



# ANNUAL REPORT 2019

*BERNER*

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# This is Berner



# BERNER IN BRIEF

Berner is a Finnish family company established in 1883. Its high-quality Finnish and international brands are an integral part of daily life in Finland.

Our diverse product portfolio is managed through six business units: Consumer goods, Leisure goods, Agency, Pro, Machines and Agricultural trade. Our main customers are the private sector, the public sector and consumers.

Our headquarters, product development and production facilities are based in Finland, with subsidiaries in Sweden and the Baltic countries. We also seek profitable growth opportunities in regions in the vicinity of our home market.

Our operations include in-house product development and production, import operations, sales and marketing as well as efficient services for product management and supply chain management. Last year, Berner had a total of 510 employees.

Berner Group also includes Berner Chemicals Ltd. which produces magnesium chemicals in Kokemäki, Finland, for industrial uses and for the purification of air and water. Through its own product and process development, Berner Chemicals promotes the use of magnesium in circular economy solutions, among other things.

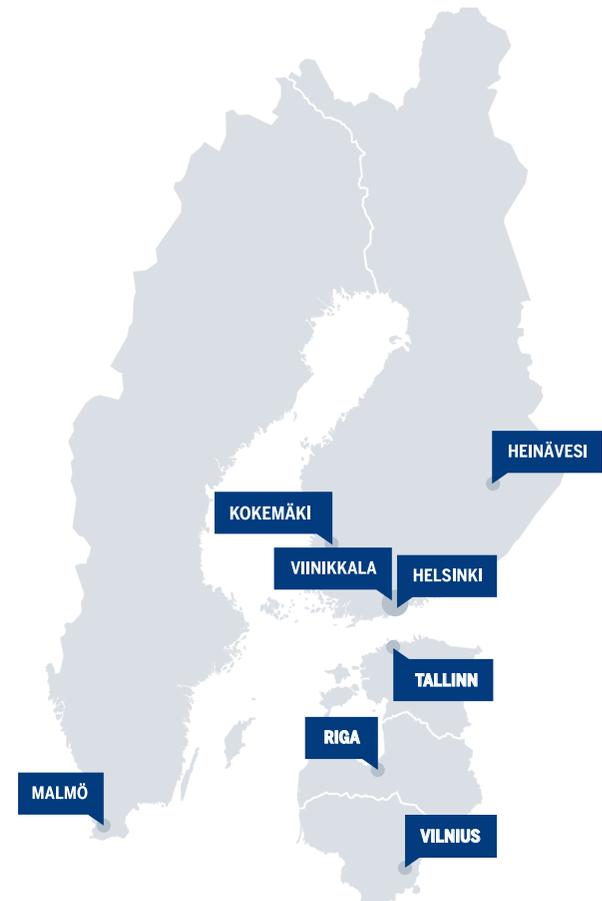
Domestic product development and production are among our key strengths. We began the production of our own products

in the 1950s with the XZ oil care product. Today, we develop our products at the laboratory of our company headquarters in Helsinki's Herttoniemi district and manufacture them at Heinävesi, where we have almost 60 employees.

Quality has been the most important criteria of our products ever since 1883, when the company's Norwegian founder Sören Berner went into the herring import business. Our high quality requirements apply to our own manufacturing as well as the products we source around the world.

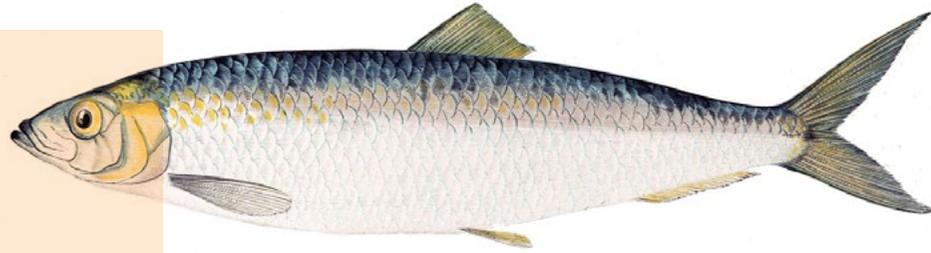
Berner has a long track record of operating responsibly, and sustainability is at the heart of everything we do. We want to build a better tomorrow and work to ensure well-being and good living for all of us – also 100 years from now.

Our sustainability efforts are guided by our new sustainability program and its targets. The program's main themes are employee's well-being, sustainable products, climate and environmental impacts and value creation for stakeholders. High level of business ethics and open communication are the principles that underpin the other focus areas.



The history of Berner is colorful – and full of change. We started off as a small family business importing herring to Finland back in 1883. Over more than a hundred years, we’ve grown into a multi-faceted, family-owned company that works in six areas of business. Through the years, many things have changed, but one thing always remains at the heart of Berner: everything we do, we do for a better tomorrow. We act in ways that ensure well-being and good living for all of us – also 100 years from now.

[Read more](#) about Berner’s history.



# GROUP KEY FIGURES



Turnover, meur

**303.9**



Equity ratio, %

**76.3**



Personnel (average)

**510**



Return on invested capital, %

**12.3**



Operating profit, meur

**15.6**



Operating profit, %

**5.1**

# CEO'S REVIEW

The development of our sustainability efforts was one of the focus areas of our operations last year. We created a new sustainability program and developed our sustainability through concrete action. Sustainability is also a key element of our new purpose statement “Protecting Tomorrow”. During the year, we also continued the strong development of our customer focus and data-driven management.

## New sustainability program

Berner has a long tradition of corporate responsibility. In the 1940s, the company introduced flexible working hours, occupational healthcare physician's services and dental care, and Berner also started profit sharing with its personnel.

Responsible operating methods have thus been an integral part of our daily operations for several decades, but last year we took a more systematic approach to the development of our sustainability efforts. We have now set broader measurable targets for our sustainability and we will also start to report more extensively on our sustainability.

As part of the development of our new sustainability program, we asked our stakeholders to share their views of our sustainability. We are grateful to them for sharing their opinions, and we hope to hear more about their views – and your views – in the future. We are committed to the continuous development of our

sustainability and we recognize that it is a process that is never finished.

Last year was the first full year of using electricity generated by wind power in our operations in Finland, which was reflected in a significant reduction in our carbon dioxide emissions. Green-Care reduced the use of virgin plastic in packaging by 35,000 kg and we launched a mandatory course on our Code of Conduct for our employees. You will find more examples of our practical actions related to sustainability in the [sustainability section](#) of our Annual Report.

## Protecting Tomorrow – with more than 100 years of experience

Sustainability is also a key element of our new purpose statement “Protecting Tomorrow”, which reflects our commitment to operating in such a way that, 100 years from now, the world will



still be a good place to live for all of us. We also updated our vision and mission last year and rephrased what our values mean for us in practice. In spite of the updates, our decades-long values of work, integrity and humanity remain unchanged. Our employee satisfaction survey indicates that our three core values are widely known and our employees feel that we are doing an exceptionally good job of working in line with our values.

### Production volumes at Heinävesi grew by nearly 20 percent

We are very proud of our domestic research, development and production activities. Our R&D team based at our head office developed nearly 50 new products for our own production in Heinävesi.

It was a busy year at our production facilities in Heinävesi, with the total production volume growing by nearly 20 percent year-on-year. One of the factors behind the higher volume was the Curly Girl social media haircare phenomenon. The flexibility of our domestic production meant that we were able to respond quickly to the sharp increase in demand created by the popularity of the Curly Girl method and we supplied the market with large quantities of XZ, LV and Herbina haircare products that are compatible with the method.

