



# Sustainability report

**HONKAJOKI** wealth by recycling



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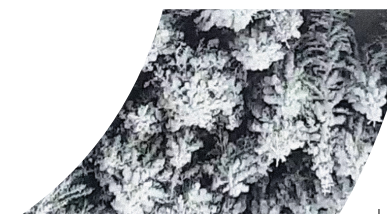
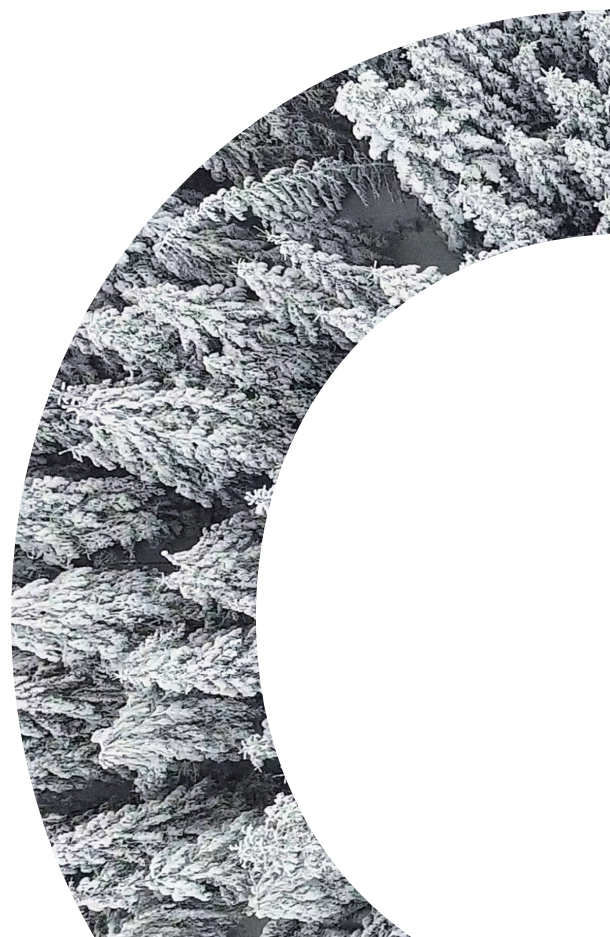
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## Honkajoki Group – expert in circular economy

Honkajoki Group is Finland's leading processor of animal by-products. Our main task is to manufacture and further refine animal by-products into high-quality, clean and safe raw materials for our customers in various industrial sectors. We have developed a circular economy concept that provides added value to the group's owners, customers and other stakeholders by recycling organic matter in the most resource-wise and energy-efficient way possible.

Responsible operations in all areas of our business is a prerequisite for the group's vitality. As a processor of animal by-products, we are guided not only by a number of national and international authorities, but also by the expectations of our stakeholders, the well-being of the environment and our responsibility towards the society in which we operate. We want to be pioneers in all areas of our business and provide the group's stakeholders with a reliable and responsible partner.





## Growth by recycling

Honkajoki Group processes animal by-products from farms, slaughterhouses and meat cutting plants and refines them into organic raw materials for the energy, cosmetics, fertiliser and animal feed industries, as well as for the fur and pet food industries. We offer disposal and sterilisation services for animal waste-producing plants, and we collect and process animals which died on Finnish farms. We guide our customers in the recycling of materials of animal origin and in the use of products manufactured by Honkajoki Group.

Our practices are based on the principles of the circular economy. We recover resources by further refining animal by-products into commercial products for industry, and the condensate heat generated in the pro-

duction process is utilised in the heating of process and garden areas in the Honkajoki Oy industrial site. We process only Finnish raw materials, and our products are exported to Europe, Asia, Africa and Russia. We also started to export the circular economy concept of Honkajoki Oy to third world countries in 2017.

Sustainable agricultural productivity and the efficient use of resources are the cornerstones of our operations. We work closely with various research institutes and actively participate in projects aimed at studying and developing operational models for the circular economy and agroecology.

### OFFICES

Honkajoki Group's offices are located in Finland.

#### GROUP HEADQUARTERS

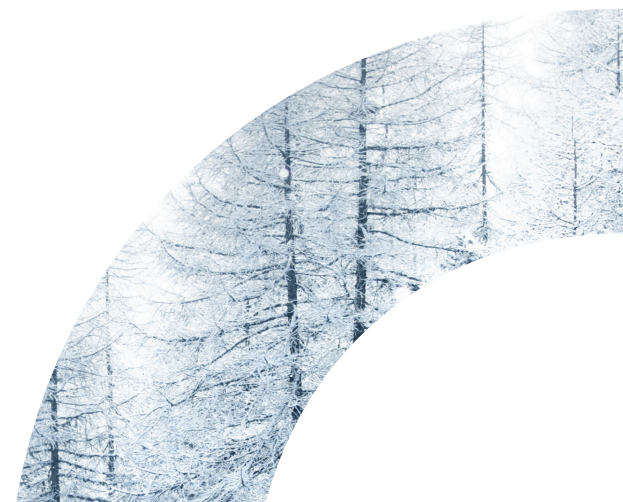
Honkajoki Oy, Honkajoki

#### OTHER OFFICES

Findest Protein Oy, Kaustinen

GMM Finland Oy, Honkajoki

HonkaLeather Oy, Honkajoki





## 2017 KEY FIGURES



€32 M

NET  
SALES



10.3 %

OPERATING  
PROFIT



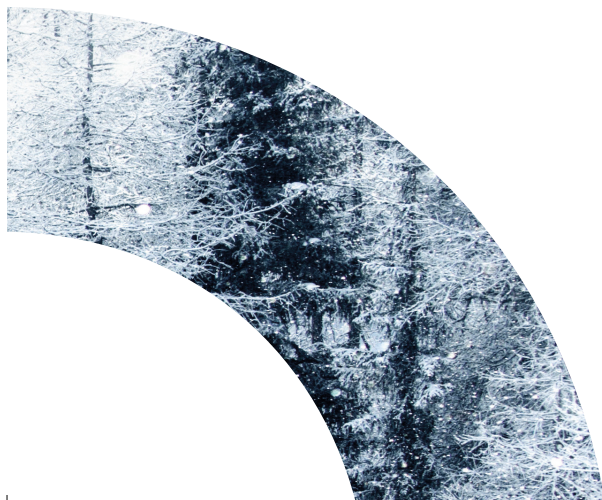
106

EMPLOYEES  
IN THE GROUP



87 295 t

SLAUGHTERHOUSE  
WASTE





Products



BOVINE PROTEIN MEAL  
Animal protein derived from bovine animals.



PORCINE PROTEIN MEAL  
Animal protein derived from pigs.



POULTRY PROTEIN MEAL  
Animal protein derived from poultry.



REINDEER MEAL  
Animal protein derived from reindeer.



BOVINE FAT  
Pressure-sterilised and purified bovine fat.



PORCINE FAT  
Water- and solid-free porcine fat.



POULTRY FAT  
Solid-free and feed-grade poultry fat.



CLASS 1 ANIMAL FAT  
Pressure-sterilised, hygienic fat for use as fuel raw material.



