

Sustainability Report



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Circular economy cannot be ignored

Circular economy plays an increasingly important role in finding environmentally responsible ways to ensure the well-being of our society. Green transition requires consumption to be dramatically reduced, not only by using existing resources more efficiently, but also by focusing less on ownership. A circular economy is the only sustainable way that humanity will achieve this.

Debate on the green transition usually focuses on carbon. Yet although its sequestration and recycling are undeniably important factors, carbon is not by far the only topic to be addressed in a complex multifactorial challenge. The overuse of raw materials in general has meant that several natural resources, such as phosphorus – crucial to all life, are becoming severely depleted. At the current rate of consumption, it will become very rare in just a few decades.

The benefits of circular economy cannot be denied. At Honkajoki Ltd, we give new life to components in the food chain, such as in our recycled organic fertilizer. In the process, we ensure that the phosphorus is recycled to a form that best fits its end use. For example, the phosphorus we produce as an in-

redient in fertilizer is released more slowly than mined fossil phosphorus. Not only is this better for the soil but it means the phosphorus remains available to the plants for much longer – in some cases years – and it is not as easily leaching into water systems.

Phosphorus illustrates perfectly the potentials inherent in a circular economy. Industrial by-products offer a treasure trove of raw materials still waiting to be exploited by the world. We at Honkajoki Ltd aim to fill this gap with our combined knowledge and expertise. Our (wholly owned) subsidiary, GMM Finland Ltd, offers Honkajoki's expertise to the world in the form of in-depth consulting and optimized, concrete circular economy solutions for the processing and management of organic by-products. The valuable renewable raw materials that result will not only reduce our burden on the natural environment but also stimulate and improve sustainable economic growth.

As we become accustomed to seeing our resources in this new light, more and more paths towards a sustainable future will become apparent.



**FOR FURTHER ENQUIRIES ABOUT HONKAJOKI'S
CORPORATE RESPONSIBILITIES CONTACT:**

Reetta Nevala

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**Industrial by-products
offer a treasure trove
of raw materials still
waiting to be exploited
by the world.**



Responsibility is about being able to change

With the economic impact of COVID still very much being felt in 2021, it came as some surprise that the year actually turned out to be one of the best in Honkajoki Ltd's 50 years of operation.

2021 was a year of uncertainty and change, but also growth. In spite of this uncertainty, our net sales increased by as much as 25% due to a higher throughput volume of animal-based by-products and higher prices for the end products. Demand for all of our protein products increased, but the biggest success concerned purified animal fats. Another notable development was that most of our sales were made locally within the Finnish and Swedish markets.

Honkajoki Ltd handles about 90% of all Finland's processing of animal by-products. Recent years have seen us therefore focus on expanding our range of products and on commercializing our expertise. In 2021, one of our most significant developments was to set up a subsidiary, GMM Finland Ltd, to independently conceptualize and market our expertise around the world. Honkajoki Ltd has focused in particular on developing further our existing products and creating completely new ones for an expanding market.

In 2021, the pandemic brought new models of hybrid working into our daily lives as we set up our production lines to work in isolation. We also made several significant investments for the future: following through with the investment and development program made in 2020, we invested in modernising the wastewater treatment facility at Findest Protein Ltd, which has already shown its advantages during the first months of operation. We have also decided to

invest in a completely new plant for processing feather protein, which will significantly increase the overall amount and range of pet and fish feed components we can offer.

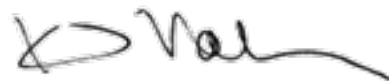
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2021 was a year of uncertainty and change, but also growth.

One of our biggest development projects is still ongoing though: in 2021, due to the environmental issues surrounding peat energy production, we began looking into a new long-term energy solution. Since 2008, peat has played a major role in energy and steam production for Honkajoki Ltd. It currently accounts for almost 90% of our carbon footprint, so replacing it will help us considerably to meet our emission reduction targets. Decentralizing energy production will require large investments. Our study of options will be completed over the summer of 2022, but it is clear that we will decrease our reliance on fossil fuels. We will also make changes to reduce our overall use of energy by optimising energy recovery in all our production processes.

Looking back, it is clear that Honkajoki has made great progress over the last 10 years. We have gained the trust of our customers, which has enabled us to develop our business to the highest level: our production is the best that modern technology can offer, and we have developed strong networks which have encouraged industrial symbiosis around us. In the Kirkokallio area, for example, companies operating in different sectors have found value-adding applications by collaborating closely in recycling by-products and surplus heat to optimise resources and minimise organic waste. This is all very well in principle, but symbiosis can only work with the cooperation and desire of all to succeed.

As this report is being written, the world is facing yet another challenge in the Ukraine – one of the effects of the war there is a increasing shortage of protein products. With the exception of poultry, certain traditional by-products are becoming less available. To address these changes in the market situation we have adjusted our development and investment program to prioritise energy solutions and new products. In spite and yet also because of these world-shaking events, the importance of nutrient recycling is now greater and more widely understood than ever before, and the value and demand for products based on renewable raw materials will continue to strengthen. As one of Finland’s most significant players in the circular economy, Honkajoki Ltd is in an excellent position to take a leading role in the sector.



Kari Valkosalo, CEO



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In spite and yet also because of these world-shaking events, the importance of nutrient recycling is now greater and more widely understood than ever before, and the value and demand for products based on renewable raw materials will continue to strengthen.

About the Honkajoki group

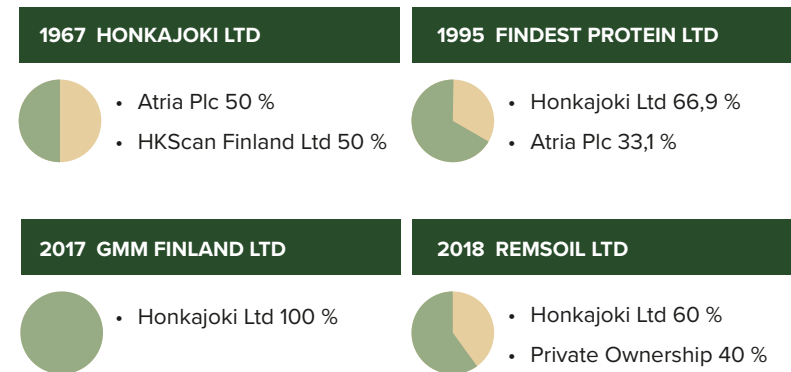
Honkajoki Ltd is Finland’s leading processor and refiner of animal by-products. We refine organic meat production by-products into clean, high-quality and safe products for our customers in various industrial sectors. At the same time, we give a new life to valuable food chain nutrients, which are used as raw materials for example in animal feed, fertilisers, cosmetics, and biofuels.

Honkajoki Ltd complies with the following international agreements and recommendations:

- The United Nations (UN) Universal Declaration of Human Rights and the Convention on the Rights of the Child
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- The International Chamber of Commerce (ICC) Business Charter for Sustainable Development and ICC Rules on Combating Corruption

Trust in our business and financial performance – both within our company and among our stakeholders – is of vital importance to us. We have zero tolerance of corruption in any form and all our commercial decisions are made on purely commercial grounds. There are no known cases of corruption in the history of our company.

Honkajoki Ltd was founded in 1967 and is owned by **Atria Plc** (50%) and **HKScan Finland Ltd** (50%). The company is headquartered in Honkajoki in the north of Satakunta, Western Finland. The Honkajoki Group includes the subsidiaries **Findest Protein Ltd**, **GMM Finland Ltd**, and **Remsoil Ltd**. During the course of the 2021 financial year, the subsidiary **Honkaleather Ltd** was merged with Honkajoki. The merger was officially registered on December 31, 2021.



