

# Everyone counts

## Risk Management at Scandi Standard



Scandi  
Standard

## Introduction:

# Building a Proactive Risk-Managing Culture

Risk management is an integrated part of Scandi Standard's operations, reflecting its critical role in ensuring resilience and development towards our business goals. Legislation requires us to establish and maintain a robust food safety culture, but it is our organizational culture and values that serve as the most powerful tools for fulfilling business objectives and mitigating risk.

As the Group Strategy and Risk Director, one of my main priorities is to make it clear to everyone who works with us how present and diligent our risk management standards and culture are. At Scandi Standard, we foster a creative, safe and proactive work culture that mirrors our business environment, and the risks involved.

Central to this effort is maintaining a deeply ingrained Safety Culture around animals, food, and humans. Every employee shares responsibility for upholding the quality and safety of our products shipped to customers.

Managers play a vital role in our framework by consistently communicating and clarifying our standards and business targets while educating teams and partners on known external and

internal risks involved in the development of Scandi and our industry.

All employees are expected to understand the direct risks associated with their specific assignments and how their work impacts the broader value chain, aligning their actions to Scandi Standard's overarching priorities.

We conduct thousands of daily controls across the Group on animal welfare, food safety, employee safety, and preventing business interruption.

This information folder is intended for our external stakeholders and as a tribute to all accountable staff within our organization. It is a reminder that we are all responsible for maintaining the trust in our brands. **Everyone counts!**



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## Enterprise Risk Management Framework;

# A multilayer system connecting all of us

Scandi Standard provides healthy, sustainable, and affordable food to millions of people – every day. We take full responsibility for ensuring that our operations are trusted by all stakeholders, including customers, owners, employees, financiers, regulators, suppliers, and society.



To fulfill this mission, the Scandi Standard Enterprise Risk Management (ERM) framework – designed to identify, assess, and manage risks – is fully embedded within our corporate governance, policy framework, responsibilities, and culture. The framework supports our strategy and is essential in achieving our business and sustainability targets. Scandi Standards sustainability targets are approved by the Science Based Targets Initiative.

External risks and opportunities – such as biological, climate, market, supply chain, financial, and political – are dynamic and must continuously be monitored. Clear responsibilities, delegated authority for decision-making, ongoing detection of emerging threats, regular reviews of strategy, and readiness for disruptive events are all critical aspects of mitigating external risks.

For internal risks and opportunities, Scandi has implemented a policy structure that defines the code of conduct and operating rules for all major aspects of our work, guiding sound business decisions daily. Regular strategic reviews and readiness for disruptive events remain highly relevant. However, risk mitigation must also be fully integrated into our daily operations, including responsibilities, risk culture, insurance, risk assessments, education, systematic risk controls, reporting, and communication.

The business targets, built on trust and reputation, guide us in prioritizing our risk management activities and in our efforts to evolve.

## What We Do:

# Structured Integration of Risk Management and Strategy

At Scandi Standard, integrating risk management into our strategic processes ensures a resilient and forward-looking business approach.

The Scandi Strategy Process, which is reviewed annually by the Board of Directors, is underpinned by our ERM framework. Our annual strategy process has five steps, and starts with review of our long term business plan, where our sustainability, risk, BCP and insurance developments are aligned. The double materiality assessment and sustainability due diligence is harmonized with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), emphasizing social, environmental, and governance impacts. This systematic approach enables us to align our strategic goals with regulatory requirements while proactively addressing sustainability challenges.