CLASS 2 ANIMAL FAT  
Pressure-sterilised, hygienic fat for use as biofuel raw material.



CLASS 3 ANIMAL FAT  
Dry-rendered fat for use as biofuel raw material.



## STRATEGY

# Finland's leading processor and marketer of animal by-products

Cost-effective processing and marketing of owners' animal-derived by-products, reduction of emissions from our operating chain, increasing our market position in global markets and continuous improvement of safety in our operations are the strategic cornerstones of Honkajoki Group. Our greatest strengths in implementing the strategy is our knowledgeable and experienced personnel, whose expertise and well-being we constantly invest in.

We want to maintain our position as Finland's leading processor of animal by-products and improve our positions in international markets. We produce services and products for our customers, and we closely follow changes in our operating environment, in the market economy and in the prices for raw materials. We respond proactively to changes so that we can prevent risks and financial losses as effectively as possible. In the coming years, we will focus more on developing our products, further refining, increasing added value, sourcing raw materials and exporting our expertise.

## STRATEGIC OBJECTIVES

- More cost-effective process and marketing
- Extending the raw material supply base
- Reducing emissions from our operating chain
- Increasing our share in international markets
- Increasing human resources and expertise
- Maintaining and developing the safety of operations
- Developing products and the production concept





VALUES AND CODE OF CONDUCT

Responsible builder of society

NEEDS-BASED THINKING

The group's vitality depends on our ability to identify and respond to the needs of our customers. We are actively discussing with our stakeholders and we are committed to delivering high-quality, responsibly produced products and services at competitive prices.

HIGH ETHICS

We operate in accordance with the highest ethics, even when the law does not impose conditions on operational models. Our operations are honest and transparent, and we also expect our partners to follow high ethics in their operations.

PROSPEROUS COMMUNITY

We are dedicated to building a safe, responsible and equal community. We cooperate with companies in our region and we take responsibility for promoting the well-being, development and active cooperation of the community.

HONKAJOKI GROUP VALUES



RELIABILITY

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



ENVIRONMENTAL-FRIENDLY

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



INNOVATIVENESS

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



GROWTH ORIENTATION

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



WELL-BEING

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

## GROUP GOALS AND OBJECTIVES

2017–2020



### QUALITY AND BUSINESS

- Improving product and service development
- Improving the competitiveness of the company
- Development of risk prevention
- Development of analysis
- Strengthening production qualitatively
- Development of communications



### ENVIRONMENT AND ECOLOGY

- Management of the phosphorus content, energy consumption and temperature of the waste water treatment plant
- More efficient sorting of waste
- Chemical safety
- Improving the quality of raw materials
- Reducing energy consumption



### OCCUPATIONAL SAFETY AND HEALTH

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



CEO'S REVIEW

# From waste management to value creation

The year 2017 was a jubilee year for Honkajoki Oy, as it was the company's 50th anniversary – a respectable achievement. Over the past decades, we have worked hard to create a circular economy concept, which today is one of the most efficient and responsible processing models for animal raw materials.

Our environment is heavily characterised by internationality, ecology and tightening hygiene and environmental standards. The same themes are reflected in the group's business, whose development and well-being are fundamentally dependent on responsibility. In the coming years, we will invest in the development of even greener operating models, in growing our production and in international activities.

In 2017, we opened a new poultry line, which increases the group's production capacity and strengthens our position in the Finnish market. The additional capacity provided by the plant will also improve our ability to respond to international interest in our PAP products. Another highlight of the year was the commencement of exporting our expertise to third countries. Our objective is to promote the holistic exploitation of animal by-products especially in developing countries, where the processing of by-products is often inefficient, unhygienic and environmentally damaging.

As Finland's leading processor of animal by-products, we also have a major responsibility to prevent and eradicate epidemics. In the beginning of the 21st century, we saw the damage caused by mad cow disease to the meat market. With the sterilisation chain of Honkajoki Group, the disease was eradicated in Finland, but its effects are still visible in the meat market. Now the world fears the spread of African swine fever. Its landing to Finland would have serious consequences for the whole of agriculture and its processing chain.

We utilise 100% of the animal by-products in our production, and we process them into proven high-quality, safe and clean raw materials for industrial use. We strictly adhere to legislation and standards and analyse our products carefully. In the Kirkkokallio unit in Honkajoki, we heat the site's process and garden areas with the condensate heat from production. We invest extensively in employee well-being and more efficient production concepts. We work closely with research institutes studying the circular economy and agroecology, and we are strongly involved in promoting the sustainable use of resources.

Our motto "From waste management to value creation" is visible in the group's everyday life on many levels. In the Kirkkokallio unit, Honkajoki Oy has already reached a level where all the incoming raw materials are transformed into commercial products and no organic waste is generated in the production. This achievement is also unique at international level.



## Highlights of the year 2017

### HONKAJOKI OY LAUNCHED A NEW PRODUCTION LINE FOR BROILER BY-PRODUCTS

The poultry line introduced in November 2017 focuses on the further processing of the by-products of broiler production, and its capacity corresponds to the volume of by-products of the entire Finnish broiler production. The new poultry line increases the group's production to 170 000 tonnes in 2018. The line brought 11 new jobs to Honkajoki Group.

The raw materials for the line come from slaughterhouses of HKScan, Atria and Länsi-Kalkkuna Oy, and the final product of broiler protein is exported to Europe, Asia, Russia and Africa. The line is the most energy-efficient in the company – a large part of the water generated in the production process is removed by an MVR evaporator, which uses 20 kWh per cubic litre.

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“OVER THE HONKAJOKI GROUP'S HISTORY, WE HAVE CREATED A CIRCULAR ECONOMY CONCEPT, WHICH TODAY IS ONE OF THE MOST EFFICIENT AND RESPONSIBLE PROCESSING MODELS FOR ANIMAL RAW MATERIALS.”

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### HONKAJOKI OY PACKAGED ITS CONCEPT AND BEGAN EXPORTING ITS EXPERTISE

The circular economy concept of Honkajoki Oy is of interest to actors, especially in Asia and Africa, where meat consumption is increasing fast, energy production systems are unreliable, and infrastructure is incomplete. The concept is applicable to a wide range of operating environments and adaptable according to raw material and by-product flows.

The export of the circular economy concept was initiated through a virtual model and experiential technology. The VirtualSite model and virtual working environment developed by Sweco Finland Oy have allowed for the facility of Honkajoki Oy in Finland to be explored anywhere in the world.



- CEO, Honkajoki Group



RESPONSIBILITY

# Responsibility in Honkajoki Group

Honkajoki Group's mission, vision and strategy has been built to meet the challenges of the operating environment and to maintain the company's vitality while respecting the environment and bringing value for stakeholders. Responsible operations are a vital condition for our business, and its main themes for us and our stakeholders are to ensure the safety and purity of products, respect for and promotion of the circular economy, the well-being of the work community, as well as transparent and responsible agency.