Chairman

Mika Ala-Fossi

Deputised by Tapani Potka

Juha Ruohola

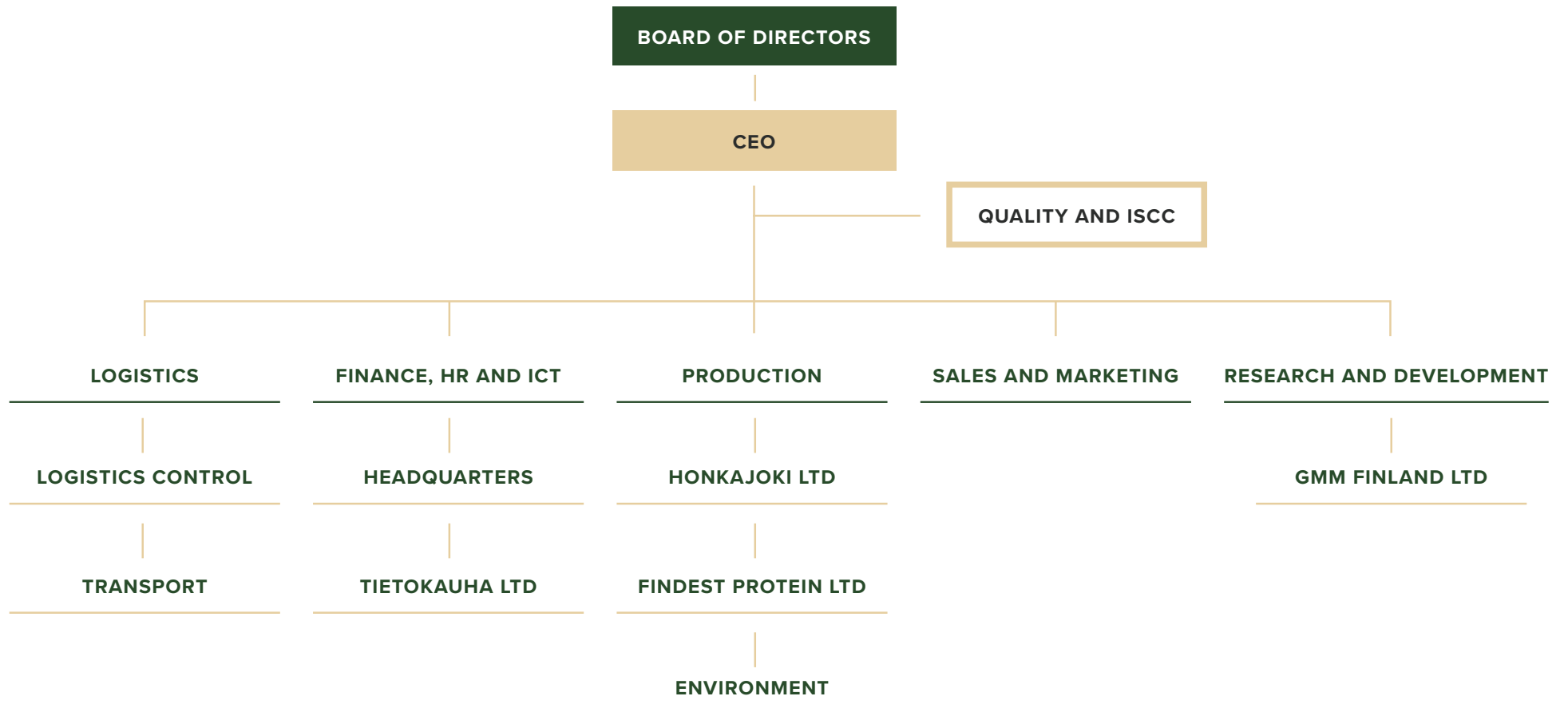
Deputised by Ulf Jahnsson

Janne Leppänen

Deputised by Pentti Sivula

Matti Perälä

Deputised by Markku Hirvijärvi



MISSION STATEMENT

Wealth by recycling

We build well-being through circular economy

VALUES



Reliability



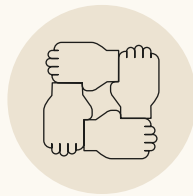
Environmental friendliness



Desire to improve and develop

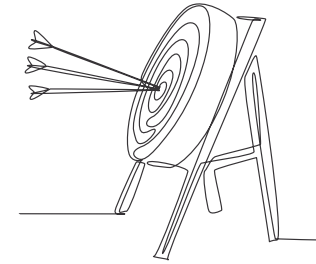


Economic responsibility



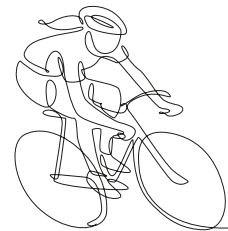
Occupational well-being

VISION



Our values will guide us **in becoming a leading handler of food processing side-streams.**

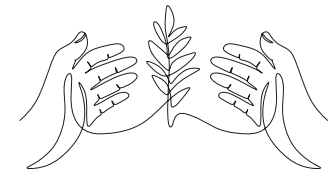
To achieve this, we intend to take three important steps:



Invest in innovative products and solutions



Ensure comprehensive side-stream solutions for our partners



Ensure a clean and safe living environment

VALUES AND STRATEGY

The Honkajoki group is a vital part of the Finnish food industry's value chain

To build a sustainable urban and rural community, it is essential to improve the sustainability of food chain which includes also the best possible treatment and use of side streams which are formed during the production. Untreated by-products not only pose a risk to health and the environment, but are also a needless waste of resources. For instance, soil quality can be improved by better use of resources, a reduction in overall waste and more environmentally friendly technology.

The Honkajoki group forms a vital part of the Finnish food industry's value chain. We collect animal by-products for processing at our facilities and use them to make high-quality end products that can be used as industrial raw materials elsewhere. We ensure that these organic raw materials remain in the nutrient cycle and are recovered for industrial use, not wasted. Because the renewable materials can replace the use of virgin materials, products made from our salvaged raw materials will have a reduced carbon footprint.



The Honkajoki group is committed to the UN Sustainable Development Goals, many of which have also been incorporated into our business strategy.

In 2021, we invested in developing the group as there are clearly opportunities for growth in the circular economy, especially in higher end products – so we invested in a feather protein facility.

Although we have been handling an increasing amount of poultry by-products, we have not had the capacity for processing feathers separately. Building a dedicated processing line means less pressure on other processing systems and the environment. As no antibiotics are used in the breeding of Finnish broilers, our chicken feather products will stand out globally, as there can not be antibiotic residues in the feather flour either. The end product, which will probably be released in the summer of 2023, is a nutritionally valuable protein powder that can be used, for example, in fish feed and pet food.

The Honkajoki® concept is about building a cooperative circular economy

The Honkajoki group wants to do its part to combat climate change. In 2021, organization was transformed so that R&D and overall business development was restructured under GMM Finland Ltd. into GMM Finland Ltd. As our subsidiary, GMM Finland’s main goal is to export Finnish expertise to international customers, and its most important product is the Honkajoki® concept, which uses the circular economy to solve the challenges of processing and productization of food industry side streams. This subsidiary currently employs seven people.

As it is applicable across a range of fields, the Honkajoki® concept encourages different sectors to cooperate with each other. The group operates extensively– both domestically and internationally – in various cooperative partnerships and networks. We are constantly striving to develop our core expertise in the circular economy and adjacent sectors. In just our subcontracting network in Finland alone we have about 120 partners.

HONKAJOKI OY’S OPERATIONS HAVE BEEN 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 SYSTEM



ISCC EU

INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION



ISCC CORSIA

CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION

Conserving nature through high-quality design and technology

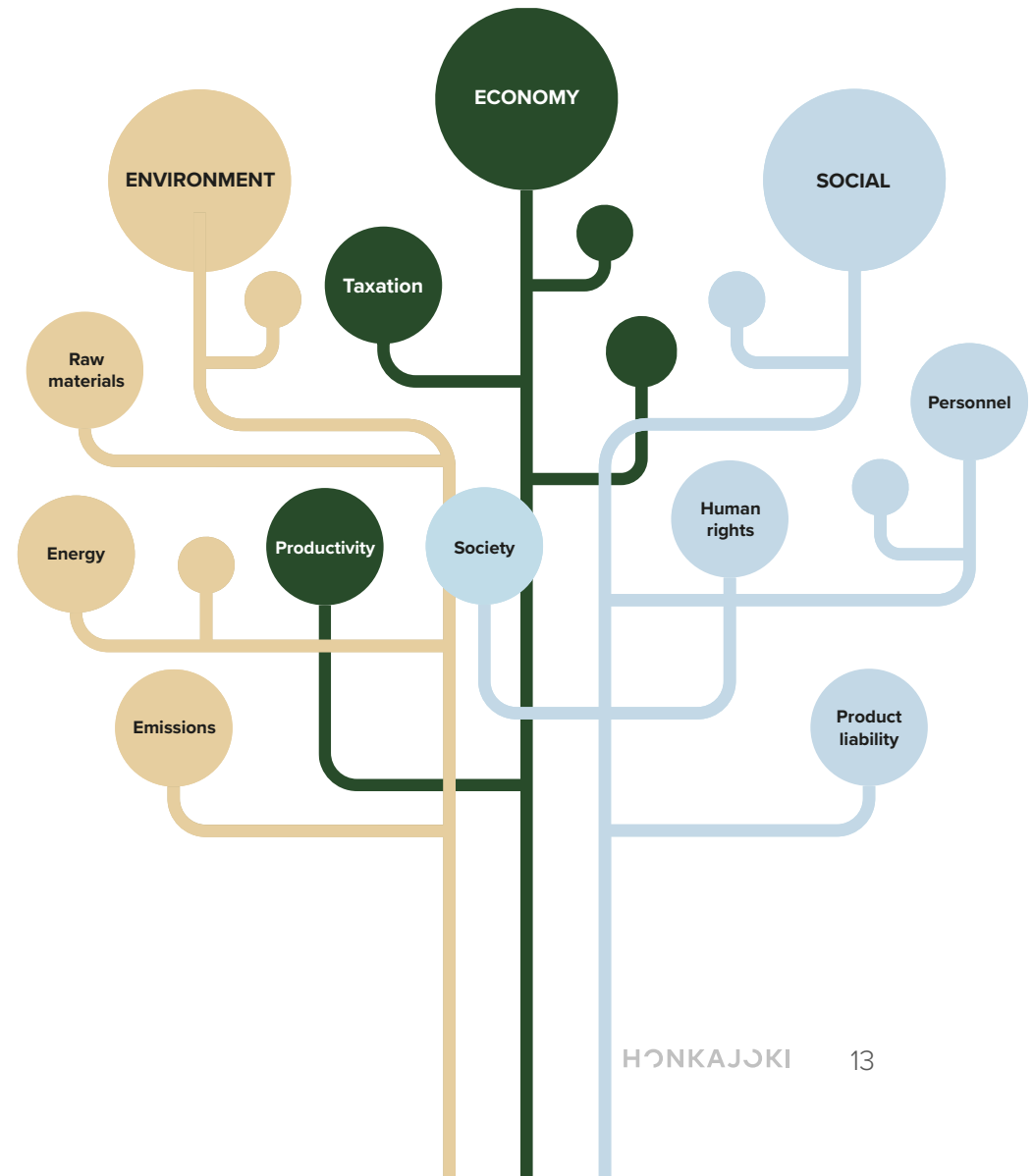
We are constantly striving to promote nutrient recycling and to protect nature. High-quality design, planning, and technology play a key role in achieving these goals. A particularly important part of our environmental responsibility is the care with which we treat our own wastewater. In 2021, we built a brand new water treatment facility for our production at Findest Protein. The investment paid off, as results show that it produces significantly cleaner water.