The new Heti line of detergents produced at Heinävesi was also very well received by consumers and the sales exceeded all of our expectations.

Our consolidated operating profit amounted to MEUR 15.6 (MEUR 15.6) in 2019 while turnover declined year-on-year to approximately MEUR 304 (MEUR 316). The most significant factor behind the decrease in revenue was a reduction in the sales of plant protection products in the Baltic countries.

### Continued development of customer focus

We continued to develop cooperation and harmonize processes between our six business areas and made our organization even more customer-focused than before. We further increased our cooperation with customers and invested in data-driven management.

Our customer focus will be improved further next year with the continued deployment of our new ERP system. The new system will enable even better service for our customers and suppliers. In the future, our customers will be able to purchase products from all of Berner's business areas in one order and have the products delivered together.

### Our development efforts will continue in 2020

In addition to the continued development of our strong focus on customers and consumers, we will make significant investments in areas such as internal training, including the launch of a growth program focused on leadership and business development in cooperation with Aalto Executive Education.

Internationalization is one of our strategic priorities and we will continue to build our internationalization strategy. Last year, we gained access to several new export markets for Korrek Pro consumer and professional products, for example.

Berner had an eventful 136th year of operations in 2019. I want to take this opportunity to thank our employees, customers, partners and owners for the past year. In particular, I wish to single out the employees of our production plants in Heinävesi for their excellent performance and flexibility in responding to increases in demand. We are in a good

position as we enter 2020. The same flexibility and cohesive team spirit can be seen throughout our personnel as we find ourselves in exceptional circumstances brought about by the coronavirus epidemic in the spring of 2020.

Antti Korpiemi  
CEO  
Berner Ltd.

Helsinki, 20 March, 2020

**”Berner Ltd. is participating in the United Nations Global Compact sustainability initiative. We are committed to observing and promoting in all our operations and operating countries the ten generally accepted principles concerning human rights, labour standards, the environment and anti-corruption.”**

Antti Korpiemi  
CEO



# HIGHLIGHTS IN 2019

## JANUARY

### Launch of the Heti product line

We launch the Heti series of house cleaning products with eco-friendly spirits vinegar as the active ingredient. The products are manufactured in Heinävesi and packaged in bottles made from recycled plastic.



### We continue our BSAG Baltic Sea commitment

We continue our efforts to improve the well-being of the Baltic Sea through our Baltic Sea commitment to the Baltic Sea Action Group (BSAG). Among other things, we are committed to developing eco-friendly product innovations through circular economy solutions.

### Partnership with the Olympic Stadium

We sign a partnership agreement with the Stadium Foundation. Under the agreement, Berner and the GreenCare brand are a service and product partner for the renovated Olympic Stadium. Through the partnership, we are also involved in growing the new grass inside the stadium.



### XZ biodegradable and vegan products

XZ launches Natura haircare products based on natural Finnish ingredients. The vegan and biodegradable Natura products are sold in recyclable pump bottles.

## APRIL

### Cooperation between Nokian Footwear and Nanso

Nokian Footwear and Nanso, two strong Finnish brands, combine their design expertise by launching a joint collection. The collection includes Nokian Footwear rubber boots with Nanso's print designs.



### The BioA fertilizer plant starts operations – we become a distributor for recycled fertilizer

BioA's first fertilizer plant goes into production in Kotka. Farmer's Avena Berner acts as the distributor for BioA's recycled fertilizer in Finland.

### LedTailor distribution agreement

We sign a distribution agreement with the Finnish company LED Tailor Innova7ion for its lighting products and systems intended for surface disinfection and indoor air quality solutions. The anti-microbial effect of LED Tailor's products is based on blue light.

## MAY

### **The popularity of the Curly Girl Method takes the Finns by surprise**

The Curly Girl Method for haircare makes a big splash in Finland. Many XZ, Herbina and LV products are a good fit with the method. During the resulting peak in demand, our production plant in Heinävesi is in operation around the clock.



### **Sustainability survey for our stakeholders**

We ask our stakeholders to share their views of our sustainability as part of the drafting of our new sustainability program.

## SEPTEMBER

### **Berner starts to represent GOSH COPENHAGEN**

The representation of the Denmark-based cosmetics brand GOSH COPENHAGEN is transferred to Berner. Established in 1945, GOSH COPENHAGEN is an innovative cosmetics company that has a strong focus on sustainable development.

**GOSH**  
C O P E N H A G E N

### **MAM wins an EU Product Safety Award**

The European Commission announces the winners of the first EU Product Safety Awards. One of the winners is MAM, whose products we market in Finland.

## DECEMBER

### **BF&HAPPY supports a UNICEF project in Sweden**

Berner and four other Finnish entrepreneur families support UNICEF's three-year initiative to reduce maternal mortality and child mortality in Rwanda through their BF&HAPPY project.



### **TRICO Garden repellent chosen as the Gardening Product of the Year 2020**

The Association of Finnish Garden Centers chooses the TRICO Garden repellent as the Gardening Product of the Year 2020. The product is marketed in Finland by Berner.

# PROTECTING TOMORROW

We act in ways that ensure well-being and good living for all of us – also 100 years from now. That's what protecting tomorrow means for us.

## Values

The basis of all our operations

**WORK** Cooperation, partnership and innovation are the cornerstones of our family company. At Berner, everybody's work is valued and respected. Each Berner employee must have the opportunity to develop, succeed and enjoy their everyday life as part of our family. Each Berner employee takes responsibility of achieving our common goals.

**INTEGRITY** All of our operations must be based on honesty in relation to our clients, principals, other cooperation partners and personnel. Integrity at Berner means reliable, well-planned and transparent operations.

**HUMANITY** Berner succeeds when our employees succeed. In an equal working environment, we care for each other, cheer each other on and trust that by working together we will succeed.

## Mission

What we do

With our work, we build a better tomorrow and promote well-being. Our responsible business and steady growth create sustainable benefits for our customers, consumers, employees, partners and stakeholders.

## Vision

How we do it

Our family business is committed to being a forerunner of quality, innovation and responsibility today and in the future. We achieve this goal through seamless cooperation and the team spirit that Berner employees show every day.

By building a better tomorrow, we create value for our personnel, customers, principals and consumers.

# OUR STRATEGIC FOCUS AREAS



# THE MEGATRENDS THAT INFLUENCE OUR OPERATIONS

Megatrends are general directions of development that have impacts at the global level and are expected to continue to develop in the current direction. Identifying the megatrends that influence the company helps prepare for the challenges and opportunities presented by them.

The key megatrends and the related threats and opportunities can be quite different between our six business areas. The table below provides a summary of the most important megatrends that have a broader impact on the company as a whole. They are: responsible consumers and consumption; climate change and dwindling natural resources; technology and the digital transformation.