## Responsibility is a long-term activity

We have identified the internal and external themes that guide responsibility in our operations, and we take these themes into account in our daily work. With regard to the internal environment, we pay particular attention to the company's values, culture, knowledge and performance. In making our strategic orientations, we pay attention, where appropriate, to international, national, regional and local issues relating to changes in legislation and standards, technology, environmental issues, financial and competitive environment, culture and society.

We are aiming at a leading competitive position in every area of our business. This requires all the resources of our community – financial, operational, technological and social – to be used wisely. We regularly evaluate the use of resources and focus on the long-term and sustainable development of their use. We improve our efficiency and productivity by learning, sharing and following responsible and ethical practices.

### SAFE PRODUCTS ARE A PREREQUISITE FOR CUSTOMER SATISFACTION

Our main task is to supply our customers with high-quality products that are demonstrably 100% pure and safe. It is a prerequisite for our operations and our strongest competitive advantage globally. We take daily samples from our product line, and each sales batch is carefully reviewed before dispatch. No product is dispatched to the customer without a clean approval from quality control.

### A PROSPEROUS AND COMMITTED WORK COMMUNITY

The high level of professionalism and well-being of the staff ensures that Honkajoki Group has the highest possible expertise in producing pure, high-quality products. We want to keep the best possible employees as members of our work community by providing them with training, a safe working environment, appropriate health services, competitive employment benefits and equal and fair treatment for all.

### CIRCULAR ECONOMY ENABLES A CLEAN LIVING ENVIRONMENT

Honkajoki Oy's concept combines responsible circular economy thinking, agroecology principles and technological innovations. We recover animal by-products, prevent the spread of pathogens, promote the sustainable use of natural resources and minimise the environmental impact of our operations. We are actively seeking new, more sustainable approaches, e.g. by actively cooperating with various research institutes.



## STAKEHOLDERS

## Effective and timely communication with stakeholders

Information and its flow between different actors have a significant impact on how our company is perceived as a partner and employer. We strive to communicate with our stakeholders in an effective and timely manner in every situation, and we choose the means of communication depending on the needs of the stakeholder and the nature of information. We are constantly working to improve our communication and, in particular, the group's internal communication.

Internal communication transmits information related to the company, products and operations to people within the company who need the information in their work. The task of internal communication is to ensure that the responsible persons receive timely information on their work and changes. Each responsible person is responsible for forwarding any information relating to their area to the organisation, and employees must immediately inform their supervisors or other designated officers of deviations detected. In addition to all organisational levels, the closest and most important suppliers and subcontractors of the group are covered by internal information.

External communication is active, two-way communication, the main responsibility for it lying with the CEO of Honkajoki Group. Our external stakeholders include customers, partners, the municipality, residents and neighbours, suppliers of services and goods, financial and insurance institutions, the Finnish innovation environment, as well as authorities and third sector representatives.

**Staff** expect long-term, reliable and safe jobs, good working atmosphere and corporate image, as well as information on the job description, the workplace and other issues affecting the person's work.

**Owners** expect revenue, growth and responsible operations, as well as communication on the company's business status, development and other issues related to the group's operations.

**End-product customers** expect compliant products and services, a competitive price-quality ratio and responsible operations, as well as communication on products, services and issues related to the company's operations.

**Raw material supplier customers** expect the compliant collection and processing of raw materials, correct invoicing and responsible operations, as well as communication on raw materials, collection, transport and other themes related to them.

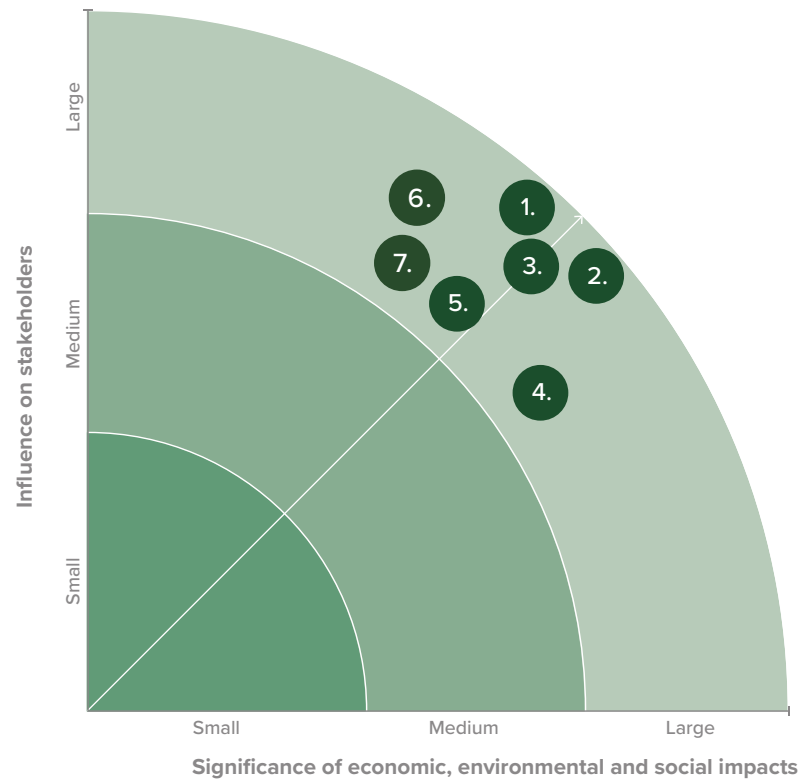
**Partners and suppliers of goods and services** expect evolving, long-term cooperation and responsible operations, as well as communication on the company's operations and on issues related to each partner's and supplier's agreement and role.

**Third-party representatives**, such as the public sector, financial and insurance institutions and the Finnish innovation environment, expect active and evolving long-term cooperation, responsible operations, as well as communication on the company's business, development and strategy.

**The municipality, residents and neighbours** expect good cooperation, consideration of environmental aspects, responsible operations, growth of the municipality's attractiveness, as well as the maintenance and creation of good jobs.

**Authorities** expect compliance with laws and regulations, as well as communication on related issues.

## PRIORITY ISSUE ANALYSIS



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

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

- |                                      |  |
|--------------------------------------|--|
| 1. CUSTOMER SATISFACTION             | 2. PROSPEROUS AND COMMITTED WORK COMMUNITY               |
| 3. CLEAN LIVING ENVIRONMENT          | 4. DEVELOPMENT OF CIRCULAR ECONOMY AND USE OF SIDE FLOWS |
| 5. TRUSTWORTHY AND RESPONSIBLE ACTOR | 6. COMPETITIVENESS                                       |
| 7. FINNISH ACTOR                     |  |



SAFETY

## Safe products for customers' needs

Thanks to a transparent supply chain and carefully designed operating processes, we can guarantee the high quality and safety of our products. The group's production processes are built according to the highest standards in the world, and each sales batch is analysed before dispatch to the customer. We actively develop the group's products and services so that our customers can take advantage of the nutritious raw materials in their own business safely. A significant part is also the professionalism of our staff, which we are constantly investing in.