In 2019, we extended our Motiva Energy Efficiency Agreement which committed us to saving energy and making investments to improve energy efficiency for a further five years. Some of the energy we need already comes from renewable sources and our long-term goal is to increase its share by investing in renewable thermal energy.

People are at the heart of our business

People and their well-being are at the heart of our company. In 2021, we updated our occupational health agreement and strengthened our accident insurance, which now covers also leisure-time accidents. Because significant number of our staff had been working remotely during the corona pandemic, we wanted to ensure they will receive prompt and adequate assistance in all situations.

We should all be rewarded for the good work that we do, so after a financially strong year, our company decided to give all employees a one-off bonus in December 2021.





Note! Information on the calculation method and data included: The calculations include at least all Kyoto Protocol gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃) over a period of 100 years. Not all data sources disaggregate data by gas, and in such cases the calculation covers all greenhouse gases. Biogenic carbon data is automatically calculated when such data is available. Note that not all shipments contain biogenic carbon data.

ENVIRONMENTAL RESPONSIBILITY

Recycling raw materials responsibly

Finland produces approximately 260,000 tonnes of animal by-products per year. Almost 90% of it goes to Honkajoki's plants, and raw materials are processed there for industrial use in strict adherence to EU and Finnish law.

In 2021 a total of 199,505 tonnes of animal origin raw materials were received and processed by the Honkajoki group – an increase of 12.4% from the previous year. The most significant reason for this growth in volume was the decision by the group's owners to transfer the processing of all animal by-products to Honkajoki.

The group processes 78% of the total amount of raw materials it receives at the Honkajoki plant in Kirkkokallio. Another 10% (which comes from porcine by-products) is processed by Findest Protein in Kaustinen. The remaining 12% is acidified feed – which is sold directly on as feed for fur animals – and accounts for the most of the annual overall increase in raw material volume.

CATEGORY



HONKAJOKI LTD
20,841 TONNES

CATEGORY



HONKAJOKI LTD
70,201 TONNES

CATEGORY



HONKAJOKI LTD
64,242 TONNES
 FINDEST PROTEIN LTD
18,106 TONNES

FAT BROKERAGE



HONKAJOKI LTD
4,842 TONNES

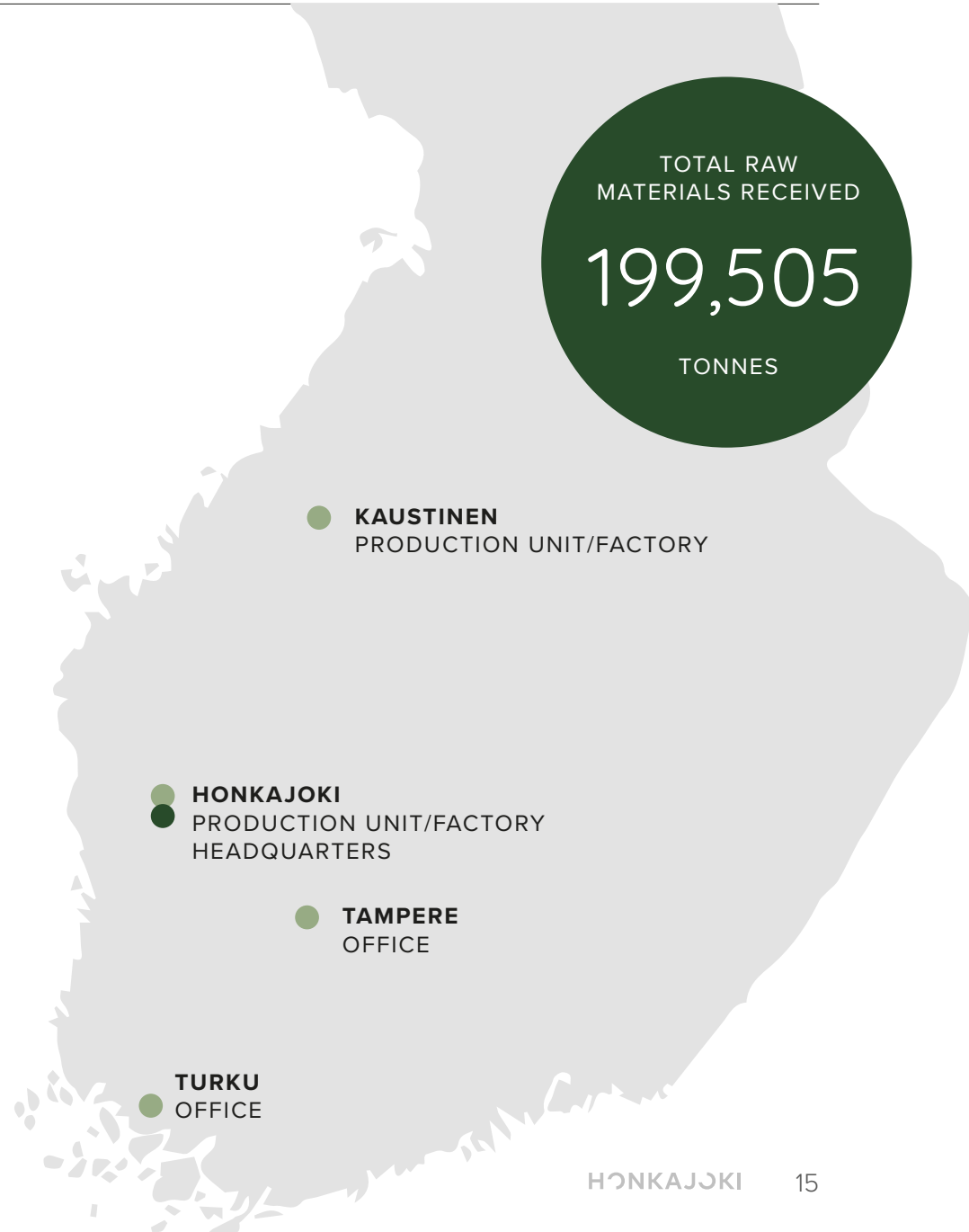
KILOMETRES DRIVEN



CADAVER COLLECTION
 FROM FARMS
1,482,448 km

CONTAINER TRANSFERS
 FROM SLAUGHTERHOUSES
2,028,409 km

TOTAL RAW
 MATERIALS RECEIVED
199,505
 TONNES



Sustainable development goals will deliver a better tomorrow

The UN's Sustainable Development Goals (SDGs) lay out the way forward for international development, and the Honkajoki group has taken these on board, noting those to which it can most significantly contribute.



SDG 2: ZERO HUNGER

The Honkajoki Group is part of the Finnish food production chain. We collect animal-based by-products and process them into the protein components for animal feed. We also separate and refine the fat for animal nutrition and technical use such as biofuel production. In this way we ensure that organic raw materials are not wasted but find new life as renewable raw materials.



SDG 6: CLEAN WATER AND SANITATION

Clean water is plentiful in Finland, but we use the tap water sparingly in our production. A particularly important part of our environmental responsibility is to ensure, that the water we put back into nature has been carefully purified by our own wastewater treatment plants. At the Honkajoki treatment plant, we help to ease the burden of the municipal sewage system by also handling the wastewater for Lihajaloste Korpela Ltd.



SDG 7: CHEAP AND CLEAN ENERGY

The Honkajoki Group produces refined fat which as a biofuel can replace fossil fuels and our dependency on them. In 2019, we extended our Motiva Energy Efficiency Agreement which committed us to saving energy and making investments to improve energy efficiency for a further five years. Some of the energy we need already comes from renewable sources, but our long-term goal is to increase this proportion by investing in renewable thermal energy.



SDG 8: DECENT WORK AND GROWTH

In our operations, we comply with Finnish legislation, EU standards, the UN Declaration of Human Rights and the International Labour Organization Conventions. We guarantee our employees the benefits and rights defined by law and the general collective agreement. We support our employees with a wide range of services to ensure health and well-being and our permanent employees are provided with health insurance that also offers additional security for employees in the event of an illness or accident.



SDG 9: SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURES

Our circular economy concept recycles resources efficiently, promotes industrial sustainability, and the introduction of clean energy. Through research, product development and technological innovations, we are actively developing the Honkajoki® concept in collaboration with various parties. This year, we have been focusing on the continuing development of our Honkajoki® Cloud service for data collection and reporting, and we have invested significantly in the development and piloting of new process technologies.



SDG 12: SUSTAINABLE CITIES AND COMMUNITIES

An integral part of building sustainable urban and rural communities is ensuring that food is sustainable and that it creates as little waste as possible. Animal by-products can be a danger to the environment if left untreated, but they also contain valuable ingredients that can be recovered. By recovering those ingredients, the Honkajoki Group plays an important role in ensuring that the Finnish food industry acts responsibly. We are constantly looking to find even better and new uses for the raw materials that come our way.