Responsible consumers and consumption	Climate change and dwindling natural resources	Technology and the digital transformation
<p>Environmental awareness among consumers and expectations concerning the responsibility and transparency of corporations are here to stay. Consumers increasingly take the sustainability perspective into consideration when making purchase decisions.</p>	<p>There is no doubt that climate change is real. Stopping climate change calls for action by governments as well as corporations. Climate change also contributes to the dwindling of natural resources.</p>	<p>Technological progress and the digital transformation are accelerating and cutting through all areas of society. Digital channels are becoming increasingly important purchasing channels in all product categories and markets.</p>
<p><b>WE WILL RESPOND TO THE CHALLENGES AND OPPORTUNITIES BY TAKING THE FOLLOWING ACTION, AMONG OTHER THINGS:</b></p>		
<ul style="list-style-type: none"> <li>• Domestic production and local tax footprint</li> <li>• Sustainability program and its targets</li> <li>• Developing the transparency of the supply chain through Amfori BSCI membership, for example</li> <li>• Biodegradable and vegan products, circular economy products and Nordic Swan Ecolabel products</li> </ul>	<ul style="list-style-type: none"> <li>• Green wind power in Finland</li> <li>• Domestic production and short transport distances</li> <li>• Circular economy solutions in fertilizer products</li> <li>• Making use of industrial side streams</li> <li>• Sustainable packaging materials</li> <li>• Increased use of renewable raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• B2B and B2C online stores</li> <li>• Process automation with the help of software robotics and integration</li> <li>• Continuous development of systems and tools</li> <li>• Data-driven management</li> <li>• Increasing consumer insight and communications that are relevant to consumers</li> </ul>

# Business areas



# OUR BUSINESS AREAS



## CONSUMER GOODS

We manufacture and import a broad selection of diverse products that increase wellness in consumers' daily lives. Our well-known brands compete in a leading position in many categories: hygiene, groceries, home care, wellbeing, childcare, daily accessories and beauty. We invest in Finnish product development and production. Our own brands have been developed in cooperation with Finnish consumers right from the start.



## LEISURE GOODS

We manufacture and market products for consumers' leisure needs and hobbies. Our product selection consists of leading brands and products for car care, gardening and outdoor recreation. While we invest particularly in Finnish design, product development and production, we also operate in close cooperation with our international partner network. In addition to our leading brands, our strengths include local consumer insight as well as strong expertise concerning brands, marketing and distribution.



## AGENCY

The Agency business area acquires products globally for its market area. We store and deliver raw materials and additives to industry and the infrastructure sector cost-effectively and quickly from our local warehouses in the Nordic countries. In addition to the Nordic region, we have customers in the Baltic countries, Russia and Belarus. We also offer various added value services to our customers and manage the side streams generated by our customers' production operations by utilizing them with the help of our extensive network.



## PRO

Berner Pro is a strategic partner for professionals. We specialize in healthcare, laboratories, animal welfare, professional cleaning and kitchen hygiene. In addition to our own production, our selection includes high-quality products from our international principals who are on the leading edge of their respective industries. We operate in Finland, Sweden, Estonia and – starting from 2020 – Norway.



## AGRICULTURAL TRADE

We are a reliable partner for farmers in Finland and Sweden. We offer plant protection products, fertilizers, seeds, farming supplies and related solutions and advisory services directly to our farmer customers. In Estonia, Latvia and Lithuania, we operate through local distributors. Our operations in all of our markets are built on strong partnerships with our customers and suppliers.



## MACHINES

We offer comprehensive solutions for managing the machines of our customer companies; we sell, rent, finance and service forklift trucks and real estate maintenance machinery. We also offer extensive spare parts, servicing and maintenance services.

# CONSUMER GOODS

The consumer goods business area had a good year in 2019 in terms of sales. We launched new products in response to consumer trends. The launches were very successful and demand for the products has been strong

We started a process of customer-driven reorganization with the aim of serving all of our product areas more comprehensively as one Berner.

## Hygiene

The Hygiene group had a very successful year in 2019. We achieved excellent success in our goal-driven and strong cooperation with our partners.

We had prepared in a timely manner for the transition period stipulated by the technical document concerning marketing claims under the Act on Cosmetic Products. The transition period ended in the summer and its impacts gradually became visible on shop shelves. One example of a claim that can no longer be used is "paraben-free", which we removed from our products well before the end of the transition period.

XZ had a successful year in 2019 thanks to successful product launches and the arrival in Finland of the Curly Girl method. XZ's growth outpaced the hair care market by a clear margin in both shampoo and conditioner products. XZ was selected as the most trusted shampoo brand in Finland for the eighth time in the annu-

al survey conducted by Reader's Digest. We launched XZ Natura, a line of biodegradable and vegan hair care products, to an excellent reception by consumers. We also introduced XZ Pihlaja Plex products to bring plex technology to supermarket shelves. The packaging of XZ product line will be redesigned in 2020.

LV continued to see strong growth in 2019. We introduced new-look packaging and launched a line of intimate care products, for example. LV products are completely free of fragrances and coloring agents and they have all been designed in cooperation with the Finnish Allergy, Skin and Asthma Federation, which conducted the first study of fragrance sensitivity among Finns last year. The results showed that nearly one in three respondents (32%) considered themselves sensitive to fragrances. The results of the study further enhance the strong growth achieved by our LV series during the past few years.

The packaging of the Herbina line was also redesigned across all product categories last year. We expanded the selection of facial care products with new products containing cucumber extract and hyaluronic acid.

## Groceries & homecare

At the start of the year, we launched Heti, a new line of house cleaning products. The products were very well received by consumers and the sales figures were a positive surprise for us. Heti is the first series of house cleaning products in the market that uses eco-friendly spirits vinegar as the active ingredient. The detergents are manufactured in Heinävesi and packaged in bottles made from recycled plastic. With spirits vinegar being a hot product currently and the Heti series being made in Finland, the timing of our launch was excellent. We will expand the Heti product family with new products in 2020.

Rajamäen spirits vinegar continued to be used for cooking and preserving purposes, but demand was also boosted significantly by the growing popularity of vinegar in laundry and cleaning. This traditional, natural and effective product was talked about a lot and it saw increased use in these areas. Apple cider vinegar was also a prominent topic of discussion. The Rajamäen product family includes unpasteurized apple cider vinegar as well as apple cider vinegar beverages as the latest addition to the product line. More

new and interesting products will be launched under the Rajamäen brand in 2020.

In the homecare segment, LV is a strong Finnish brand with a loyal customer base. Among the key strengths of the product line is the fact that the products are free of fragrances and coloring agents and they are developed in cooperation with the Finnish Allergy, Skin and Asthma Federation. We redesigned the packaging of LV products and introduced new packaging solutions. In early 2020, we will launch a dishwashing product and laundry detergent certified by EcoCert Greenlife. Responsibility is also reflected in our commitment to developing products with as few ingredients as possible in our own product development activities.

### Wellbeing & childcare

Wellness is a growing trend. The growing awareness of wellness-related issues and the ageing of the population support the demand for Omron's blood pressure monitors and pain relief solutions. Omron had a very good year in relation to our targets. We work in close cooperation with the Finnish Heart Association and the Finnish Brain Association, among others, and we strive to increase awareness of the risks associated with hypertension and the importance of at-home monitoring. We work together with pain management associations to communicate information on drug-free pain relief in line with the Finnish Current Care Guidelines.

Oxygenol launched a 10% Xylitol toothpaste that can be used by the entire family. All Oxygenol toothpaste products contain xylitol in addition to fluoride. Oxygenol toothpaste products are manufactured in Heinävesi.

## The Curly Girl hair care method boosted demand

The Curly Girl method made a big splash in the Finnish hair care market in 2019. The method represents an approach to hair care based on supporting the formation of curls by using the right products and ingredients. The focus in hair care is on moisturizing the hair and avoiding products containing silicone, sulfates and alcohol, among other things. The method attracted growing interest among Finnish social media influencers, mass media and consumers in early 2019 and the trend reached its peak in Finland in April–May.