#### PRODUCT DEVELOPMENT

## Active product development is a benefit for the customer and the environment

We are actively following changes in the operating environment of Honkajoki Group. We respond to these changes by keeping the dialogue with our stakeholders close and by developing solutions that support our customers in their business activities. We also work closely with different companies and associations. Thanks to these efforts, we are constantly getting new information about our products and we can further improve the safety and further processing possibilities of our products.

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

#### PRODUCTION

## Carefully controlled and planned production

We comply with the world's strictest production standards to ensure that all our products are 100% pure. Each group employee is a significant part of maintaining the quality chain. Investments in staff competences, quality thinking, error prevention and interaction with customers are an important part of the group's quality policy.

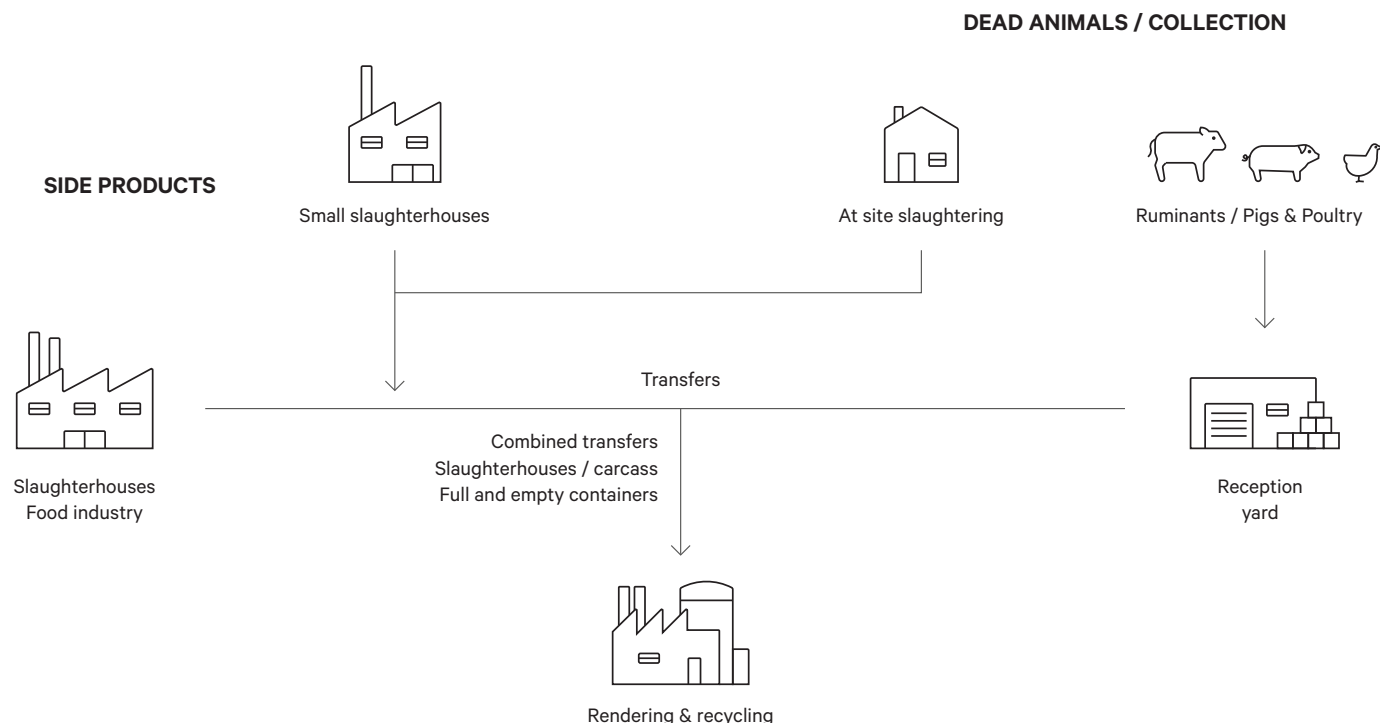
The purity of products is our greatest competitive advantage, which we reinforce with daily measures. Animals from which the raw materials originate are healthy and free from salmonella. Minimal amounts of antibiotics have been used in their care. The manufacture and storage of products are described in detail in each production plant's self-control plan and in the working instructions and operating system documents.

## SUPPLY CHAIN

## Safety starts at the beginning of the supply chain

The responsible practices of Finnish production facilities and slaughterhouses, as well as the successful logistical control of materials, directly affect the quality of the raw materials we receive, and the end products produced. The collection of raw material from different locations is planned by the group's own logistics department, which uses the Helos software, created to meet the group's needs in logistics planning and monitoring.

The logistical process is designed to process raw materials as safely and cost-effectively as possible. Raw materials are always stored and processed in dedicated rooms and transported mainly under the guidance of Honkajoki Group and with contractual partners' fleet. The yard processing of containers is carried out by the group's plants using mainly their own equipment. The yard processing of Findest Protein Oy is handled by outsourced operators.





## QUALITY CONTROL

# Careful quality control prevents risks

Honkajoki Group processes and markets only high-quality products that meet quality standards. We deliver products and serve our stakeholders with expertise, efficiency and compliance with all agreements. We provide up-to-date information about the group's products and services comprehensively. We actively monitor the quality of raw materials and products, and many different microbiological analyses are carried out on the products.

We comply with the monitoring programme, which defines the studies to be carried out, the analytical and sampling methods, the frequency of inspections, the limit values, the results and the corrective and preventive measures. The monitoring programme consists of statutory procedures for good hygienic practices and production methods. Our laboratory partners are Eurofins Scientific Finland Oy, Seilab Oy, Fin FurLab Oy, as well as the laboratories of Finnish Food Safety Authority Evira.

STUDIES	SAMPLING METHODS	FREQUENCY OF CHECKS	RESULTS	CORRECTIVE AND PREVENTIVE MEASURES
Salmonella Botulinum toxin Enterobacteriaceae Anaerobic microbes Total number of bacteria DNA analysis	The production line is sampled continuously with an active sampling probe.  The collection samples of a sales batch are compiled into a composite sample to be submitted to the self-control laboratory for analysis.	Samples from the production line are collected daily.  The samples are analysed per sales batch.	The results can be obtained from the lab within five working days.  The results are delivered electronically to the results service and signed certificates of analysis are delivered by post to the plant.  The results are kept in a locked cabinet.	The production line is cleaned and kept tidy according to the plant's self-control programme.  The products are always analysed before delivery to the customer.  If the limit values for the analysis are exceeded, the product is not delivered to the customer.

## 100% pure products for industrial raw materials

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

### EXPORTS

## Growing international demand

Honkajoki Group exports fats and PAP products to Africa, Europe, Asia and Russia. In addition to international guidelines, the export requirements that the group complies with in the export of our products and services are always determined by the legislation of the country of destination concerned. We work in accordance with the world's strictest regulations on the quality and processing of animal by-products.

At times we face restrictions that are generally specific to each animal. For example, after the BSE epidemic of the 21st century, stringent restrictions were imposed on bovine protein, and even today, it is not permitted to export products made from European bovine animals to many countries outside Europe. For the time being, broiler and porcine proteins are not subject to the same strict export restrictions as bovine proteins.