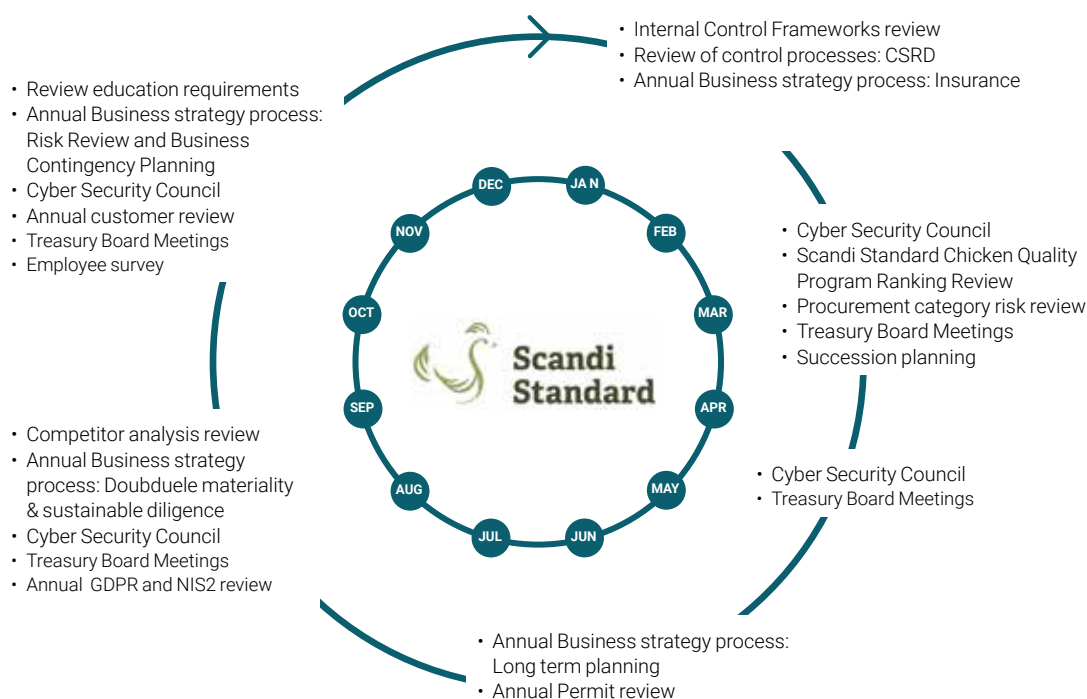
Overall risk development and management are summarized and reviewed in the Annual Risk Review process. This process consolidates assessments of known and emerging risks and

triggers management actions and plans to improve the framework and seize opportunities for enhancement.