SDG 13: CLIMATE ACTION

The need for the Honkajoki® concept is obvious, as global meat consumption is projected to double between 2000 and 2050, mainly as a result of population growth and a growing middle class in the developing world. Honkajoki wants to play its part in solving the challenges of handling and processing of animal-based side streams globally, and the Honkajoki concept® is in the process of being exported to that effect. To further our development of the concept, we have invested in carbon footprint calculations and comparative research.



SDG 15: LIFE ON LAND

Honkajoki's goal is to ensure that no resources are wasted in the animal-based food production chain. Recommended practices for preventing soil degradation include reducing waste and introducing environmentally friendly technology. At Honkajoki, we are constantly working to preserve biodiversity and promote the recycling of nutrients to protect the environment.



SDG 17: COOPERATION AND PARTNERSHIP

The Honkajoki group operates extensively – both domestically and internationally – in various cooperative partnerships and networks and actors in various fields, including research institutes. Cooperation with various stakeholders is important to us and we are constantly striving to develop our core expertise in the circular economy and those sectors related to it. The Honkajoki® concept enables multidisciplinary and cross-sectoral cooperation so that in just our subcontracting network in Finland, for instance, we have about 120 partners.

HONKAJOKI GROUP

Total emissions in 2021

	Scope 1		Scope 2		Scope 1–3
	Direct GHG emissions: kg CO ₂ e total	Direct GHG emissions: kg CO ₂ e/treated tonne	Indirect GHG emissions, based on location: kg CO ₂ e	Indirect GHG emissions, based on location: kg CO ₂ e/treated tonne	Total emissions – kg CO ₂ e/treated tonne
Honkajoki Ltd	35 412 425	228	2 237 154	14	243
Findest Protein Ltd	2 354 761	130	330 075	18	151
Service business	161 158	6,6	0	0	6,6
Whole Group		37 928 344		2 567 228	

Disclosure 305-1, direct greenhouse gas emissions (Scope 1). Direct emissions: heating and generator fuels, emissions from owned vehicles and greenhouse gas emissions into the atmosphere.

Disclosure 306-2 (G4-EN23), waste by type and disposal method. If no disposal method is given, the most common treatment method for each waste fraction will be used instead.

DIRECT AND INDIRECT EMISSIONS

Direct emissions refer to those that result from the company’s own operations. These include green house gas emissions from heating company premises, vehicles, or machines.

Indirect emissions are those which do not directly result from the company’s operations, but are still a consequence of it: for example, emissions from electricity and heat purchased by the company and emissions from procurement, purchasing services, or transportation.

Findest Protein’s results show a clear drop in direct emissions. This is due to a significant increase in the use of wood chips in heat energy production.

Honkajoki Ltd’s total emissions increased from the previous year. This is due to an increase in the number of kilometres driven and a decrease in the use of renewable energy.

Emissions data for our service business was not yet available at the time this report was published.

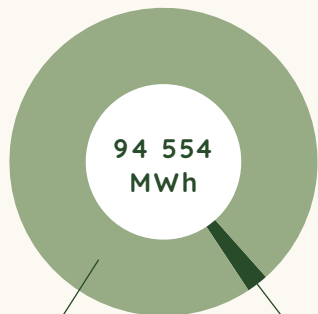
HONKAJOKI LTD/DIRECT EMISSIONS

ENERGY: MAJOR SOURCE OF HEAT ENERGY WAS MILLED PEAT

In 2021, Honkajoki Oy purchased a total of 94,554 MWh of heat energy in the form of steam from the neighbouring power station at Vatajankoski, which uses mainly milled peat as fuel (4.8% of the energy was produced with biogas). Liquefied petroleum gas (LPG) was also used as fuel during Vatajankoski's annual maintenance service.

Honkajoki Ltd's own energy consumption for 2021 was 68,105 MWh, with a further 26,445 MWh of district heating (from process heat) sold on to commercial greenhouses in the local area. In all, Honkajoki's consumption per tonne of processed raw material was 443 kWh, compared with 452 kWh per tonne in 2020.

CONSUMPTION OF HEAT ENERGY

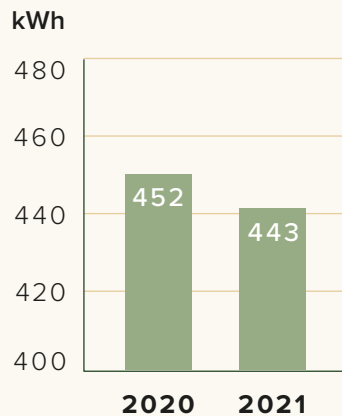


PEAT 97.73%
88 009 MWh

LPG 0.45%
425 MWh

LPG 1.70%
1 606 MWh

SPECIFIC CONSUMPTION PER PROCESSED RAW MATERIAL (TONNES)



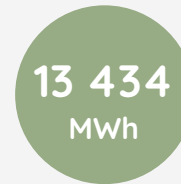
BIOGAS 4.75%
4 492 MWh

LIGHT FUEL OIL 0.01%
12 MWh

HONKAJOKI LTD / INDIRECT EMISSIONS

ELECTRICITY: DECREASE IN ELECTRICITY CONSUMPTION PER TONNE OF PROCESSED RAW MATERIAL

Honkajoki Oy's total electricity consumption in 2021 was 13,386 MWh, or about 85 kWh per tonne of processed raw material. This is 13 kWh per tonne less than in 2020.



98 kWh (per tonne of processed raw material)
2020



85 kWh (per tonne of processed raw material)
2021

EMISSIONS TO AIR T/A

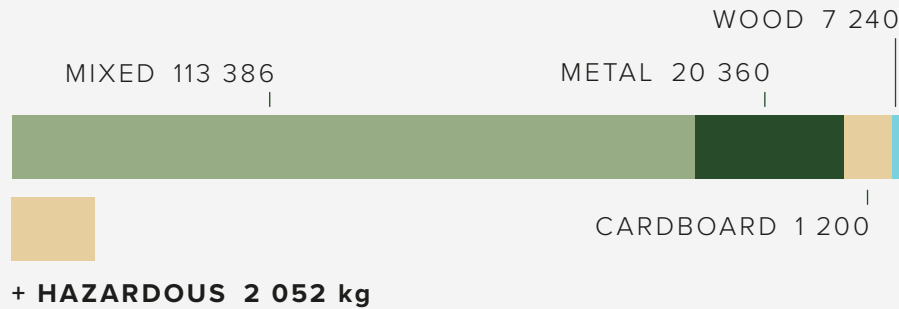
Ammonia	0.151
NM VOC	26.508
TRS	2.891

Odour emission measurements were performed at all the group's production and wastewater treatment plants in accordance with the requirements of the environmental permit. The measurements calculated the amounts and concentrations of ammonia, non-methane volatile organic compounds and total reduced sulphur from different emission sources. Further olfactometric analyses of samples found that odour emissions dropped when screened crushed material was used for the biofilter.

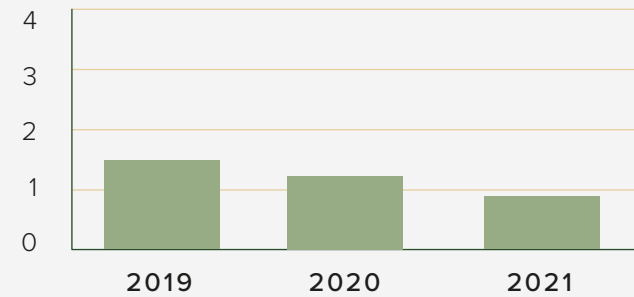
Measurements showed that the odour treatment systems worked well and the conditions of the environmental permit were met. The plant's annual emissions to air figures were based on these results.

HONKAJOKI LTD / INDIRECT EMISSIONS

WASTE kg (PER TONNE OF PROCESSED RAW MATERIAL)



WASTE kg (PER TONNE OF PROCESSED RAW MATERIAL)

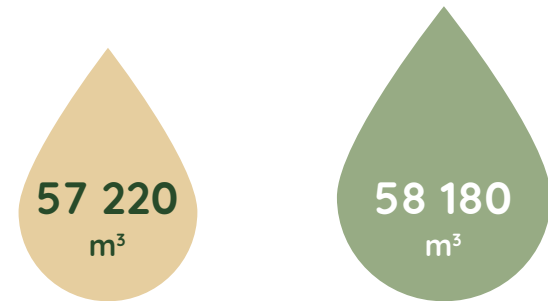


WATER AND WASTEWATER: ALL THE WATER USED IN HONKAJOKI'S PROCESSING PLANTS GOES THROUGH THE COMPANY'S OWN WASTEWATER TREATMENT PLANT

In 2021, the company not only treated its own wastewater at its Kirkkokallio plant, but also that of another local company – Lihajaloste Korpela. Previously, Korpela's wastewater needs was proving to be a heavy burden on the local municipal wastewater treatment plant; whereas our plant could easily cope with the additional load. Wastewater treated at the Kirkkokallio treatment plant is discharged into the Karvianjoki river. In 2021, no water was diverted from the process to the sewerage system of the Honkajoki municipality or the environment.

According to an external inspection report, Honkajoki Oy's wastewater treatment plant met the requirements of the environmental permit for 2021, with the exception of specific phosphorus loads in the first period. In March 2021, we introduced the method of precipitating phosphorus through post-flotation settling, which significantly improved the phosphorus results so that all the permit's requirements were met.