THE OPERATIONS OF HONKAJOKI OY HAVE BEEN CERTIFIED IN ACCORDANCE WITH THE FOLLOWING ISO AND EU STANDARDS:

ISO  
9001:2015

MANAGEMENT SYSTEM

ISO  
14001:2015

ENVIRONMENTAL  
MANAGEMENT SYSTEM

OHSAS  
18001:2007

OCCUPATIONAL HEALTH AND  
SAFETY MANAGEMENT

ISCC  
EU

INTERNATIONAL SUSTAINABILITY  
AND CARBON CERTIFICATION



# A prosperous and committed work community

Honkajoki Group bears responsibility for the needs related to the health and well-being of its staff by providing a safe working environment, comprehensive health services, fair treatment and the opportunity for career development for all staff members. Every member of our work community from the manager to the ordinary employee plays an important role in maintaining a healthy working environment.



## WORK COMMUNITY

# Aiming for a high level of well-being

Honkajoki Group aims at actively identifying issues related to work ability and coping at work and preventing problems by taking advantage of the early approach. We treat all our employees equally, and we guide them to act in the same way. We want to ensure that our employees have equal opportunities to promote their careers and as low a threshold as possible to discuss issues related to work and well-being with their supervisors.

We comply with Finnish labour Law, which defines employees' and employers' obligations in the details of work. All our employees are bound by a universally applicable collective agreement. Some of the group's employees also belong to trade unions with their own collective agreements.

## ETHICAL POLICY

The persons employed by Honkajoki Group are on an equal footing with each other. Political orientation, participation in and influence on social activities, ethnicity, religion, health status, sexuality, gender, age or other individual trait or view will not affect the treatment of a person, their salary or career prospects.

The employer has responsibility for equal treatment, but the entire work community is responsible for equal behaviour. Each staff member is expected to comply with the group's ethical policy. We do not accept any discrimination or bullying in the workplace, and no cases of discrimination have been disclosed in our group.

## ACTIVE TRAINING

Professional and competent staff is one of the biggest competitive advantages of Honkajoki Group. We want to retain the best employees by actively providing them with training that gives each staff member the opportunity to deepen their professional skills and develop in their work and careers.

## OPEN AND UNCOMPLICATED CONTACT

Every employee has the possibility to discuss with their supervisor all matters relating to work. We want to maintain a low threshold to approach the supervisor, because things that weigh on the mind must be dealt with as quickly as possible – that is why we sit down and have a discussion with our employees whenever they feel it is necessary.

## OCCUPATIONAL SAFETY

We regularly carry out inspections and audits to develop our workplace safety. Each employee complies with the safety instructions, uses the necessary personal protective equipment and reports any deficiencies in safety instructions or measures to their supervisor. We inform the employees and the authorities concerned of the risk factors detected, where appropriate.

## MAINTAINING HEALTH

We adhere to the proactive work ability support model, which supports staff health and coping at work, as well as supervisors' work on work ability-related issues. We evaluate work-related health risks, maintain health protection programmes for employees, take care of first aid preparedness and organise test, nursing and rehabilitation services for staff. We examine the health status of new recruits, and we regularly carry out work condition surveys and health checks.

## COOPERATION AND RECREATIONAL ACTIVITIES

We encourage our staff to maintain and improve their health through health checks and education, campaigns and cooperation. Our staff benefits include work ability and recreation days, summer and autumn gifts, massage services, varied opportunities for exercise, and anniversary gifts.

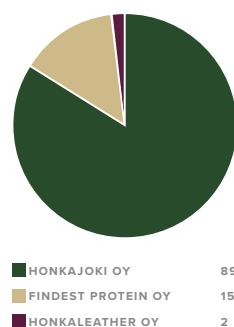
## Joint responsibility for the development of the working environment

We actively encourage employees to open dialogue that develops both the group's business and the well-being of the work community. We want to encourage our employees to bring up development proposals and new business ideas, as well as to contribute to the promotion and visibility of the visions defined by the company.

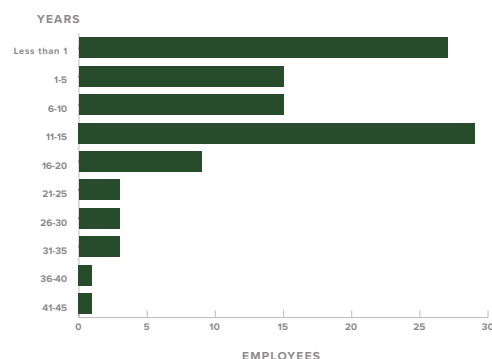
The supervisors and management of Honkajoki Group are available to the staff for all discussions developing the business and working environment, and they undertake to contribute to the implementation of the proposed development areas when financially possible. We also reward proposals that significantly develop our business.

## KEY FIGURES FOR THE YEAR 2017\*

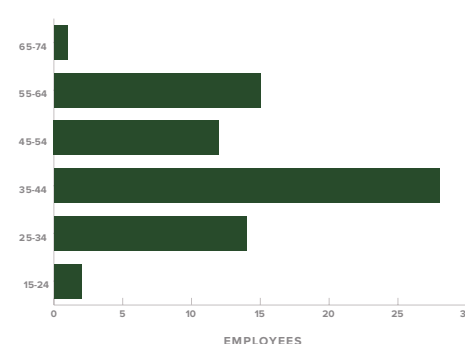
NUMBER OF  
EMPLOYEES 106



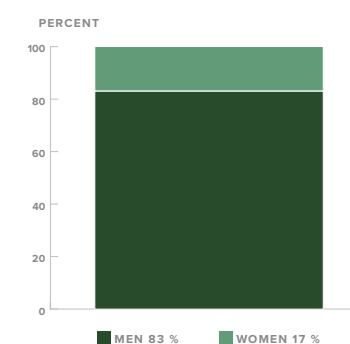
YEARS OF EMPLOYMENT



AGE STRUCTURE

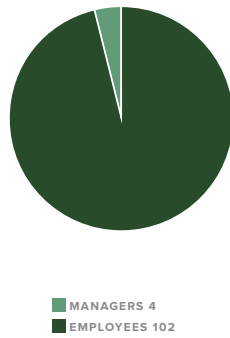


GENDER DISTRIBUTION OF STAFF

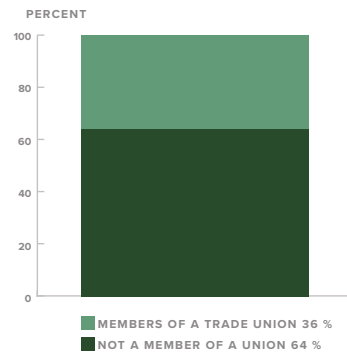




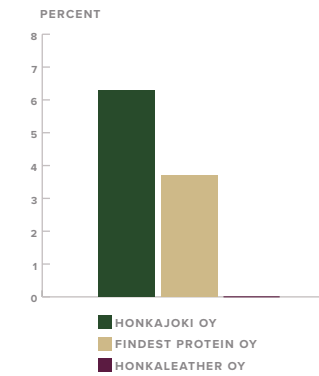
STAFF GROUPS



EMPLOYEES BELONGING TO A TRADE UNION



SICKNESS ABSENCES PER REGULAR WORKING HOURS



OCCUPATIONAL ACCIDENTS

13  
ACCIDENTS AT WORK

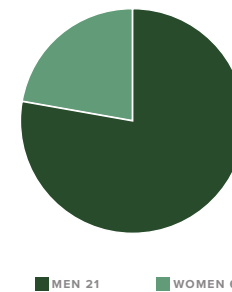
DEATHS

0  
NO DEATHS

AVERAGE TRAINING DAYS

66  
EMPLOYEES RECEIVED TRAINING FOR A TOTAL OF 66 DAYS

TOTAL NUMBER OF NEW RECRUITS\*



\*The figure also includes seasonal workers.

