and preventive occupational health care. The number of health checks and occupational health visits was significantly higher than in the previous year, and the number of visits to the occupational physiotherapist in particular increased significantly. There was a high number of 'come and go' visits but, encouragingly, they did not lead to sickness absence, reflecting effective early intervention and guidance.

The impact of work capacity measures was clearly reflected in the trend in sickness absence. In 2024, the sickness absence rate fell to 3.1%, down from 4.3% in 2022. The total number of days of sick leave decreased significantly. In particular, long absences of more than 30 days decreased.

It is also encouraging that around a third of staff were not absent from work due to sickness at all during the year. The reduction in sickness absence has had a clear financial impact, with an estimated cost reduction of €160,000, underlining the importance of preventive occupational health and active work capacity cooperation not only for the well-being of staff but also for the organisation as a whole.

Occupational safety in 2024

In 2024, the Honkajoki Group suffered a total of 10 minor accidents and 6 absence-related accidents, resulting in a total of 39 lost working days. A total of 58 safety observations were recorded. The accident frequency rate (TRIF) was 77.2 and the lost time injury frequency rate (LTIF) was 28.9. The severity rate (SR) of accidents was 188.1. Occupational safety monitoring and proactive action will continue to be key elements of our accountability work.

Staff training and skills development

Honkajoki Group invests in continuous training and competence development of its personnel. The industrial environment requires special attention to occupational safety and the maintenance of technical skills. At the same time, we consider it important that our staff have the opportunity to develop themselves more broadly - learning maintains motivation and supports well-being. In 2024, we organised several training sessions for our staff, especially in the area of safety. A total of 480 hours of training was provided in safety, first aid and firefighter training. In addition, fire safety training (8 hours) was organised, attended by 14 people, 4 of whom were women. With the increase in global information security threats, we organised a comprehensive IT security training package, the content of which was defined according to job descriptions and responsibilities. A total of 123 people completed the training, 23 of whom were women and 100 men, for a total of 277 hours. We also offer our staff the opportunity to develop their skills through our digital learning platform, which offers a wide range of courses covering various areas. In 2024, a total of 105 hours of courses were completed. In addition, the language skills of our staff were strengthened by offering English and Swedish language training, which amounted to 120 hours. The total number of participants in language courses was 13, of which 5 were women and the rest men.

Staff of Honkajoki Group 2024

eNPS®

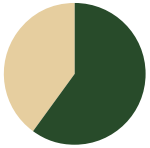
22 −2

2023: eNPS 24

WOMEN IN MANAGEMENT TEAM

40

percent

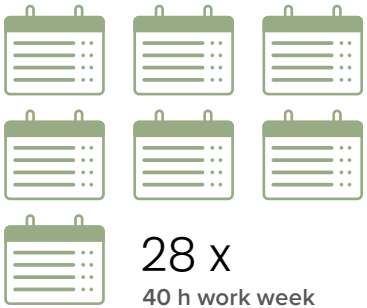


TRAINING

1126

hours

=



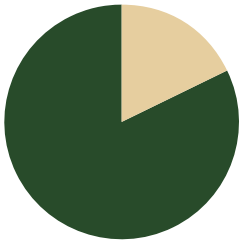
28 x
40 h work week

ENTIRE STAFF OF HONKAJOKI GROUP

169

women 18 %

men 82 %

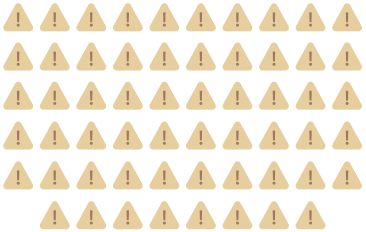


127 permanent 42 fixed-duration

SAFETY OBSERVATIONS

58

total



SICKNESS ABSENCE RATE

3.1

percent

ACCIDENTS

16

total

Governance and Financial Report

Price pressures, investment and new growth potential

Our business environment was challenging in terms of economic development. The most significant challenge to the economy created by the market environment was the decline in protein meal prices. However, fat prices remained at a good level.

The volume of raw materials processed in the Honkajoki Group increased slightly in 2024. Turnover decreased slightly compared to the previous year. Operating profitability deteriorated somewhat, with the operating profit margin falling from 8.1% to 6.1%. The deterioration in profitability was mainly due to the fall in protein meal prices and exceptionally high steam energy costs. A number of measures were taken in 2024 in response to the deterioration in profitability. For example, a major overhaul of the solid fuel steam boiler was carried out in the autumn, resulting in a significant increase in the boiler's steam generation capacity. This will reduce the need to use expensive LPG.

Sales of feed proteins, fertiliser raw materials and animal fats accounted for the majority of the Group's turnover, i.e. 69.5%. Raw material processing fees charged to the meat industry and the collection of carcasses from farms together accounted for 29.0% of turnover, with a slight increase in their share of turnover. Sales of condensation heat recovered from the production process, which is very important for energy efficiency, accounted for 1.0% of turnover. GMM Finland Ltd provided significantly more consultancy services outside the group than in previous years, but their share was still small in relation to the group's turnover (0.5%). However, the successful implementation of GMM's consultancy services laid a very good foundation for the company's future growth.

The group's equity ratio decreased in 2024 due to the financing of the LIKE plant project with debt capital. However, the equity ratio remained at an excellent level. The temporary decrease in the equity ratio is part of the long-term business plan and will be gradually corrected in the years following the completion of the LIKE plant. The plant project will improve the profitability of our operations, promote the utilisation of the nutritional value of by-products and provide continuity and interesting jobs for our staff.

Financial key figures for Honkajoki Group 2024

NET SALES

58 M€

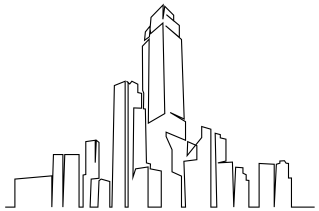
SOCIAL CONTRIBUTIONS AND TAXES

VAT
1,481,761 €

Property tax
123,480 €

Immediate taxes
564,100 €

Public charges for vehicles
5,994 €



EMPLOYEE CONTRIBUTIONS

Wages
7,618,342 €

Pension costs
1,344,663 €

Other staff costs
274,596 €

BALANCE SHEET

69 M€

DIVIDENDS

824,400 €

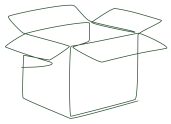
GRANTS RECEIVED

323,435 €

State grants

PURCHASES

22,904 ,91 €



Materials, supplies, goods

DONATIONS

7,000 €

Honkajoki Ltd's Financial Climate risk assessment was conducted, and the result highlights the key opportunities and risks with varying financial impacts. The high-impact risks, with potential financial consequences ranging from €500,000 to over €1,000,000, include the increasing prevalence of animal diseases such as avian flu, which may lead to sales of lower-value products or necessitate costly raw material disposal. Additionally, the shift to renewable energy sources is expected to increase process energy and logistics costs. Another significant risk is the effect of warmer temperatures on raw materials and end products, which could degrade quality and reduce profit margins.

On the opportunity side, moderate financial gains from €250,000–€500,000, can be achieved by selling wastewater treatment services to neighboring companies. By addressing these risks and leveraging key opportunities, Honkajoki can strengthen its financial resilience while ensuring continued growth and stability in a changing business environment.

HONKAJOKI®

Circular economy products for
a more responsible tomorrow

Honkajoki Ltd

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