In 2021, Honkajoki's production and wastewater plants used 58,180 m³ of clean water. Most of this was used to wash plant facilities and equipment, and transport equipment. Some water was also used in the LPG boilers during the annual maintenance of Vatajankoski power plant.



0.4 m³ (per tonne of processed raw material)

2020

0.36 m³ (per tonne of processed raw material)

2021

“The treatment and removal of organic matter and nitrogen at Honkajoki's wastewater plant is world-class, especially since there are exceptionally high levels of nitrogen in the water and the effluent load can vary wildly. The result of recent efforts at the plant to remove more phosphorus have also been successful too.”

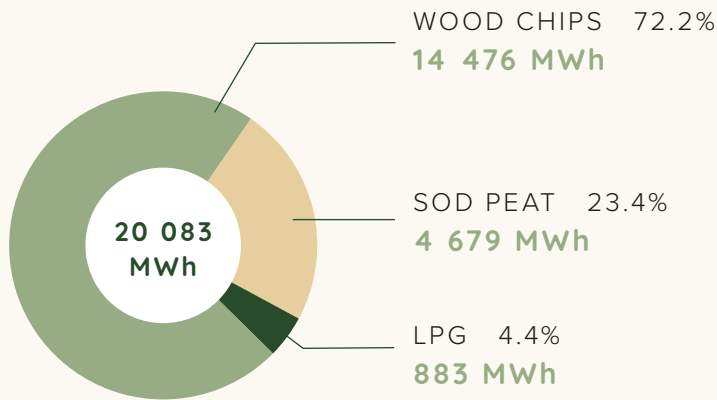
— Esa Tuominen, research engineer

FINDEST PROTEIN LTD / DIRECT EMISSIONS

ENERGY

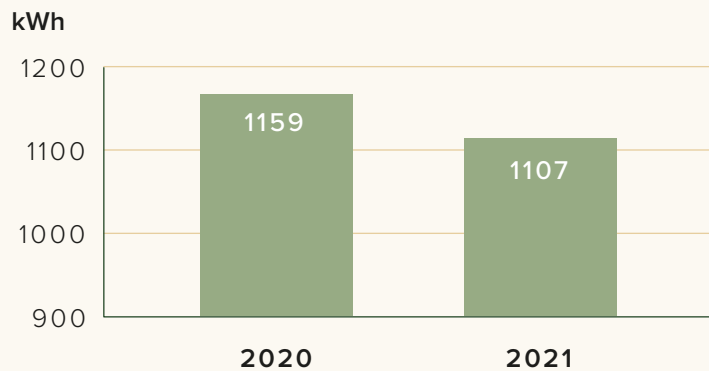
At Findest Protein, wood chips have been the most significant source of energy. Energy consumption per tonne of raw material received was 1,107 kWh in 2021, compared to 1,159 kWh in 2020.

HEAT ENERGY CONSUMPTION



SPECIFIC CONSUMPTION

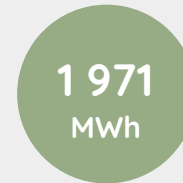
(PER TONNE OF PROCESSED RAW MATERIAL)



FINDEST PROTEIN LTD / INDIRECT EMISSIONS

ELECTRICITY

The total electricity consumption of Findest Protein in 2021 was 1,975.1 MWh, or about 109 kWh per tonne of processed raw material. Although the total electricity consumption was more than the previous year, the consumption per tonne of raw material actually decreased.



109 kWh (per tonne of processed raw material)

2020



109 kWh (per tonne of processed raw material)

2021

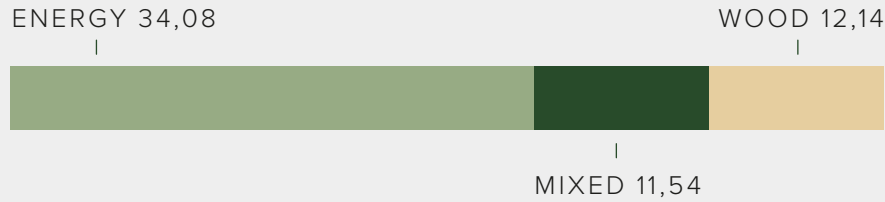
EMISSIONS TO AIR T/A

Ammonia	0.220
NM VOC	5.063
TRS	0.905

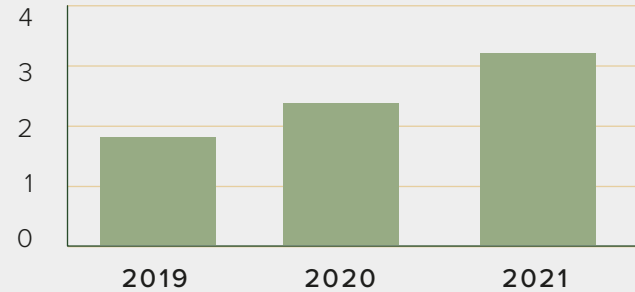
Odour emission measurements were performed at all the group's production and wastewater treatment plants in accordance with the requirements of the environmental permit. The measurements calculated the amounts and concentrations of ammonia, non-methane volatile organic compounds and total reduced sulphur from different emission sources. Further olfactometric analyses of samples found that odour emissions dropped when screened crushed material was used for the biofilter.

Measurements showed that the odour treatment systems worked well and the conditions of the environmental permit were met. The plant's annual emissions to air figures were based on these results.

WASTE kg (PER TONNE OF PROCESSED RAW MATERIAL)



WASTE kg (PER TONNE OF PROCESSED RAW MATERIAL)

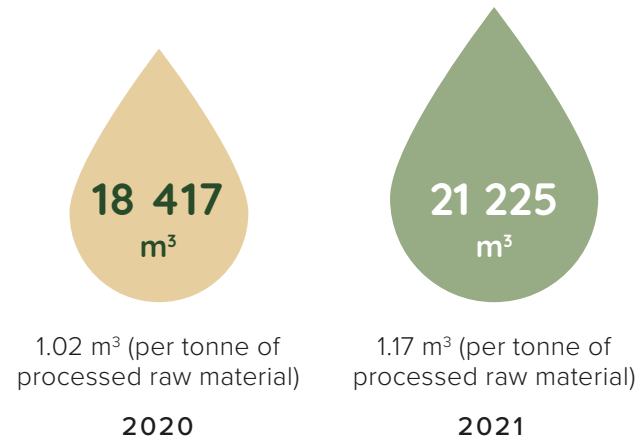


WATER AND WASTEWATER: STRAIN ON THE WATER SYSTEM DECREASED COMPARED TO THE PREVIOUS YEAR

In late 2021 Findest Protein’s rendering plant got its own biochemical wastewater treatment plant. After treatment the water leaving our plant was now cleaner than the year previously in every respect save phosphorus level: 39% less biodegradable organic matter (BOD) , 28% less fats, 30% less chemical oxygen demand (COD), 10% less nitrogen and 30% less solids.

Although the year’s phosphorus levels were up 100% from 2020’s, by the fourth quarter the permit conditions were met in full, and it is expected that 2022 will provide much better whole-year results.

In 2021, Findest’s production and wastewater plants used 21,225 m³ of clean water. Most of this was used to wash plant facilities and equipment, and transport equipment.



SOCIAL RESPONSIBILITY

Well-being at work is a competitive advantage

At Honkajoki, social responsibility means ensuring the well-being and competence of staff, maintaining product safety, and fostering both good work practices and relationships with companies and individuals in the local community.

In our operations, we comply with Finnish legislation, EU standards, the UN Declaration of Human Rights and the International Labour Organization Conventions. We guarantee our employees the benefits and rights defined by law and the general collective agreement. We also expect all of our employees to treat each other with respect and fairness. Discrimination on the basis of any personal characteristics will not be tolerated.

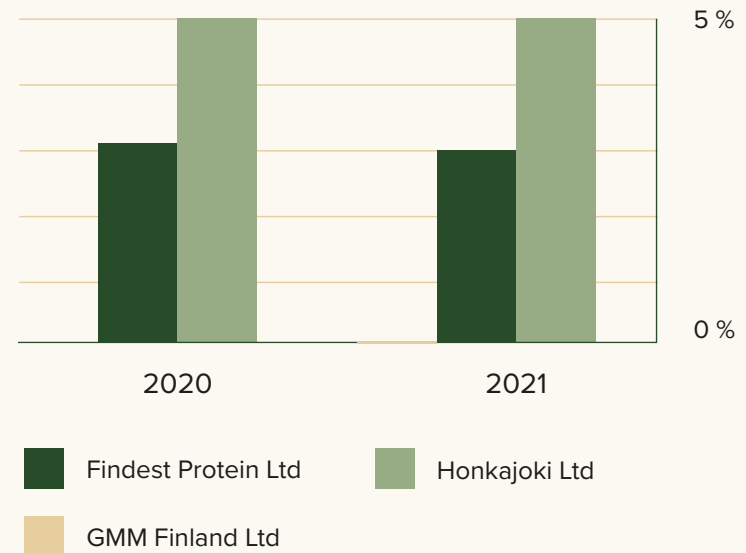
The Honkajoki group is part of the Finnish government’s security of supply chain that must be maintained in times of crisis. The continuing corona pandemic in 2021 meant that the crisis arrangements made in 2020 remained in place: alterations to prevent infections in factory areas; working remotely for all those who could; and having the bare minimum of physical visits and meetings on site. As the pandemic eased, we increased the frequency of physical contact in line with recommendations from health authorities.