The method increased interest in the hair care products in Berner's hygiene category, as there are 21 products in the XZ product family as well as several LV and Herbina products that are compatible with the method. We communicated this actively to consumers and the social media accounts of our brands engaged in active customer service efforts and answered consumers' questions regarding product features and availability.

The short-term spike in demand placed increased pressure on our production facilities in Heinävesi. We kept our production running around the clock during the peak demand period for products that suit the Curly Girl method. The planned summer shutdown had to be cancelled and the production plant continued to operate throughout the summer.





”Our AINU brand had a good year in 2019 in line with our expectations.”

The market for the childcare product group is challenging due to the Finnish birth rate declining at a record rate. Our AINU brand had a good year in 2019 in line with our expectations. We redesigned our packaging and invested in the development of communications and content marketing. We aim to continuously develop and renew the products on a consumer-driven basis, operate responsibly and be close to the consumer. Examples of this include the new biodegradable, vegan and fragrance-free AINU skincare products launched at the beginning of 2020.

#### Daily accessories

The result of our daily accessories business remained good in 2019. We successfully expanded our distribution among medium-sized customers in the school supplies and crafts category.

We worked on the renewal of our M.E.C. brand, and the results of these efforts will be seen by consumers on shop shelves by the start of the new school year in 2020. The brand will also be expanded to the crafts segment in the near future.

We continued marketing cooperation between brands with BIC and Kikkoman, which is another brand represented by Berner. For these two brands of our principals, we implemented a large multi-channel campaign for the barbecue season. The campaign activities included influencer cooperation and events.

We will continue our efforts to develop and maintain a high level of customer satisfaction in 2020.

#### Beauty

In 2019, the cosmetics trade in Finland was characterized by trends, intensifying international and digital competition as well as changes in distribution channels. The international cosmetics brands we represent performed well in the challeng-

ing competitive landscape and outgrew the market in general. We added a new series of color cosmetics to our product range when the representation of Gosh Copenhagen was transferred to us.

While the decisions to close down the Hehku chain and the Ego shops operated by University Pharmacy had an effect on the achievement of our targets, we were nevertheless able to increase the sale of the brands we had previously sold in those chains in our other retail channels.

Selective skincare is one of the most important focus areas of our business. Sensai, a sophisticated brand based on state-of-the-art technology and Koishimaru silk, improved its position in the category and outperformed the market in terms of its sales growth. The growth was driven by, among other things, the launch of the new Absolute Silk skincare line.

Sales of the French brand Clarins developed in line with our targets and we maintained our market position in selective cosmetics in spite of changes in distribution channels. Each year, Clarins' plant-based product development efforts help bring new bio-inspiration to its frequently refreshed collection. Launched in spring 2019 and targeted at people under the age of 30, the new MyClarins skincare line consists of fully vegan products based on natural raw materials.

Natural cosmetics and sustainability are becoming increasingly important priorities in consumer behavior. Interest in vegan cosmetics products is also growing as awareness of eco-friendly choices increases. Nuxe is a French skincare brand whose values are built on ethics and respect for nature. It is the leading pharmacy cosmetics brand in France. Nuxe will further increase the appeal and competitiveness of its offering in 2020 when

the product range is set to be expanded in response to growing consumer demand.

Our selection of products was complemented in 2019 by our representation of Gosh Copenhagen color cosmetics. The values of sustainable development and recycling play a significant role in Gosh's production and other operations, including the unique Ocean Waste Plastic cooperation that involves recycling plastic that has accumulated in oceans and using it to manufacture packaging for new cosmetics products. About 70% of the products in the selection are vegan, and the share of vegan products is set to grow in the future.

Known for its high-quality fragrance-free cosmetics products, the IsaDora brand continued its strong performance supported by the prevailing trends. The Active product family launched in 2018 was expanded to present an even better response to the athleisure linked to active lifestyles, where cosmetics products need to be long-lasting under all circumstances.

Mavala, the Switzerland-based market leader in nail care, is known for its lovely seasonal colors and mini nail polish products. The brand continued its strong growth in 2019. The colorful cosmetics brand Bronx Colors was launched in 2018 and its excellent price-quality ratio has surprised consumers and professionals alike.

The outlook for our cosmetics business in 2020 is positive and we expect to see growth in all of our brands. The Finnish Commerce Federation predicts that the annual cosmetics spending of Finnish consumers will grow by nearly 6 percent by 2023\*. Spending on skincare and makeup is expected to increase the most in the next few years. We will maintain a strong focus on brick-and-mortar retail, which is how consumers mostly buy their cosmetics. We aim to strengthen our digital visibility and

the service level of our retail locations, both of which play an important role in the consumer's path to purchase and the buying experience. We believe that our local expertise and extensive experience of the Finnish cosmetics market will continue to be a competitive advantage for us going forward.

Our subsidiary Berner Baltic is the distributor of several international cosmetics brands in Estonia, Latvia and Lithuania. The more than 20 brands it represents include Berner's own LV series along with Lumene, IsaDora, Ducray and Lieray, among others. Cosmetics products are its largest category.

We lost our representation of COTY in the Baltic countries at the beginning of 2017, and the hard work we have put in since then to fill that void began to bear fruit in 2019. Last year, we began representing the French NOREVA brand in Latvia and Estonia. Online stores are increasing their share of sales and sustainability plays an increasingly important role for consumers in the Baltic countries, as in other regions.

\* Finnish Commerce Federation release, October 4, 2019: Increased spending on cosmetics among Finnish consumers.

# LEISURE GOODS

Our brands continued to see generally positive market development in 2019. Many of our product groups are heavily linked to seasons and weather conditions, and these factors have a significant effect on market development and sales performance.

The exceptionally dry spring slowed down the development of the rubber boot market while accelerating the development of the gardening market. Similarly, the conditions during the winter season have a significant impact on the sale of windshield washer fluid, for example. We performed well in all of our markets relative to the development of the overall market. New products, responsibility and sustainable development were important elements of our business development efforts. Our brands hold leading positions in all of the categories we represent.

## Footwear & clothing

The rubber boot market as a whole had a difficult year in 2019 due to the dry weather conditions. Nokian Footwear and Hai were no exception, and the brands had a challenging year in terms of sales and profitability. The lack of rains was particularly reflected in sales during the spring. Combined with the dry weather in the previous fall, this led to higher inventories and weaker profit performance. We were nevertheless successful in the competition

in the market, and Nokian Footwear is still the most popular and trusted rubber boot brand among Finns by a clear margin.

Contracts with the Finnish Defence Forces are very significant for Nokian Footwear. In 2019, Nokian Footwear had no deliveries to the Finnish Defence Forces, with the timing of deliveries under the current contract period taking place in 2018 and 2020. Nokian Footwear also won a competitive bidding process to supply rubber boots to the Swedish Armed Forces. The first deliveries were made in late 2019.

The year 2019 was also a period of renewal for the Nokian Footwear product line. We introduced new products that add diversity to the product line and discontinued some old models. We launched a cooperative product line with Nanso and took a major step forward in the development of our selection of print rubber boots. We also introduced new lightweight EVA boots for children and adults as well as the Verso garden shoe for people to wear during gardening in the spring and summer. Our new models were well received in the market and we will continue the renewal of the product selection in 2020 by launching the first line of Hai

sneakers, among other things.