EMPLOYEES LEAVING THE GROUP

6  
EMPLOYEES

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

# Developing the circular economy and exploiting side flows

The resource-wise processing and production processes of Honkajoki Group are based on the circular economy. Their goal is to keep the by-products of the meat industry in the cycle as long as possible and with minimal waste. We have invested in technological innovations to make use of all incoming raw materials and to produce the energy we need ourselves. We are committed to developing our concept to make it even more environmentally friendly by reducing its environmental impact and concentrating on the possibilities of further processing of raw materials.

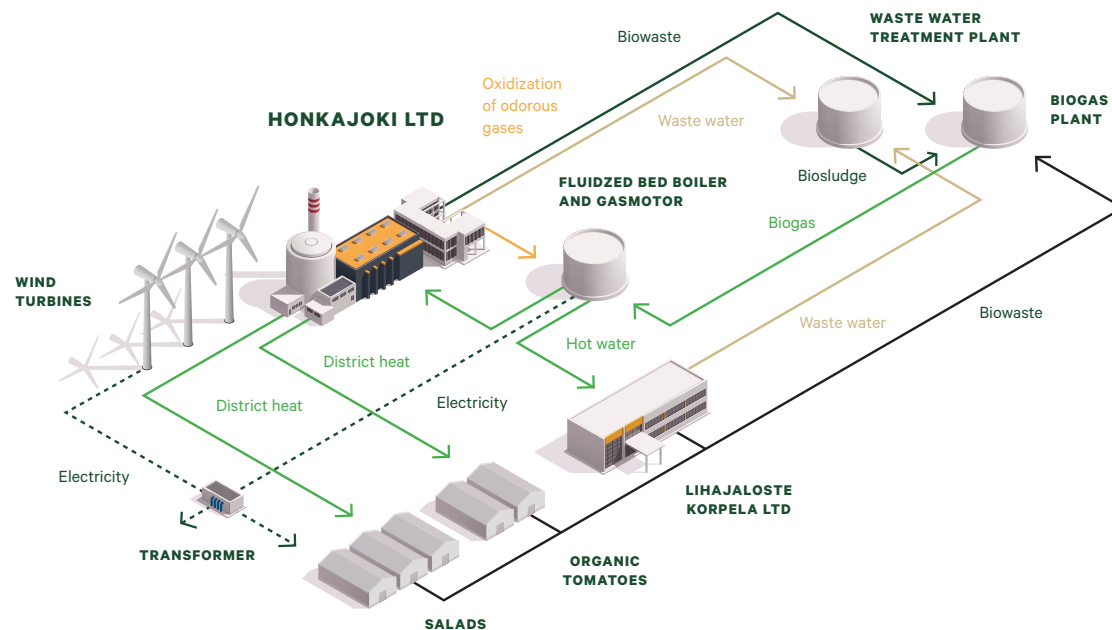


## CIRCULAR ECONOMY AND SIDE FLOWS

# The circular economic concept of Honkajoki Oy recycles safely

The circular economy aims to minimise production and consumption waste and to maximise the value of raw materials by recycling and further refining them into new commodities. We utilise this principle in the concept of Honkajoki Oy. The hygienic, precise handling of by-products contributes to the sustainable use of natural resources and prevents the spread of pathogens, which ensures a safe living environment for animals and humans and a sustainable operating environment for stakeholders of Honkajoki Group.

In Finland, meat consumption generates as by-product 250 000 tonnes of animal material, unfit for human consumption, per year. We have refined our process as complete as possible in terms of purity, safety and environmental impact. Thanks to technological innovations, we can make use of all incoming material so that no organic waste is generated in our production. By-products are processed into safe products for industry, and the waste water nutrients generated in production are used in fertilisers supplied to nearby farms. The surplus energy reserves from production are used to heat the production facilities of local companies.



## PROPORTION OF RECYCLED MATERIALS

### FINDEST PROTEIN OY

**CATEGORY 3 PROCESSING PLANT**  
25 000 tonnes per annum pork

### HONKAJOKI OY

**CATEGORY 1 PROCESSING PLANT**  
29 000 tonnes per annum bovine animals

**CATEGORY 2 PROCESSING PLANT**  
57 500 tonnes per annum pork

**CATEGORY 3 PROCESSING PLANT**  
6 500 tonnes broiler in 2017  
(operation started in November 2017)



# Aiming for an even smaller environmental load

We treat the waste water from the group’s operations in our own treatment plant, where we follow the figures closely. We sort and treat mixed waste, wood waste, metal waste, cardboard bales and other wastes with

appropriate methods. We work constantly to improve the group’s energy efficiency and to reduce our energy consumption.

KEY FIGURES FOR THE YEAR 2017

ENERGY CONSUMPTION	RAW MATERIALS PROCESSED IN THE GROUP	THE HEAT ENERGY USED BY THE GROUP'S PRODUCTION PLANTS HAS BEEN PRODUCED AS FOLLOWS	ENERGY EFFICIENCY
Electricity 10 201 MWh (including purification plant)  Steam 78 393 MWh	Total amount 87 295.7 tonnes  Category 1 processing plant 23 346.4 tonnes  Category 2 processing plant 53 528.9 tonnes  Broiler plant 6 269.1 tonnes  Broiler by-products delivered to fur kitchens 4 151.3 tonnes	Total thermal energy consumption 78 393 MWh  Peat-produced 69 174 MWh  Produced by biogas 4 772 MWh  Produced by heavy fuel oil 4 447 MWh	Steam energy 0.942 MWh/raw material tonne  Electrical energy 0.123 MWh/raw material tonne

## Water consumption

Water is a critical component in the processes and production of Honkajoki Group. We are constantly working to improve its consumption to ensure sustainable use of water resources. All water used in our processes is ground water. The groundwater reserves in Finland are plentiful, which makes it possible to use it.

WATER CONSUMPTION IN 2017

35 424 m3

## Emissions

The odour measurements of Honkajoki Oy’s rendering plant and waste water treatment plant, as well as the emission measurements of ammonia, reduced sulphur compounds and volatile organic compounds were conducted by Nab Labs Oy in 2017.

TOTAL EMISSIONS INTO AIR IN 2017

Ammonia 0.174 tonnes per annum  
NMVOC 1.628 tonnes per annum  
TRS 0.124 tonnes per annum

## Waste water treatment

Honkajoki Oy's waste water treatment plant treats the company's own process and condensate waters as well as the waste water of Lihajaloste Korpela Oy. The treated waters are directed to the Karvianjoki river. During 2017, no water was bypassed from the process to the sewerage system of Honkajoki municipality or the environment. There have been no leaks in the treatment plant.