ABSENCE THROUGH SICKNESS

In 2021, Honkajoki Oy’s absence rate was 5% – the same as in 2020. Most healthcare visits were related to preventive activities, i.e., health checks. The most common causes for sick leave absences were circulatory and respiratory problems. The total number of workdays lost through absence in Honkajoki was 1178. Findest Protein’s absence rate was 3% and the number of workdays lost through absence was 144. GMM Finland had no absences.

In 2021, the group had a total of 127 employees – 108 men and 19 women – including seasonal workers.

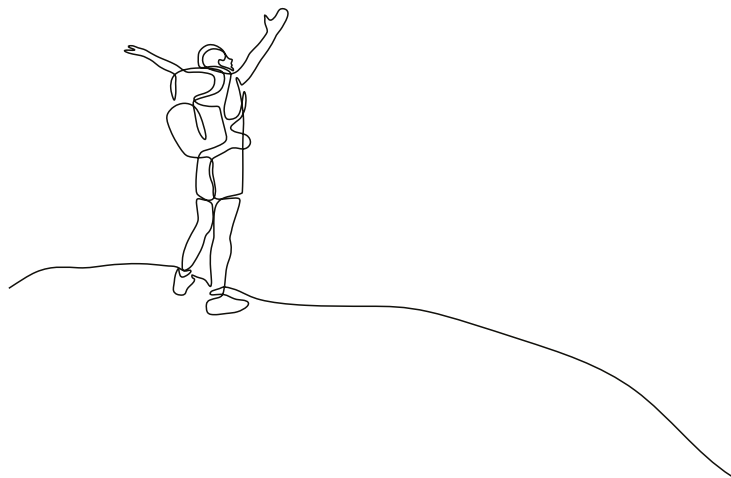
ABSENCE RATE (%)



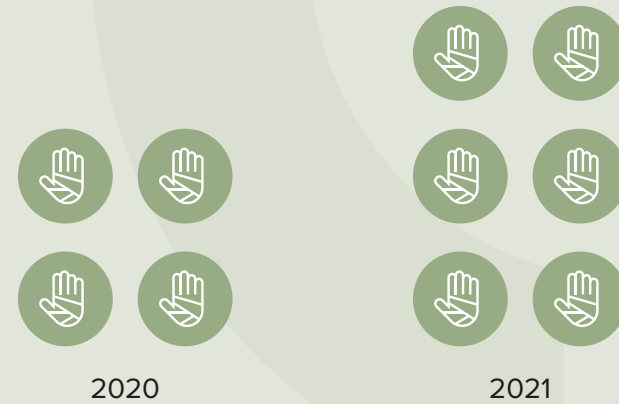
ACCIDENTS AND OCCUPATIONAL SAFETY:
 6 MINOR WORKPLACE ACCIDENTS IN 2021

In 2021, the Honkajoki group recorded a total of six occupational accidents, all of which occurred in the Honkajoki workplace. Accident investigations are carried out for any accident registered at work, and corrective measures are then taken to prevent such an accident happening again. The workplace accidents in 2021 were minor, as most did result in very short-term sick leave if any at all. Sick leave due to accidents outside work did increase significantly however compared to 2020.

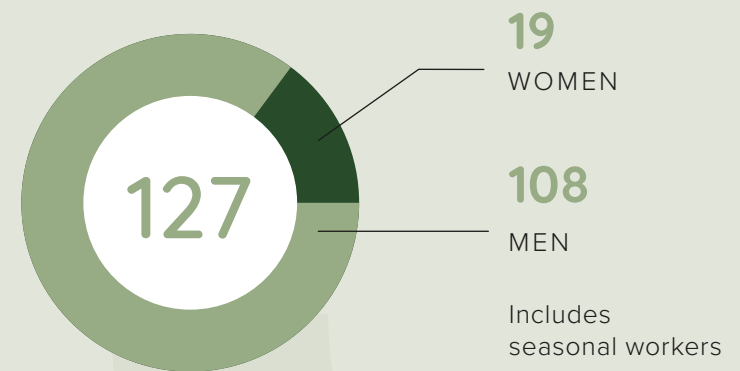
Our policies include regularly and systematically working towards a safer work environment and 2021 was no exception. Among other measures undertaken this year, we carried out comprehensive risk assessments, conducted regular safety rounds, and looked into how near misses and incidents could be avoided in future. We also looked into a range of ways to anticipate and prevent future risks associated with COVID, noting how we had managed to run things smoothly despite the challenging situation.



NUMBER OF ACCIDENTS



NUMBER OF EMPLOYEES



STAKEHOLDER ANALYSIS

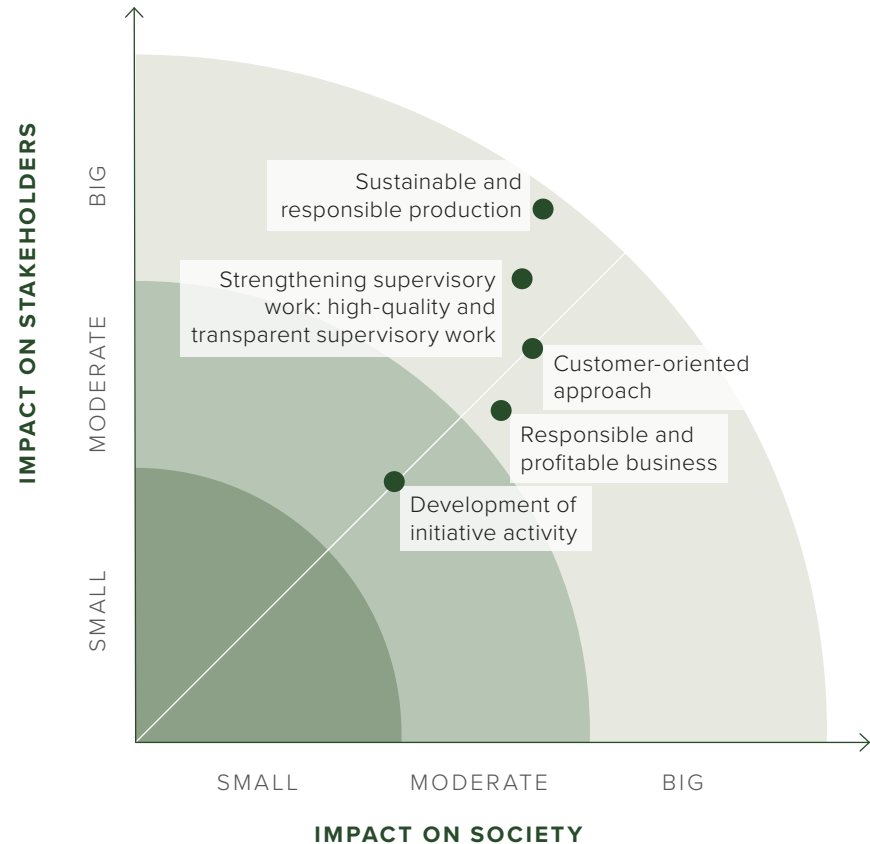
Active dialogue creates a common understanding

Conducting a stakeholder analysis shows us how our external and internal stakeholders view our company's operations, and the survey is an important tool for helping us to develop these operations further.

The Honkajoki Group works with various authorities as well as extensively across the corporate sector. Legal operations and cross-sectoral cooperation with these bodies are in fact the basic preconditions for our business. Actively cooperating with the world of research and educational institutions also gives us important perspectives that allow us to innovate and strengthen our position at the forefront of the circular economy.

The yearly stakeholder analysis includes feedback from internal and external groups and other material collected from them. The data for both groups in 2021 is based on the results of recirculating a survey with the same questions as were asked in 2020.

MATERIALITY ANALYSIS





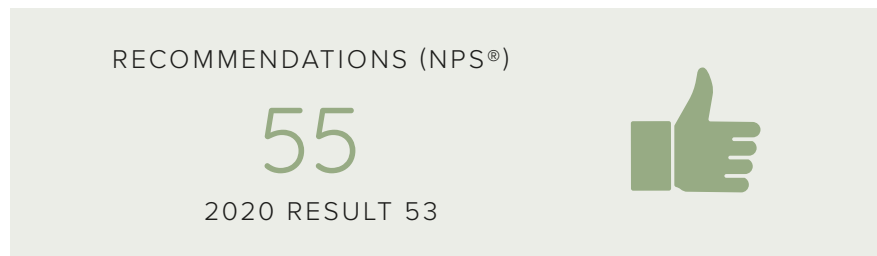
”

Actively cooperating with the world of research and educational institutions also gives us important perspectives that allow us to innovate and strengthen our position at the forefront of the circular economy.

CUSTOMER SATISFACTION SURVEY: HONKAJOKI IS SEEN AS A RELIABLE AND RESPONSIBLE PARTNER

Honkajoki Ltd's external stakeholders include our end product customers, suppliers of animal origin raw materials, neighbours, research partners, transport companies, and various authorities. A link to the customer satisfaction survey was emailed to them in March 2021. The response rate to the customer satisfaction survey was 26%.

The Net Promoter Score (NPS)® we received in the survey from our external stakeholders was two points higher than our score in 2020. Responses highlighted Honkajoki's four key strengths: "fully home-grown", "responsible company", "reliable partner" and "smooth cooperation" and two areas to improve on: "customer orientation" and "innovation".