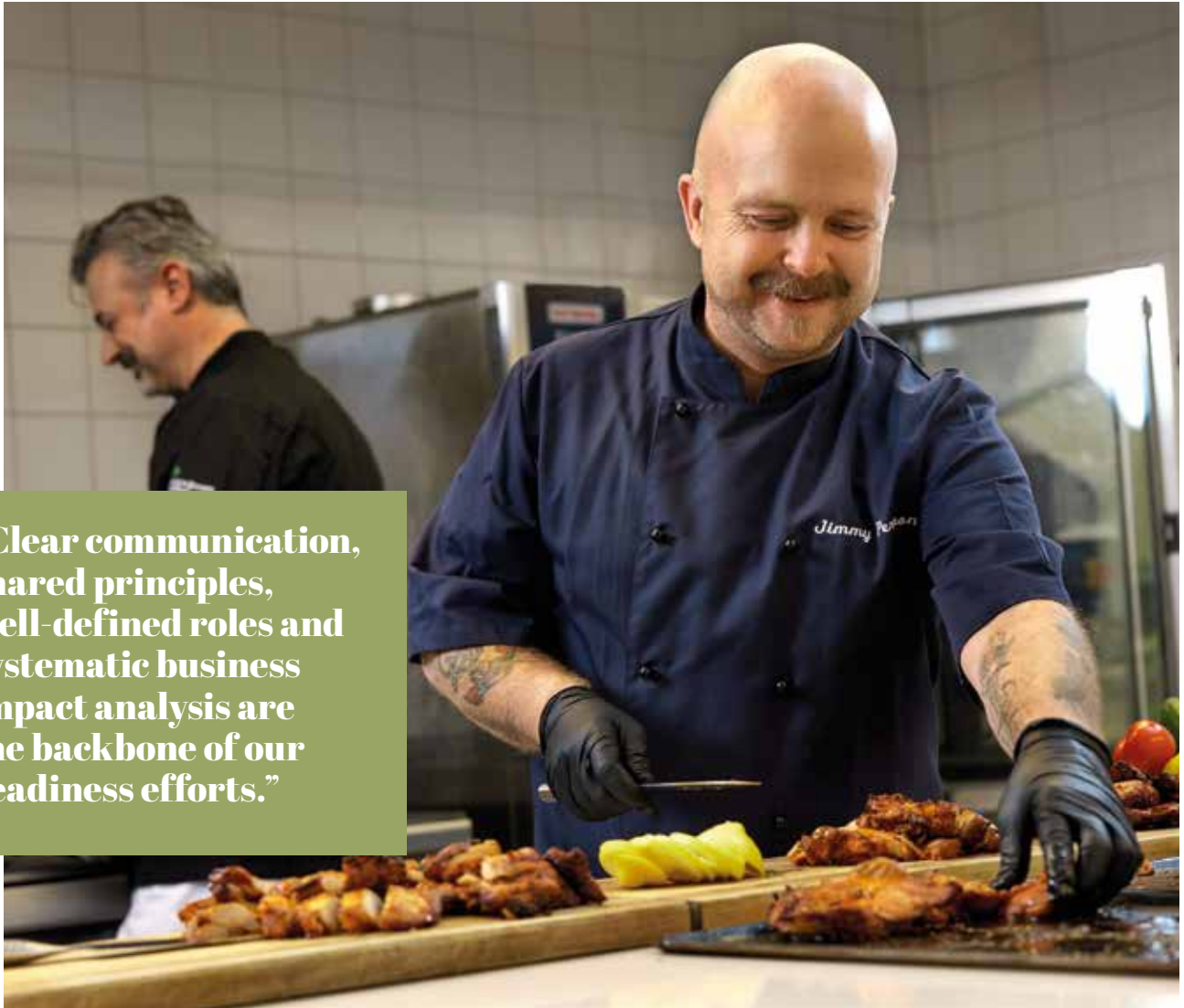
Complementing these efforts, Annual Business Contingency reviews verify local adherence to loss prevention guidelines, emergency procedures, incident management drills, and recovery planning. In parallel, our Annual Insurance Review evaluates coverage adequacy in relation to identified risks and premiums, providing recommendations for the coming period. Together, these interrelated processes strengthen our ability to manage risk and adapt to evolving challenges.

Business functions execute all other mandatory risk activities, often in collaboration with the Group Strategy & Risk Director. These activities are governed by the respective functions' steering documents and delegated authority, ensuring consistency and accountability across the organization.

## Annual Risk Management Framework Wheel



**”Clear communication, shared principles, well-defined roles and systematic business impact analysis are the backbone of our readiness efforts.”**



## Business Contingency is a skill, not a document

In an unpredictable world, Scandi Standard’s business contingency readiness is built on fundamental elements from a contingency, sustainability, and financial perspective. Many loss prevention activities, safety responsibility areas, emergency procedures, and training are connected to legal requirements and our operating permits.

Maintaining our production and efficiently responding to incidents in different scenarios is also about supporting national food supply resilience, Health and safety of employees and partners, upholding animal welfare, minimizing our environmental footprint and ensuring financial stability. Critical interrelated elements of Business Contingency in Scandi Standard are:

- Business Contingency Plans (BCP)
- Operation Loss prevention guideline
- Supplier due diligence

These elements work harmoniously to ensure a consistent and effective response to safety and disruptions.

### Business contingency plans

Our contingency plans do not only focus on immediate crisis response, but also prioritize recovery strategies enabling operations to resume quickly and efficiently. These plans are strengthened by partnerships with industry peers, associations, and authorities, increasing our ability to navigate complex challenges.

Clear communication, shared principles, well-defined roles and systematic business impact analysis are the backbone of our readiness efforts. Each contingency plan explicitly outlines leadership responsibilities for incident management, escalation protocols, and the conditions under which cross-border collaboration becomes necessary. This clarity ensures that our teams can respond cohesively and decisively in times of crisis.

However, true resilience demands much more than planning – it requires constant improvement and practice. At Scandi Standard, we regularly test and update our Business Contingency Plans, conducting annual reviews to assess local preparedness,

evaluate compliance with loss prevention guidelines, and maintain the competence of our teams through training and drills. Drills involve suppliers, emergency services like the fire brigade, authorities and industry associations.