For organic matter, the load on water courses corresponded on average to the untreated waste water load of approximately 15 persons. The corresponding figure for phosphorus was 170 and for nitrogen, 490. At present level, total nitrogen extraction is very high (97%), and the nitrogen ending up in water courses is in the form of nitrate.

"THE RESULTS OF ORGANIC MATTER AND NITROGEN EXTRACTION ACHIEVED AT THE TREATMENT PLANT ARE, NATIONALLY, TOP-NOTCH. THE ACHIEVEMENT IS EMPHASISED BY THE EXCEPTIONALLY HIGH NITROGEN CONTENT AND VARIABLE LOAD OF THE INCOMING WATER. BY ENHANCING THE PHOSPHORUS EXTRACTION, THE PURIFICATION RESULT WOULD IN ALL RESPECTS BE TOP-CLASS AND A MODEL EXAMPLE OF THE EFFECTIVE NUTRIENT REMOVAL OF CHALLENGING WASTE WATER FRACTIONS."

-Henri Koponen, Research Engineer, M.Sc. (Tech.), KVVY

### WASTE WATER TREATMENT PLANT VOLUMES IN 2017

Condensate 59 958 m3  
Process water 21 259 m3  
Flotation sludge to biogas plant 3 537.9 m3

No organic waste leaves our facility, but we use all the organic material efficiently in our own operations.

### HONKAJOKI GROUP PRODUCTION WASTE QUANTITIES IN 2017

Mixed waste 125.1 tonnes  
Wood waste 29.7 tonnes  
Metal waste 36.9 tonnes  
Cardboard bales 5 pcs in total approximately 1 500 kg (incl. paper)







# Responsible operator

Only by operating responsibly can we guarantee the continuity and development of our business and be a reliable and competitive partner for our stakeholders. The growing meat industry needs more responsible actors all over the world, and we want to promote the responsible treatment of by-products globally. The model of responsible management of Honkajoki Group is based on our ethical policy, which we follow in our financial, social and environmental areas of business.



## Responsible operations ensure continuity

We want to be the best partner for all our stakeholders and always do what this requires. We provide our customers with products and services that help them do their job better, as well as our partners with value that benefits both parties. Reliability, honesty and responsibility are included in the day-to-day operations of Honkajoki Group and affect all persons working in the group.

The themes discussed in the corporate responsibility report have emerged in discussions and interviews with our stakeholders. In the report, we respond to issues of interest and concern to our stakeholders, and we highlight the way we operate concerning these issues taking place in our environment. Our goal is to achieve a leading competitive position in all areas of our business, which is also in the interest of our stakeholders.

## Corporate responsibility reporting principles

This is the first responsibility report of Honkajoki Group and is implemented at Core level. The report has not been authenticated externally. The report describes principal events, trends in the operating environment and key business figures for 2017 (1 January – 31 December 2017), and takes a stand on major themes that affect our various business activities. We will commit ourselves in the future to report annually on the implementation of responsibility in our company and to set and monitor the objectives for measures that promote responsibility. The information was collected from the companies belonging to Honkajoki Group.

## Responsible management

In all our operations, we adhere to the laws and regulations of Finland and the EU. When working abroad, we work closely with local authorities. We adhere to the highest ethical approaches in our business, even when applicable regulations may require less. Our management is based on honest bookkeeping and truthful calculations, and we expect supervisors at all organisational levels of the group to implement them. There are no identified cases of corruption in our company.

The company's management and staff are responsible for the development, approval and implementation of plans and operations to achieve the company's goals. In addition to achieving results, the way they are achieved is important. Therefore, all managers and staff are required to adhere to the business principles defined by the group in its ethical policy.



# Honkajoki Group as a social actor

Participation in political or social activities is a right which all members of our staff can use in accordance with their own views and in their own spare time. The group does not grant any monetary donations or other financial support to political parties or affiliated entities unless it is permitted by law and approved by the Board of Directors.

Commercial decisions are taken on a commercial basis. We build lasting relationships with organisations, companies and individuals with whom we collaborate and do business. Representatives of the group will carefully assess the nature and purpose of such representations when giving or receiving business gifts and will also follow ethical practices.

## WE COMMIT OURSELVES TO THE FOLLOWING INTERNATIONAL AGREEMENTS:

- OECD Guidelines
- International Chamber of Commerce ICC's anti-bribery and corruption guidelines

### KEY FIGURES FOR THE YEAR 2017

Net sales	EUR 32 338 676
Operating profit	EUR 3 317 925

### SOCIAL CONTRIBUTIONS

VAT	EUR 376 682
Property tax	EUR 33 958
Direct taxes	EUR 326 587
Public charges for vehicles	EUR 3 131

### STAFF EXPENSES

Salaries and wages	EUR 4 018 863
Pension costs	EUR 739 342
Other indirect staff expenses	EUR 154 754

### PAID TO OWNERS

Dividends	EUR 540 000
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### PURCHASES

Materials, supplies, goods	EUR 12 694 365
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### DONATIONS PAID

Total donations given	EUR 35 438
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### DONATIONS RECEIVED

State grants	EUR 536 556
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## Ownership structure

### HONKAJOKI OY, FOUNDED IN 1967

- Atria plc 50 %
- HKScan Finland Oy 50 %

### FINDEST PROTEIN OY, FOUNDED IN 1995

- Honkajoki Oy 66,9 %
- Atria plc 33,1 %

### GMM FINLAND OY, FOUNDED IN 2017

- Honkajoki Oy 100 %

### HONKALEATHER OY, FOUNDED IN 2015

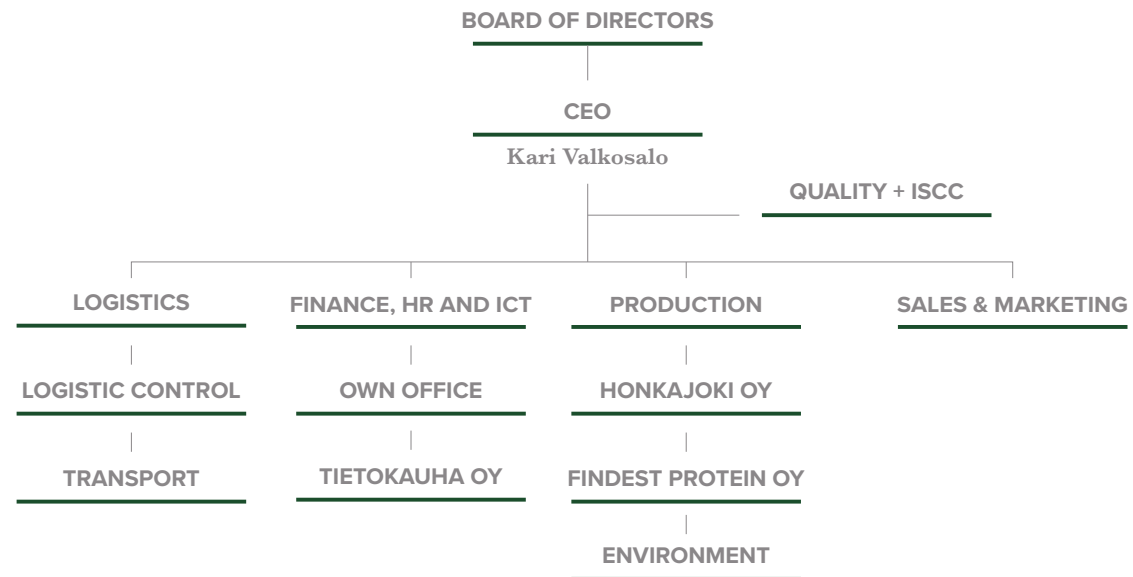
- Honkajoki Oy 45 %
- The Halkola family 55 %