EMPLOYEE SATISFACTION SURVEY: STAFF EACH KNOW THEIR BASIC WORK TASK AND THEIR COMPETENCIES CORRELATE TO THOSE TASKS

The employee satisfaction survey carried out in March 2022 aimed to gather employees' thoughts on our company's strengths and areas for development.

The response rate was 51%, falling short of our 60% target. Responses highlighting the company's strengths highlighted that personnel were experienced, basic work tasks were clear, and skills were felt to meet the requirements of the job well. Work was also felt to be sufficiently flexible to fit around the current life situation of employees.

It was felt that the company could however improve feedback practices and communication practices so that internal development proposals could be more easily discussed. Honkajoki has consequently developed both its external and internal communication practices over the past year, and based on the feedback, it will continue to do so in the future. Special attention will be paid to choose a form of communication which meets with employees' approval.

Employees were also asked how likely it would be that they recommend their employer to a friend or acquaintance. A separate ENPS® survey was conducted over the Honkajoki group's intranet, but because the response rate was only 30.9%, the picture it gives is not particularly representative. Nevertheless the score was 29, down 14.5 points from the previous survey, which is a steep fall, so we will focus on the feedback we have received.





HONKAJOKI



POVETSI PROTEIN MÄL

Made for human consumption

HONKAJOKI



POVETSI PROTEIN MÄL

Made for human consumption

ECONOMIC RESPONSIBILITY

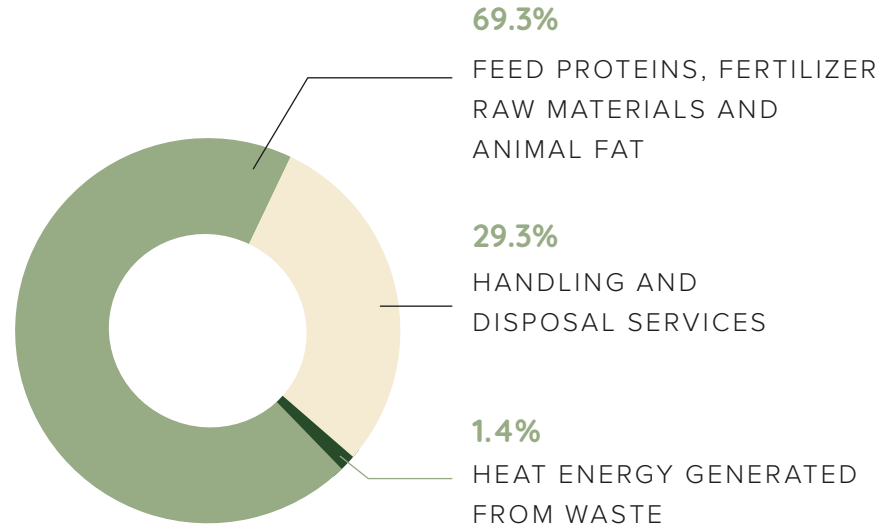
Strongest financial year in the company's history

The financial result for 2021 was positively affected by the increase in raw material volumes and prices. The largest price increase was in fat products, but protein flour prices were also on the rise.

Feed protein, fertilizer raw materials, and animal fat accounted for 69.3% of total net sales to industry. The second largest sector for the company was our handling and disposal services, which accounted for 29.3%, and the smallest yet perhaps most important sales were of heat energy generated from waste (1.4%).

Careful planning and the swift collection of raw materials are the cornerstones of our operations. We pick up raw materials from our customers according to agreed schedules. The timeliness and speed of the transport service will affect the quality of the raw materials and impact the end products themselves. By acting quickly, we prevent the chemical and microbiological deterioration of the by-products and ensure they can be handled safely and hygienically. We plan all raw material pick-ups with HELOS software developed for our own needs in our logistics department. Although the transports are organised by the group, the equipment used is mainly provided by the contract partners.

TURNOVER 2021



The safety and high quality of Honkajoki Ltd's products depend on an accurate evaluation of the entire supply chain, detailed operational planning, and supervision. The supply chain starts with the suppliers of the raw materials and ends with the delivery of the finished product to the customer. A systematic assessment is performed to determine where there will be quality assurance checkpoints so that safety can be ensured at every stage. All raw materials in the supply chain must pass through these checkpoints. In this way, we can react in the quickest possible time to any deviations that might occur, and guarantee that our customers will receive products that meet every one of their requirements.

CHARACTERISTICS FOR 2021

EMPLOYEES

127

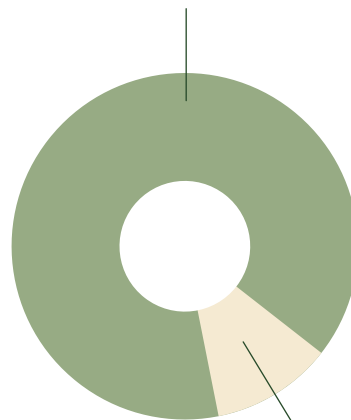
19 WOMEN



TURNOVER

53.1

MILLION EUROS



NET PROFIT

11.3

PERCENT

TOTAL QUANTITY OF RAW MATERIALS PROCESSED

199 505

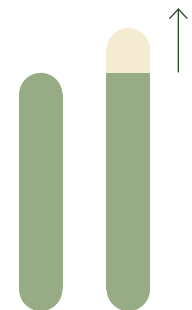
TONNES



INCREASE IN QUANTITY OF RAW MATERIALS RECEIVED

12.4

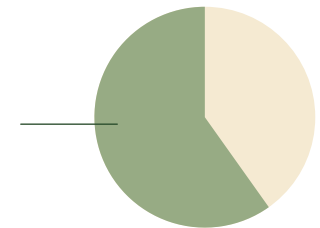
PERCENT



EQUITY RATE

59.8

PERCENT



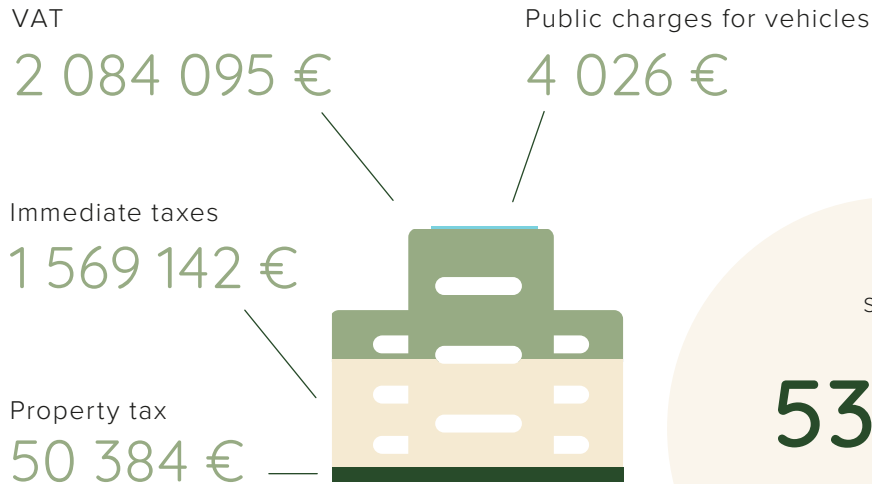
ASSOCIATIONS AND LOBBYING ORGANISATIONS IN WHICH THE HONKAJOKI GROUP IS INVOLVED

- European Fat Processors and Renderers Association EFPRA
- Finnish Business & Society (FIBS Ry)
- Taxpayers' Central Association (TAF)
- The Finnish Food And Drink Industries Federation (ETL)
- Finnish-Russian Chamber of Commerce Association (SVKK Ry)
- Satakunta Chamber of Commerce
- The Finnish Association for Biological Waste Treatment (Biolaitosyhdistys Ry)
- Finnish Agricultural Society Association
- World Energy Council Finland Ry
- Finnish Entrepreneurs
- PSK Standardization Association

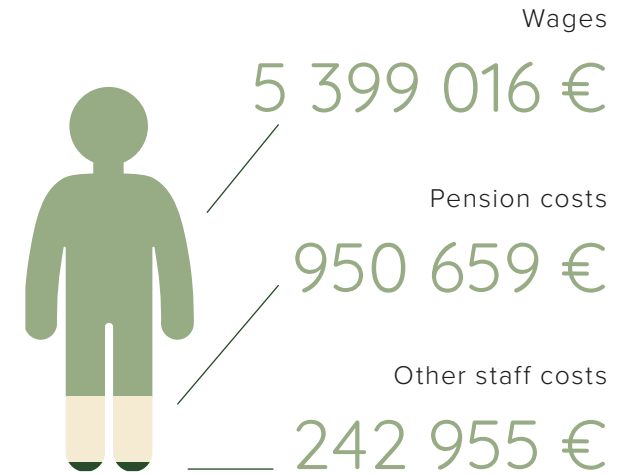


KEY FIGURES FOR 2021

SOCIAL CONTRIBUTIONS AND TAXES



EMPLOYEE CONTRIBUTIONS



GRANTS RECEIVED



PURCHASES



DIVIDENDS



TOTAL DONATIONS GRANTED



ECONOMIC RESPONSIBILITY

Sales and products

In 2021, demand for our products remained strong. Due to this demand, our inventories have remained small and we have not had delivery difficulties due to any production issues. Due to high demand, prices also rose. In particular, the prices of our fat products increased significantly compared to 2020. In 2021, the domestic market also continued to strengthen as the position of new local players in Finland became established. However, transportation costs continued to rise – causing total costs to increase for our end-product customers. This particularly had an impact on long haulage and products sold to third countries.