The operational focus areas in 2020 for Nokian Footwear and Hai consist of deliveries to the Finnish Defence Forces and increasing operational efficiency. We are also investing in digitality. One example of this is the launch of Hai sales on Amazon Germany. For Kontio boots, we will launch a two-year cooperation with Lauri Tähkä with the aim of emphasizing the health-promoting and stress-reducing effects of spending time in nature.

## Car care

KORREK Pro products maintained their popularity and remained the first choice in car care products among Finns in 2019. As proof of the superior quality of KORREK technology, we introduced the KORREK Pro satisfaction guarantee, which helped the consumer product category achieve sales development that exceeded the development of the overall market by a clear margin.

We launched the KORREK Pro Center concept for our KORREK Pro Ceramic TFC™ service partners. The concept provides

consumers with the best products on the market, paired with the best service promise. The KORREK Pro Ceramic TFC product family was expanded by two new professional coating solutions: KORREK Pro Ceramic TFC™ One and the new flagship product KORREK Pro Ceramic TFC™ EVO.

The overall market for windshield washer fluids did not grow in Finland in 2019 due to the mild and rainy weather. Our LASOL products nevertheless outperformed the development of the market in general in terms of sales. The new ready-to-use LASOL -22 Havuntuoksu windshield washer fluid was successfully launched as a new addition to the LASOL product family and its sales exceeded our expectations. We also redesigned the visual appearance of LASOL products.

Exports of KORREK Pro professional products were expanded to Turkey and the service partner network in Germany grew to reach 80 partner locations. In KORREK Pro consumer products, we began efforts to export the products to the German and Russian markets and secured our first listings with Globus SB hypermarkets in Germany for spring 2020.

### Garden care & pest control

Berner's gardening products for consumers were successful in the market and our domestic contract manufacturing volume grew from the previous year. The results for the year were good and our volume grew particularly in substrates and fertilizers as well as rodent control products. Our Berner garden care category includes our own brands as well as contract manufacturing for private label soil and woodchip mulch products.

GreenCare manufactures Finnish products from sustainable raw materials. We developed the sustainability of GreenCare further in 2019. The use of recycled plastic and the optimization

of packaging reduced the need for virgin plastic by approximately 35,000 kg last year.

We have also increased the use of recycled raw materials in production. The raw materials used in GreenCare products are currently almost entirely plant-based, and our aim is to make GreenCare a 100% plant-based brand within the coming years.

The production of GreenCare Ympäristön Ystävä makes use of food industry by-products, and the product is fully plant-based. The fertilizer recycles by-products back into the soil and sequesters carbon. We continued the cooperation between our Ympäristön Ystävä fertilizer and the Baltic Sea Action Group, with a portion of each unit sold donated to support the protection of the Baltic Sea.

We supported the competitiveness of retail with our Shop in Shop solutions developed in collaboration with retailers. We also participated in the Housing Fair Finland event in summer 2019. At the Housing Fair in Kouvola, we created a GreenCare demonstration yard for rowhouses in cooperation with the garden designer Minna Toivonen.

Regulations issued by the authorities in 2018 continued to result in changes to rodent control products last year. Our new rodent control products have been successful in the market and we became the market leader. We also offer rodent control assistance to consumers via the [www.jyrsijantorjunta.fi](http://www.jyrsijantorjunta.fi) website, which was redesigned last year. We help consumers choose the right rodent control products through the website and by providing in-store materials.

The regulations issued by the authorities have led to increased demand for mechanical traps. The Giljotti traps, which are made in Finland and marketed by Berner, have achieved widespread popularity among consumers.

## TRICO Garden deer repellent chosen as the Gardening Product of the Year 2020

TRICO Garden, a natural deer repellent marketed by Berner, was chosen as the Gardening Product of the Year 2020. Each year, the Association of Finnish Garden Centers chooses a product that meets a current need and deserves the attention of consumers. The award is given to an innovative and high-quality product that suits Finnish home gardeners and is recommended by the Association of Finnish Garden Centers. The Gardening Product of the Year award has been given out since 2009.

Trico Garden is a 100% natural pest control solution used to protect coniferous trees, broad-leaved trees, shrubs and ornamental plants from deer.



# AGENCY

Our Agency business had an eventful year of hard work. There were significant fluctuations in the sales of our product groups compared to the previous year.

The market climate and competitive landscape was challenging in certain sections of our customer base, but we were able to create new business elsewhere to compensate for it.

We have continued the customer-driven development of new added value services, which we believe will help us take advantage of new opportunities related to our existing products as well as new products. Our growth is also promoted by our strategic expansion in the Scandinavian market, where our competitiveness has been improved by the identification of a new kind of logistics solution for bringing products to market. The service we offer to customers is also improved by the expansion of our local warehouse network.

Our business area has a long track record of making use of industrial side streams for various purposes. We are currently engaged in several circular economy projects in cooperation with other Berner business areas. We expect that these projects will present significant additional opportunities for providing cost-efficient and substitutive solutions to our customers in the next few years.

During the year, we continued to develop the responsibilities in our organization and hired more personnel. We will implement restructuring measures in the organization in the beginning of 2020 to support these changes, which we believe will enable us to serve our customers and principals even better in the future. We will also hire more personnel in 2020 to support the continued growth of our operations. We are entering 2020 with a positive mindset all around.



# PRO

We increased our market share in several categories of consumption goods in healthcare, cleanliness and animal welfare in 2019. Nevertheless, the price-driven nature of public sector tendering processes meant that our higher volume was not reflected in a corresponding increase in turnover.

In the capital goods category, such as laboratory equipment, the number of projects was slightly lower than in previous years, and certain purchases already planned by customers were postponed. Our sales grew substantially from the previous year, but we did not reach the overall target we had set for 2019. During the year, we also invested in strengthening and training our sales and service personnel.

## Healthcare

Our healthcare segment had a strong year, especially in the product categories produced at our plant in Heinävesi, such as disinfectants. We also expanded our selection in the most common consumption good categories in healthcare to provide an even better response to the needs of healthcare. In surgery, our long-term efforts in the field of hand surgery began to produce results, and we were also successful in electrosurgery and instrument sales.

We launched the Ansell Glove-in-Glove System double gloving solution based on new technology that increases patient safety

as well as occupational safety. Ansell's patent-pending innovation is the world's first pre-donned surgical glove system that enables double gloving in one don, making double gloving 50% faster than with conventional products. The solution also saves shelf space and reduces packaging waste.

We also signed a distribution agreement with the Finnish company LED Tailor Innova7ion for its lighting products and systems intended for surface disinfection and indoor air quality solutions. The anti-microbial effect of LED Tailor's products is based on blue light.

## Laboratories

We had a strong focus on our internal development efforts in 2019. We restructured our organization and our new micro-teams got off to a good start in their work and in making progress on strategy projects. We utilized analytical data in our services during the year. We also developed our operating methods in maintenance services to respond to the needs of the changing market.



Our chromatography portfolio was complemented by the launch of Shimadzu Nexera HPLC during the year. Even more compact than their predecessors, the Series 40 models have been designed to be easy to use and eco-friendly. The power consumption in standby mode can be reduced by as much as 80%, which also helps reduce costs.

We introduced a new flagship product in food analytics following the launch by FOSS of the next-generation FOSS FoodScan™ 2 meat analyzer that is pre-calibrated with ANN calibrations based on thousands of samples taken around the world. The device is suitable for nearly all types of meat samples and the analysis takes only 25 seconds.