By embedding contingency readiness into our annual strategy process, Scandi Standard demonstrates that resilience is a safeguard and a strategic imperative. In doing so, we reinforce our commitment to the continuity of our operations, the stability of our industry, and the well-being of all those who rely on us.

### Operation loss prevention guideline

The Operation Loss Prevention Guideline is a comprehensive system for Scandi Standards' organizations aimed at protecting our resources, enhancing operational integrity, and promoting the well-being of employees and the environment. It includes key elements such as organization, standards, competence, audits and annual reviews.

By prioritizing loss prevention, we aim to create safer, more efficient workplaces that minimize environmental impact, ultimately contributing to our long-term success. The guideline ensures security and safety at all Scandi Standard sites by providing clear procedures and protocols to identify, assess,

and manage or mitigate risks that can lead to human injuries, environmental harm, loss of trust in business relationships, or financial setbacks. Our goal is for all facilities to fully meet these standards over time, supported by monthly internal inspections done at all main sites.

The Operation Loss Prevention Guideline relies on mandatory areas of responsibilities with built-in four-eye principles to ensure a systematic approach to desired competence and routine compliance targets.

### Supplier due diligence

Any new main supplier must sign our Supplier Code of Conduct and pass applicable controls related to a risk-based categorization. Scandi Standard proactively implements preventive measures to minimize risks such as tampering, fraud, or other malicious actions affecting the food products under our care.

As part of this commitment, all Scandi Standard employees are required to follow the Supplier Risk Assessment process guidelines when interacting with suppliers. This ensures that our supply chain remains robust, transparent, and aligned with our overall mission to protect the integrity of our products and operations.



**"By prioritizing loss prevention, we aim to create safer, more efficient workplaces that minimize environmental impact, ultimately contributing to our long-term success."**



## Multiple control systems to uphold standards every day

Scandi Standard has seven distinct control systems that are continuously active. These seven systems, together with our whistleblowing process, support us in our efforts to maintain the highest standards every day.



### Live Operational controls

Live Operational controls represent a complex and interconnected framework. From incubation to processing at our production facilities, every phase in a chicken's life is handled with the highest standards of care and responsibility. At the core of this process lies the indispensable contribution of skilled farmers, whose dedication and knowledge ensure that the chickens' needs are met at every stage of their life. Governmental disease control programs are followed, including vaccination and standardized controls. Upon arrival at the slaughterhouse, our staff and independent veterinarians carefully assess each chicken's weight and health based on multiple parameters. Any deviations are carefully documented to drive continuous improvement in our processes.

### Health and Safety controls

Workplace health and safety is a key aspect of our safety culture. Scandi Standard is committed to maintaining and improving its organizational structure, roles, and resources to effectively plan, control, and monitor workplace health and safety risks—both mental and physical—in full compliance with legislation. We work proactively to ensure diversity, inclusion, and inspiration for a healthy lifestyle. Scandi Standard has combined four key performance indicators (KPI) of health and safety to ensure a constant focus:

- Occupational Illness Frequency Rate (OIFR)
- Lost-time accident rate (LTA, accidents causing sick leave)
- The employee engagement survey: Scandi Pulse
- Equal Opportunities

### Food safety quality controls

Food safety – ensuring that only safe and traceable food with accurate allergen labelling to is placed on the market – is a shared responsibility. The main quality management systems used in Scandi Standard to uphold food safety quality are Hazard Analysis and Critical Control Points (HACCP) principles and controls, Good Manufacturing Practices, internal knowledge-sharing, education, and formal training. Scandi Standard requires all production sites to meet relevant EU and national hygiene and food safety legislations. In addition, all Scandi Standard production sites have an active program to prevent pests from invading the production facilities, and agreements with external companies concerning pest control.

### Facility management controls

Strict facility management according to legal requirements, including requirements for housekeeping and cleaning, is paramount for Scandi Standard, involving the use of hot water, cleaning agents, and smoke. Our facilities, equipment, and loaders are cleaned daily under uncompromised procedures and timeframes. Extensive bacterial controls, verified using the “four-eye” principle with final approval from our personnel, ensure that production can be safely resumed—also after maintenance or repairs. Floor surfaces are carefully maintained for easy cleaning, and drainage slopes direct any water towards drainage channels. All wall and ceiling surfaces should be impermeable, smooth, easy to clean, and appropriately repaired.