During the reporting period, only one large bag of processed animal protein and one batch of fat had to be withdrawn as they did not meet the quality requirements set for them.

CAT2 MEAT BONE MEAL



PORCINE PROTEIN MEAL



BOVINE MEAL



POULTRY PROTEIN MEAL



CATEGORY 1



MEAT-BONE MEAL
Burnt for energy



FAT
Sold as raw material for biofuel
50% domestic 50% abroad

CATEGORY 2



MEAT-BONE MEAL
Sold as a raw material for organic
fertilizer and fur animal feed
70% domestic 30% EU



FAT
Sold to our customers
as raw material for biofuel
87% domestic 13% abroad

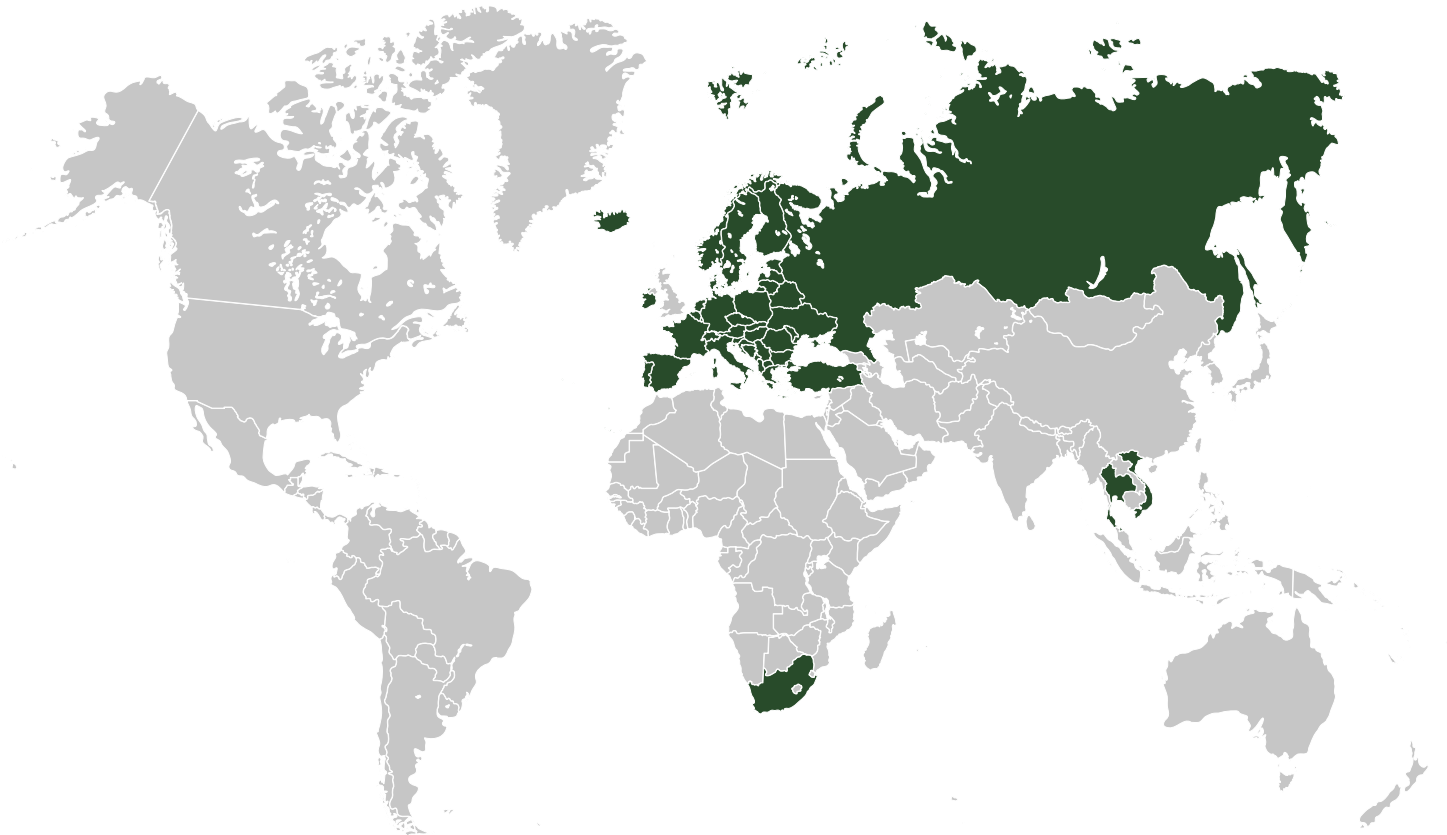
CATEGORY 3



ANIMAL PROTEIN
25% domestic 75% abroad



FAT
Feed for the pet food industry
Raw material for biofuel
87% domestic 13% abroad

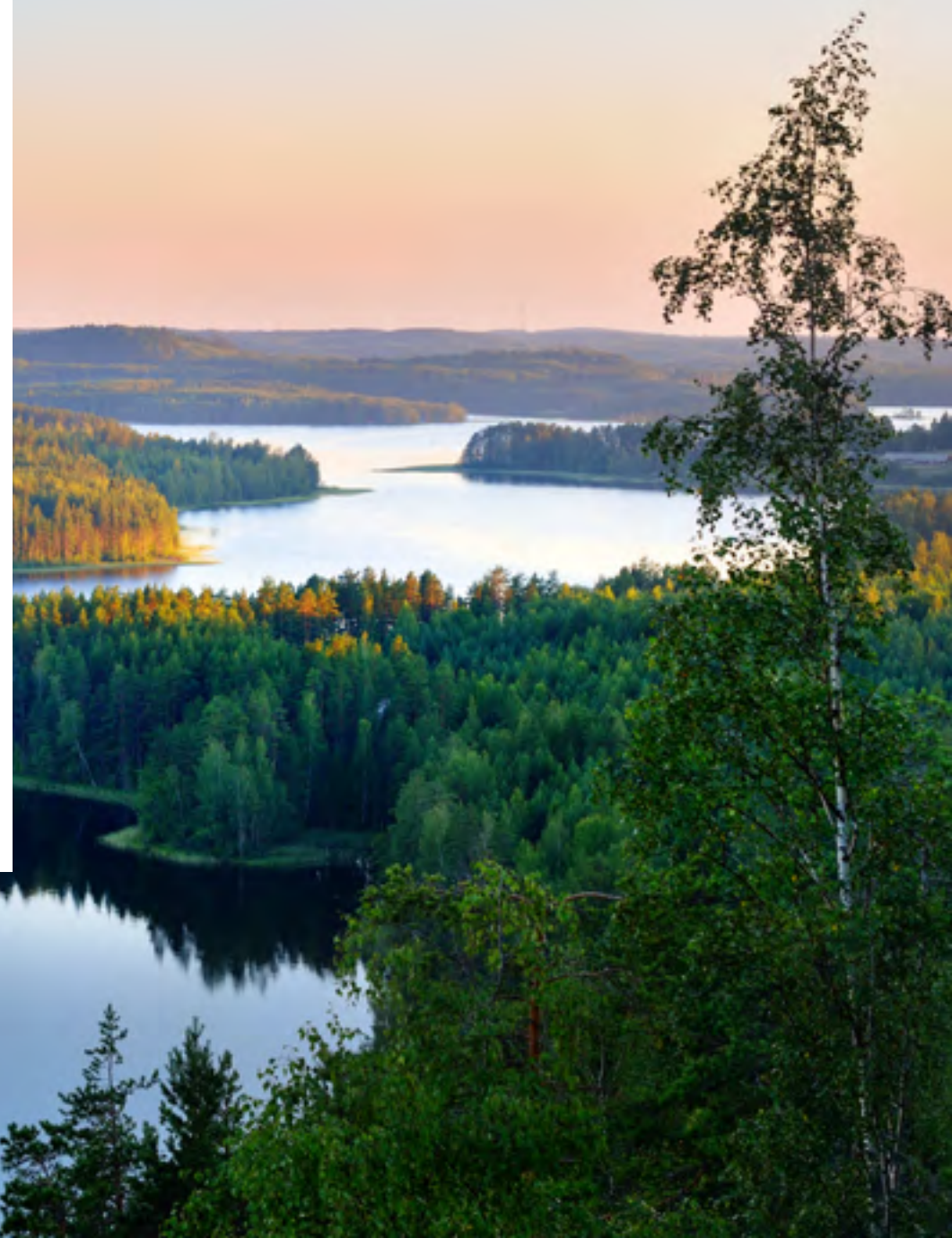


Report

This sustainability report was drawn up in compliance with the Global Reporting Initiative standards and the UN's Sustainable Development Goals. The Honkajoki group's previous corporate responsibility report was published on June 15, 2020, and was prepared at the Core level.

There are no significant changes in the scope of the report compared to last year's. The results have not been externally verified. The issues we address have often come up in discussions with our stakeholders. The sustainability report is for telling our stakeholders how we respond to the issues that interest and reflect on our business. At the same time, we want to take part in the public debate on the state and development of meat production and its environmental impact.

The data has been collected from companies belonging to the Honkajoki group. The reporting period was 1.1.–31.12.2021. We are committed to reporting on our group's responsibility and to setting and monitoring targets for measures to promote responsibility on a yearly basis.



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