### Animal welfare

The animal welfare business had a year of growth and we were particularly successful with our Hill's products. We worked together with our customers to create video training material on animal nutrition to support the daily work of veterinary doctors and nurses. We launched a dedicated online store for Hill's breeders at [www.hillskasvattajat.fi](http://www.hillskasvattajat.fi) where breeders can make purchases conveniently at affordable prices.

The most important product launch in 2019 was Hill's Prescription Diet Gastrointestinal Biome, an entirely new kind of food for cats and dogs that enriches their gut microbiome. It has been known for some time that the gut microbiome of cats and dogs has a significant impact on their digestive health. The product was well received by our customers.

### Cleanliness

In professional cleaning and kitchen hygiene, we were able to increase our market share in a challenging market. Sales through our

online store at [ProShop.berner.fi](http://ProShop.berner.fi) showed particularly substantial growth and we reached a large number of entirely new customers.

We launched several new professional cleaning and kitchen hygiene products manufactured in-house at Heinävesi in 2019. We introduced HETI Kuulas TFCT™ products for glass surfaces. The treatment creates a unique invisible TFC™ thin film coating that repels water and dirt very effectively, making surfaces easier to clean and keeping them clean longer. The cooperation we started with Vileda in 2018 progressed very well and the sales of cleaning supplies to professional customers met our expectations.

We launched the digital Boa Berner learning platform for our customers, making product information and method descriptions conveniently available wherever they are needed. The platform supports our customers in personnel training and promotes the correct use of cleaning agents and cleaning supplies. The learning platform has been enthusiastically received and we intend to continue its development. The learning platform is freely available at [boa.berner.fi](http://boa.berner.fi).

### Berner Medical

The Berner Medical organization in Sweden underwent major changes during the year. We changed the operating model and strengthened our team with a Sales Director and two product specialists. The sales of Ansell and Harry Holms products went well and we introduced several new products and solutions to the market. The distribution of Boden hand sanitizers, which has been an important product category for us for several years, was taken over by the manufacturer. Our goal is to achieve significant growth in both current and new products in the next few years, thereby strengthening our position as a Nordic operator.

### Berner Eesti and Ordior Eesti

The portfolio of Berner Eesti consists of products for microbiology laboratories. The key product categories are bacteriological culture mediums, disinfectants and various laboratory supplies. The sales of microbiology products grew slightly from the previous year and profitability improved substantially. Our portfolio is comprehensive, and it matches the needs of our customers.

The sale of laboratory equipment in Estonia is carried out by our subsidiary Ordior Eesti, with Shimadzu and FOSS being its largest principals. The outlook for public procurement was fairly weak, but our annual sales were close to our targets thanks to equipment investments in the private sector. We sought new representations during the year and started cooperation with Lauda, among others. Our cooperation agreement with Horizon ended in both Estonia and Finland.

In 2020, we will continue to implement our strategic projects as well as develop both our logistics capabilities and the competitiveness of the products we manufacture in-house. The healthcare business will be significantly affected by the Medical Device Regulation, which will enter into force in May and impose new requirements on some of the products we manufacture in Heinävesi. In our laboratory business, the outlook for the year is promising. We will implement entirely new projects and launch innovative products.

# AGRICULTURAL TRADE

Our operations in all of our markets are built on strong partnerships with our customers and suppliers.

## Finland

Farmer's Avena Berner's strategy of focusing on the provision of expert and cost-efficient services to professional farms has proved to be an effective and competitive decision. The structural transformation of agriculture was evident in our customer base in 2019 as the total number of farms decreased while their average size grew. The change was the most notable among cattle farms.

Grain harvests in 2019 were substantially higher than in the two preceding years, but the lower price of grain posed a challenge to the profitability of farms. For horticultural farms, the past year was successful on average. Our sales of production inputs, such as plant protection products, seeds, fertilizers and packaging supplies, developed favorably in spite of the difficult circumstances. In particular, our sales during the growing season developed slightly better than expected.

We deepened our cooperation in Finland with the sugar producer Sucros by starting to work together in sugar beet farmer acquisition with the aim of increasing sugar beet cultivation. Farmer's Avena Berner's expert salespeople sign cultivation agreements with both existing and new sugar beet farmers.

We had our first full year of operation as Farmer's Avena Berner in 2019. By cooperating with Avena Nordic Grain Ltd and combining our sales and procurement organizations, we have achieved synergies in customer account management, marketing and sales. The synergies derived from the cooperation will help the business develop favorably in the coming years.

In 2020, we will focus even more strongly on developing circular economy solutions for agriculture and working together with our partners to promote more sustainable agricultural production. The sales outlook is positive, as customer stockpiles are lower than in the past few years. [viljelijanavenaberner.fi](http://viljelijanavenaberner.fi)

## Sweden

The weather conditions during the growing season were somewhat more favorable to agriculture than in the previous year in Sweden. The large area under cultivation of fall crops in fall 2018 was reflected in increased demand for plant protection last year. Farmers used excess inventory left over from the previous year to cover part of the increased need. In spite of this and the dry conditions of the early summer, Gullviks' sales developed favorably.

Gullviks focuses on the retail sale of plant protection agents, nutrients, seeds, foliage nutrients and products used in forestry that are sold directly to farms. Strong cooperation with Swedish farmers continued to grow in 2019. [gullviks.se](http://gullviks.se)

## The Baltic countries

We reduced the scale of our operations in the Baltic countries significantly in 2019 and will continue our operations through our Finnish organization. Our extensive experience with the Estonian, Latvian and Lithuanian markets and customers nevertheless puts us in a position to continue our operations successfully in the Baltic countries with our current limited selection of products and services. We aim to expand our selection in order to continue to develop our cooperation with customers going forward.

[Read about our new circular economy products in the sustainability section.](#)

# MACHINES

The overall market turned to a slight decline in 2019 compared to the previous year. Nevertheless, we were able to achieve a good increase in the sales of the primary brands we represent: Mitsubishi Forklifts and Combilift forklifts.

New sales initiatives involving Dulevo's sweeper machines for outdoor maintenance were also successful.

The Mitsubishi electric counterbalance forklifts manufactured in Järvenpää were again successful in the market. The systematic development of the product line supports future market changes, which will see electric forklifts replace conventional forklifts powered by internal combustion engines.

We acquired significant new customer accounts in the latter part of 2019 and our order book is in good shape to start the new year. The new customer accounts are again built on a leasing solution based on long-term partnership. We have enjoyed a high level of customer loyalty through the years and we are confident this will continue in the future.



# Sustainability



# Sustainability highlights and development areas in 2019

## Our highlights

The new sustainability program and its targets. As part of the creation of the program, a sustainability survey for our stakeholders.

By switching to wind power, we reduced the carbon dioxide emissions of our operations in Finland by 894 metric tons compared to 2018.

We launched a mandatory course on our Code of Conduct for our employees.

We reduced the use of virgin plastic by 35,000 kg in our GreenCare packaging by using recycled plastic and optimizing packaging.

We introduced a whistleblowing channel for our stakeholders to enable the anonymous reporting of suspected violations of our Code of Conduct.

The new HETI series of house cleaning products was launched in recycled plastic bottles.

We decided to become a member of the Amfori BSCI supply chain auditing system in 2020.

## Our development areas

We will continue to develop our sustainable supply chain principles and related reporting practices.

We will develop our targets and reporting and expand them to cover the entire Berner Group to support the development of our responsibility.