### Property safety controls

Securing key infrastructure in our properties such as utility rooms, fire compartments, storage areas, flammable liquid and gas tanks, and fixed installations—including water systems, truck charging stations, cooling, ventilation, and fire protection systems—is a continuous and mandatory task. These systems undergo periodic internal and external inspections to ensure compliance and safety.

### Machine and maintenance management controls

Machine maintenance is critical for ensuring a safe work environment, maintaining food safety, and optimizing production uptime. This effort depends on a blend of technical expertise,

spare part management, supplier collaboration, and advanced scheduling systems to manage hundreds of maintenance activities daily. More than 200 technical professionals support us during all production hours. All construction work and hot work adheres to strict industry safety procedures.

### Internal control framework over financial reporting

Internal Control Framework over financial reporting, which includes Sustainability and Cyber Security controls, is a key aspect to ensure accountability and transparency. The framework aims to mitigate risks in financial reporting by defining clear roles and mandatory controls across functions such as finance, production, sales, procurement, payroll, and IT.

## Continuous external audits and data exchange validate operations

External parties across our markets routinely audit Scandi Standard. These include customers, certification bodies focusing on food safety and sustainability, regulatory authorities, insurance companies, and financial auditors. While each stakeholder emphasizes different priorities, key areas such as animal welfare, food safety, compliance with label specifications, workplace safety, sustainability, and business continuity consistently remain in focus.

We must also exchange information continuously with local authorities, customers, and suppliers to track performance indi-

cators related to animal welfare, animal diseases, workplace safety, food safety, fire protection, and sustainability impacts.

In line with the principles of Corporate Sustainability Due Diligence, Scandi Standard conducts periodic audits of all larger suppliers and partners. These audits are designed to ensure strict adherence to our Supplier Code of Conduct and uphold the highest standards of compliance, transparency, and ethical business practices.





**Competence:**

# Ongoing Development in Risk and Safety Competence

Maintaining high standards of competence is critical to developing the Scandi Standards business to meet our strategic targets and ensure operational excellence. Many training programs and certifications are also legally required, such as veterinarians, sustainability permits and certificates for technical teams and storage workers.

To maintain these standards, all employees must complete mandatory training, including adherence to our Code of Conduct. All employees and hired staff involved in our production are trained in food safety and animal welfare. For specialists and managers, additional courses and tests are required, tailored to their specific areas of expertise and supplemented by educational qualifications in line with their role.

**Integrating strategy into daily work with Scandi Academy**

Scandi Standard runs regularly Scandi Academy sessions to bridge daily operations with long-term strategy. The initiative includes a new leadership training program, and an interactive, AI-powered training portal designed to promote best practices in all company languages.

Our training portal mandates different policy and management trainings for all specialists and managers and Operations Loss Prevention training is mandatory for management teams, operation managers, technical teams, HSE (Health, Safety, and Environment) managers, and Technical Project Managers.

Going forward, our overall training requirements will be harmonized and formalized across the Group, and all employees' mandatory internal curriculums will be monitored.

Within Operation Loss Prevention, new competency maintenance responsibilities and targets are defined for all sites to reinforce a strong safety culture, emphasizing critical areas such as systematic safety, the importance of maintenance, housekeeping, as well as loss control systems, such as fire alarms, evacuation alarms, and sprinklers.

**Building trust beyond internal operations**

Each country is responsible for planning drills in incident management, emergency response, and physical safety training, such as fire extinguisher usage. The Group Strategy and Risk Director supports advanced drills and reviews country emergency drill plans as a part of the annual Business Contingency Review. Many of these drills are conducted in cooperation with suppliers and authorities, such as the local fire brigade, to ensure real-world readiness and seamless coordination.