## Board of directors

### THE ANNUAL GENERAL MEETING ON 26 APRIL 2017 ELECTED AS THE BOARD'S REGULAR MEMBERS:

- Mika Ala-Fossi (born 1971), Chair, Merja Leino as deputy
- Aki Laiho (born 1972), Janne Leppänen as deputy
- Mika Paulamäki (born 1966), Ulf Jahnsson as deputy
- Matti Perälä (born 1966), Tapani Potka as deputy

The Board of Directors convened 4 times during the operational year.



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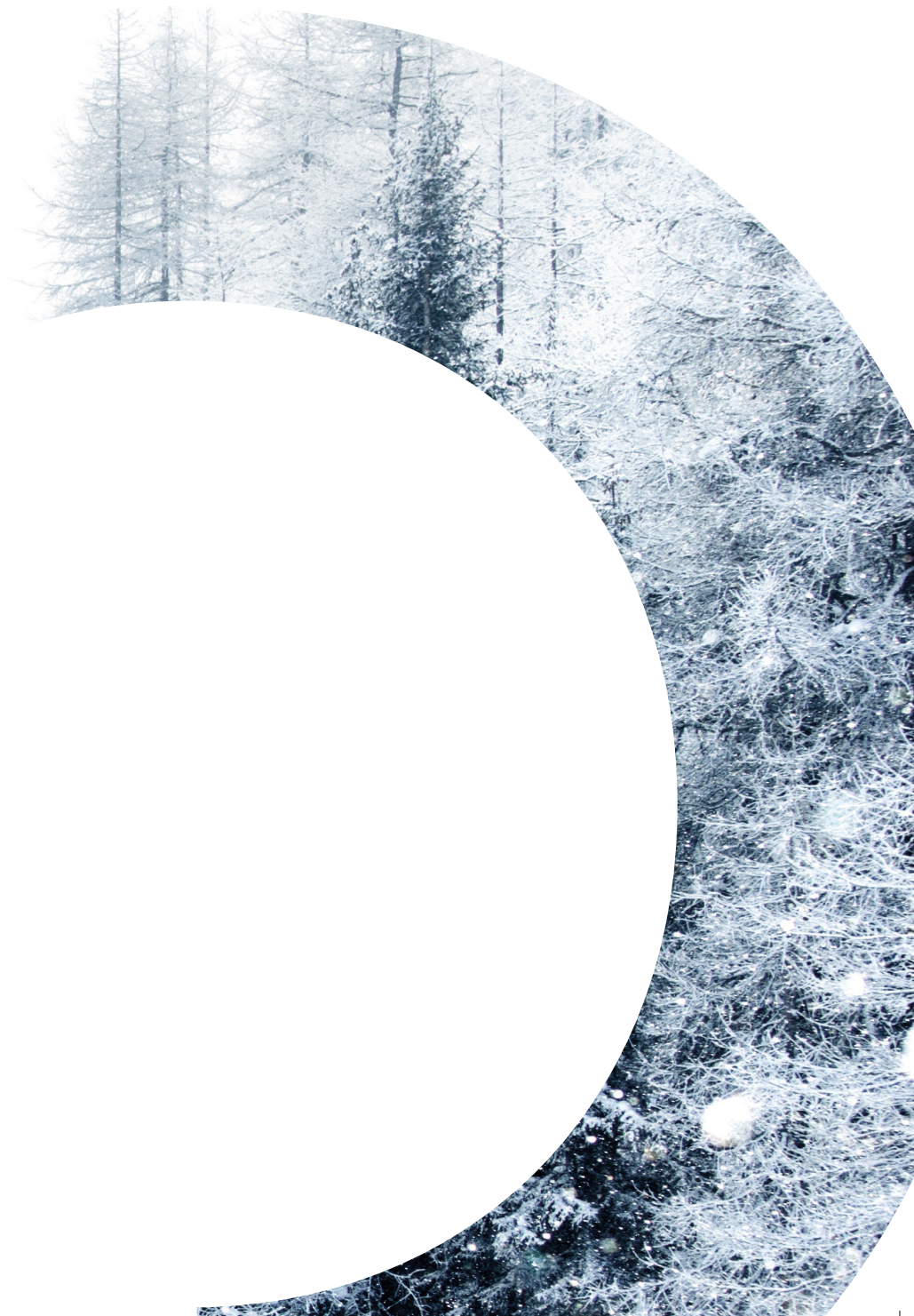
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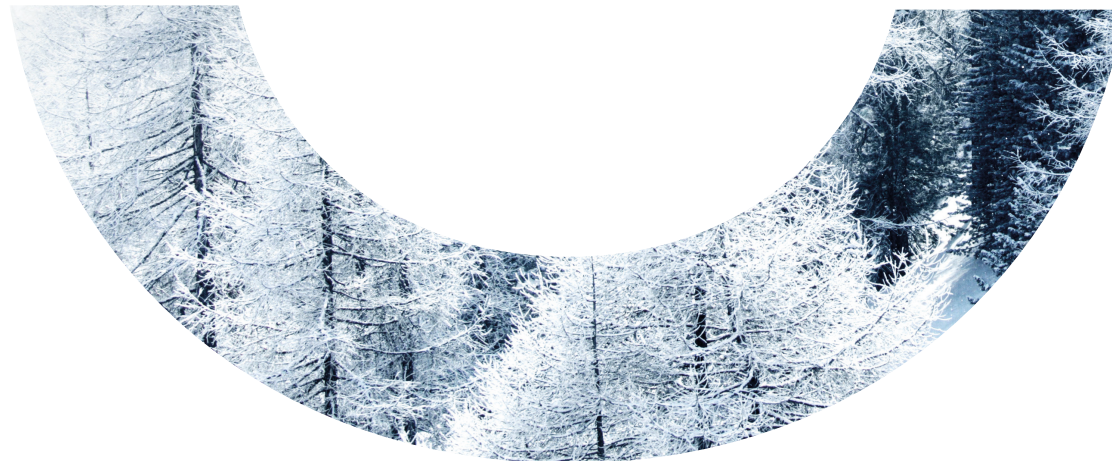


**FOR MORE DETAILS ABOUT HONKAJOKI GROUP'S  
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