# Sustainability programme



## We take care of our personnel's well-being

- Occupational safety and well-being
- Equality and diversity
- Competence development
- Leadership development



## We ensure the responsibility of our products

- Product quality and safety
- Responsible supply chain
- Sustainable packaging
- Responsible raw materials



## We reduce our climate and environmental impacts

- Energy efficiency and emissions
- Material efficiency



## We create value for our stakeholders

- Solvency and profitable growth
- Local tax footprint
- Domestic production

WE OPERATE ETHICALLY AND COMMUNICATE IN AN OPEN MANNER

# SUSTAINABILITY AT BERNER

Responsibility towards our stakeholders is an integral part of our company's values, operating methods and management. We are committed to continuously developing our sustainability and engaging in open dialogue with our stakeholders. Our new sustainability program and its targets guide us in the day-to-day development of our sustainability.

We started building our first sustainability program last year. Responsible operating methods have been part of Berner's approach to business for a long time, but our new Sustainability program 2020–2022 brings all of the areas of our sustainability and the relevant targets under one program. We will develop and update our sustainability program annually and expand it to cover the entire Berner Group even more comprehensively.

One important aspect of the development of our new sustainability program was a sustainability survey and interviews with our internal and external stakeholders in the summer of 2019. In the sustainability survey, we asked the respondents to tell us what they think Berner's key sustainability priorities should be. In the interviews, we asked the participating stakeholders for more details on what they perceive to be our successes in the area of sustainability and what areas we should develop further, among other things. We received a total of 341 responses to the digital survey and conducted 28 interviews in our countries of operation.

Taking the responses of all stakeholder groups into consideration, the key sustainability priorities highlighted by the participants were responsible supply chain, product quality and safety as well as occupational safety and well-being. There were some differences in the relative importance assigned to the priorities between different stakeholders and countries.

In the interviews, the respondents highlighted our responsibility for personnel and organizational culture as areas we have been successful in, along with our open and long-term cooperation with our stakeholders. Our domestic production was also widely appreciated. The most important development areas that were highlighted by the participants were ensuring responsibility in supply chain and defining themes and targets for sustainability.

Following the sustainability survey, we conducted an internal assessment of the significance of the impacts of the material aspects in accordance with the Global Reporting Initiative (GRI) guidelines on materiality analyses. We will also start to report on our sustainability more systematically in accordance with the

GRI guidelines, which represent the world's most widely used sustainability reporting framework.

## The principles guiding our sustainability

Our sustainability efforts in our day-to-day work are guided by a number of policies and principles, such as our environmental policy, quality policy and HR principles. The development of our sustainability efforts is guided by our sustainability steering group, which meets approximately once a month. The activities of the steering group are coordinated by the Communications and Corporate Responsibility Manager.

All of our operations are based on our Code of Conduct for employees and suppliers. Our Code of Conduct represents Berner's values – work, integrity and humanity – as well as the generally accepted guidelines of conduct as documented in the UN Global Compact's ten principles.

Our operations are certified pursuant to the ISO 9001 quality management certificate, the ISO 14001 environmental manage-

ment certificate, the ISO 22716 certificate regarding the manufacture and storage of cosmetics and hygiene products (GMP, Good Manufacturing Practices), and a third-party assured ISO 13485 quality system required for the manufacture of healthcare equipment.

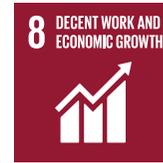
Our laboratories in Herttoniemi and Heinävesi are GLP certified by the Finnish Medicines Agency. Defined by the OECD, GLP (Good Laboratory Practice) is intended to produce reliable and sufficiently high-quality laboratory testing for purposes such as use by the public authorities.

We are a member of the UN Global Compact sustainability initiative. We are also committed to the chemical industry's international Responsible Care sustainability program. Responsible Care is an international sustainability program coordinated in Finland by the Chemical Industry Federation of Finland.

### UN Sustainable Development Goals (SDG)

In 2015, UN Member States agreed on Sustainable Development Goals and a Global Action Plan that is intended to guide the world's development efforts until 2030. The 2030 Agenda for Sustainable Development is aimed at eradicating extreme poverty and promoting sustainable development that takes people, the planet and prosperity into consideration on an equal basis. Businesses play a significant role globally in achieving the targets. There are 17 Sustainable Development Goals and they comprise 169 targets in total.

As part of the creation of our new sustainability program, we estimated the impacts of our operations on the 17 Sustainable Development Goals and the 169 targets they comprise. While our operations have impacts on all 17 SDGs, we have identified five that we can particularly influence through our operations.



# WE OPERATE ETHICALLY AND COMMUNICATE IN AN OPEN MANNER

At Berner, maintaining a high level of business ethics is the starting point for all our operations. We want to do the right thing and act responsibly to earn people's confidence. We communicate in an open manner and listen to our stakeholders.

The most important UN Sustainable Development Goal that we promote



# WE OPERATE ETHICALLY AND COMMUNICATE IN AN OPEN MANNER

## Tavoite 2020 – 2022

100% of our employees in all of our countries of operation complete online training on our Code of Conduct each year.

We will add sustainability section to the websites of our own brands in 2020.

## Results in 2019

In late 2019, we launched the course for the personnel of our head office and our sales staff elsewhere in Finland. The response rate was 100%.

An extensive section on sustainability was added to the Ainu website.

## Good governance and ethical operating principles

At Berner, maintaining a high level of business ethics is the starting point for our operations. We want to act responsibly and do the right thing so that we maintain the trust of our employees and other stakeholders.

All of our operations are based on our Code of Conduct for employees and suppliers. Our Code of Conduct represents Berner's values – work, integrity and humanity – as well as the

generally accepted guidelines of conduct as documented in the UN Global Compact's ten principles.

In late 2019, we launched a course on our Code of Conduct for the personnel of our head office and our sales staff elsewhere in Finland. The mandatory course was completed by all of the designated employees. Our employees at the production plants in Heinävesi and the central warehouse in Viinikkala, along with our employees in our other operating countries, will also take the course in 2020.

All Berner employees are obligated to comply with the Code of Conduct and immediately report all suspicions or observations of inconsistencies with or violations of the Code of Conduct. We encourage our employees to primarily report their suspicions. Employees who wish to report suspected violations anonymously can do it via the WhistleB reporting channel we launched in August 2019. The channel also allows our external stakeholders to report potential suspicions concerning conduct that violates the law and our Code of Conduct. We received two reports via the channel last year, with one of the reports leading to the start of internal development efforts related to occupational well-being in one of Berner's units.

[Employee Code of Conduct](#)  
[Supplier Code of Conduct](#)  
[WhistleB reporting channel](#)

## Open communications and stakeholder relationships

Our goal is to communicate on our operations in an open, timely and stakeholder-driven manner. Our communication principles are trustworthiness, openness, understandability and interaction.

As a company with six business units, we have a significant number of stakeholders. Naturally, there are substantial differences in the wishes, expectations and priorities of our various stakeholders. One broad theme that is strongly highlighted among many stakeholders in all of our business units is sustainability, and this sustainability report represents part of our response to that observation. We also aim to add separate sections on sustainability on the websites of all of our own brands in 2020. The ways in which we listen to the wishes and expectations of our stakeholders include day-to-day interaction, meetings and events as well as separate surveys and questionnaires.

In the fall of 2019, we conducted a satisfaction survey on internal communication, which was primarily focused on assessing satisfaction with our internal communication channels ranging from electronic channels to communication by our management and supervisors. The average satisfaction score given by the respondents for the various channels was 3.5 on a scale of 1–5. We will carry out the survey again in the fall of 2020 to determine whether our development measures have had an impact on satisfaction.