Our commitment to maintaining trust and reputation extends beyond internal operations. In the event of an emergency, group companies collaborate across the organization, alongside industry peers and partners, to protect animal welfare, support domestic food supply resilience, safeguard human health, and uphold sustainability objectives, contributing to Scandi Standard's business continuity. We have formalized agreements with competitors and suppliers to provide mutual support during crisis, ensuring continuity for animal welfare, job protection and national food resilience. Agreements with peers are designed to only be applicable during crisis to maintain national food resilience and are monitored by industry associations to not impact pricing and competition.



## Insurance:

# Insurance as a collaborative competence partner

An effective insurance strategy is essential to robust risk management, providing financial protection against unforeseen disruptions. Close and transparent co-operation with our insurance partners help us to continuously improve our risk management. Scandi Standard only engages recognized and reputable insurance partners with extensive experience in our insurance areas. The collaborative approach also optimizes costs while supporting long-term stability and stakeholder confidence.

For Scandi Standard, integrating insurance into the broader ERM framework reinforces our commitment to safety, sustainability, and strategic growth. The objectives for the Group-wide Insurance Management are as follows:

- To ensure that all subsidiaries fully understand and align with Scandi Standard Group's practices and procedures.
- To ensure that appropriate risk management and loss control programs for all Group subsidiaries are implemented and properly monitored for quality, relevance, and effectiveness.
- To ensure that insurance adequately cover the designated loss exposures at all times.
- To control the Scandi Standard Group's overall premium costs by including all subsidiaries in the corporate insurance program wherever possible

Group-wide insurances are managed by the Group Strategy & Risk Director. Global insurances are established by the Scandi Standard Group centrally to ensure insurance coverage in line with the Group risk philosophy and to obtain competitive pricing.

The Annual Insurance review assesses overall insurance coverage in relation to identified risks and premiums and forwards recommendations for the coming period. The global insurance program includes the following types of insurance:

- Business Travel (BTI)
- Contaminated Product (CPI)
- Crime
- Directors' & Officers' Liability (D&O)
- General & Products Liability (GLPL)
- Marine Cargo (MC) – all transports
- Property Damage and Business Interruption (PDBI)
- Credit insurance for international markets

It is important that the Group Strategy & Risk Director, supported by the country responsible for insurance, monitors any material changes in the subsidiary's activities or operations to ensure that appropriate and timely actions are taken with respect to insurance coverage.



## A message from the CFO:

# The critical role of risk management

As CFO, I view risk management not merely as a safeguard but as a cornerstone of our company's financial health and strategic growth. It is essential to manage both corporate and IT risks effectively to sustaining our business success.

### Proactive risk management: Staying ahead of the curve

Waiting for risks to unfold is not an option. Whether it's market fluctuations, compliance challenges, or IT vulnerabilities like cybersecurity threats, we must stay ahead of the curve. A proactive approach allows us to identify potential risks early, evaluate their impact, and act decisively to mitigate them. It's not about reacting to what happens – it's about preparing for what might.

### Embedding risk management in our DNA

To be successful, we must make risk control and mitigation a seamless part of our everyday business processes. Risk management is not a standalone exercise or something we address only when there's a problem. It must be a way of thinking - a natural part of how we make decisions, plan projects, and drive innovation across the organization.

### Continuous improvements: Reducing risks over time

Risk management isn't a one-time effort. It requires continuous assessment and action. I am committed to ensuring that we regularly review and refine our risk strategies, keeping us agile

and resilient. This commitment not only protects what we've built but also creates room for calculated risk-taking, enabling us to seize opportunities with confidence.

### Balancing corporate and IT risks holistically

The risks we face today are multifaceted, ranging from traditional corporate challenges like regulatory compliance and market dynamics to modern IT risks such as data breaches and system outages. Our approach needs to be holistic. Enterprise Risk Management (ERM) provides us with a comprehensive framework to address these challenges together, ensuring that no area is overlooked.

I believe it is my responsibility to lead by example and ensure that risk management is a shared priority at every level of our organization. By taking a proactive, integrated and continuous approach, we're not just protecting our business - we're building a foundation for sustainable success.

Fredrik Sylwan,  
*Chief Financial Officer*

**"To be successful, we must make risk control and mitigation a seamless part of our everyday business processes."**







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