Our employees also participated in the process of defining our purpose “Protecting Tomorrow”. Among other things, we wanted to hear what “Protecting Tomorrow” means in practice in the daily work of our employees.

As part of the development of our sustainability program, we conducted a sustainability survey and interviews of our external and internal stakeholders in the summer of 2019. We asked our stakeholders what they think are the key themes of Berner’s sustainability and, in the interviews, we also asked them what areas they think we have been successful in and what areas require further development. A total of 341 people completed our online survey and 28 stakeholder representatives shared their opinions in the interviews.

Our business units have conducted general customer satisfaction surveys as well as a survey on digital services and e-commerce.

## Our key stakeholders

- Current and prospective employees
- Owners
- B2B customers
- Consumers
- Principals
- Suppliers of raw materials, goods and services
- Media
- Public authorities

Our employees’ most significant memberships in associations and organizations related to sustainability include memberships in the Environmental Labeling Committee, the Chemical Industry Federation of Finland’s Innovation Committee and the Bio and Circular Economy Committee.

# WE TAKE CARE OF OUR PERSONNEL'S WELL-BEING

To us, the well-being of our employees is a matter of pride. That is why we invest in safety, equality, good leadership and personal possibilities for development.

The key UN Sustainable Development Goals that we promote



# WE TAKE CARE OF OUR PERSONNEL'S WELL-BEING

## Occupational safety and well-being at work

Target 2020–2022	Results in 2019
Zero accidents and occupational illnesses.	Zero occupational illnesses. Five occupational accidents that led to sickness absences.
The sickness absence rate stays under 3%. In production and logistics, the sickness absence rate is at most 5.5% Reduction in absences related to musculoskeletal symptoms.	Sickness absence rate 2.66%. Sickness absence rate in production and logistics 4.24%.
No new cases of occupational diseases or work-related illnesses.	There were no occupational diseases or work-related illnesses in 2019.
An average score of more than 3.5 in all areas of the occupational well-being survey.	In 2019, the overall average score of the different areas of the occupational well-being survey was 3.7.

The targets and results are for Berner Ltd's operations in Finland unless otherwise mentioned. Our aim is to expand our targets and reporting to cover the entire Berner Group more comprehensively in 2020–2021.

### Responsibility for employees is based on our values

Our HR practices and principles are based on our values – work, integrity and humanity – and they form the foundation of our responsibility for employees. Our common practices guide our operations with regard to recruitment, orientation, leadership, personnel development and remuneration, among other things. We also have practices and principles that enhance the work community's operations and well-being.

Berner Group's [Code of Conduct](#) reflects our values. The Code of Conduct guides all of our day-to-day operations in every country we do business in. The Code covers our key responsibilities and the principles we are committed to observing as an organization and as individual employees.

### Occupational safety and well-being at work

Berner Ltd's occupational healthcare services are managed by the CFO and the HR function. Themes related to occupational safety are handled and managed in cooperation between the occupational safety and health committee, the company's senior management and the HR function.

We conduct a "Healthy at work" survey in each unit in three-year intervals. The survey includes a risk assessment, health examinations and a development plan.

Berner offers comprehensive occupational health services

to all of its employees in Finland. Comprehensive occupational healthcare includes preventive statutory occupational healthcare as well as medical care. Statutory occupational healthcare includes health examinations, health advice, activities that support functional capacity as well as first-aid preparedness. Statutory occupational healthcare covers all employees right from the start of their employment.

In addition to statutory occupational healthcare, we provide our employees in Finland with healthcare and medical services that are voluntary for employers to offer. Employees who receive a monthly salary are eligible for medical care. The company pays for the costs of ordinary and reasonable general practitioner level medical care provided by its healthcare partner, including tests and treatment. Tests include ordinary laboratory tests and radiography. The services of specialized physicians can be used by referral after six months of full-time employment.

We also provide our employees with sport and cultural benefits and commuting benefits via the ePassi platform. The sport and cultural benefits amount to EUR 400 per calendar year, while the ticket benefits for commuting amount to EUR 100 per calendar year.

In 2019, there were a total of five accidents leading to short-term absence from work in Berner Ltd's operations in Finland.

Other occupational accidents logged at the workplace or during commutes did not lead to absence from work. The sickness absence rate was 2.66% overall and 4.24% for production and logistics.

Last year, we conducted workplace surveys and “Healthy at work” employee questionnaires as well as health examinations in several of our units. We also conducted a company-wide employee survey to assess the atmosphere and well-being of the workplace community. The survey results and the identified key development areas were subsequently analyzed in workshops in each unit. The survey results and the identified development areas were used to draft action plans for the company as a whole and for the individual units as well as form working groups to maintain continuous development. The well-being survey process also includes “pulse measurements” that we plan to implement in 2020.

### Key results of the occupational well-being survey

We conducted an occupational well-being survey in collaboration with Hintsa and Ilmarinen last year. The survey was based on eight components of well-being: Core, Leadership, Direction, Competencies, Relationships, Organizational structure, Execution and Renewal. The scores for each component were given on a scale of 1–5.

**Core – our average was 3.9.** Our strength in the Core component included meaningful work and operating in accordance with the company’s values and culture as well as recognizing our social and environmental responsibility. Our development areas identified for this component of the survey were equality and openness.

**Leadership – our average was 3.8.** Our strengths in the Leadership component included the support of immediate supervisors, the supervisors operating in accordance with the company’s values and culture as well as interest in competence development. Our development areas identified for this component of the survey were giving motivating targets, consistent communication by the management and making the management’s operating models and examples easy to follow.

**Direction – our average was 3.7.** Our scores for the Direction component were good, exceeding 3.5 for all survey items. The questions in the survey were related to the company’s vision, strategy and objectives and the related communications, the individual’s opportunity to exercise influence and the company’s plans for the development of well-being and health.

**Competencies – our average was 4.** We also achieved high scores in Competencies, exceeding 3.5 for all items in the survey. The questions were related to tools, health, the working environment, competence, motivation and our key processes.

**Relationships – our average was 3.9.** Our scores for the Relationships component were good. The statements “I have positive relationships at work” and “My immediate supervisor is nice to work with” received particularly high scores.

**Organizational structure – our average was 3.6.** In this component, our strengths were the clarity of job-related expectations, responsibilities and roles. Our development area for this component was to provide opportunities for planning one’s working days and duties.

### Average number of employees, 2019, Berner Group

	2019	2018	2017	2016
Finland	392	372	385	381
Sweden	49	49	50	50
The Baltic countries	69	74	86	115
<b>Total</b>	<b>510</b>	<b>495</b>	<b>521</b>	<b>546</b>

**Execution – our average was 3.6.** Our strengths for the Execution component included satisfaction with our products and services as well as the objectives of work being clear and attainable. Our development area highlighted for this component of the survey was “giving feedback”.

**Renewal – our average was 3.5.** In the Renewal component, our strengths were identified as being the adequacy of physical and mental resources from the perspective of personal development and developing one’s work. Our development area highlighted for this component of the survey was the development of our operations relative to our competitors.

The survey also included a section for determining our eNPS score, which reveals how likely Berner employees are to recommend their employer to others. Our eNPS was 19 on a scale of -100 – +100.

In 2020, we will continue to conduct workplace surveys and “Healthy at work” questionnaires according to our planned schedule.

## Equality and diversity

### Target 2020–2022

Men and women receive the same pay for the same job categories.

No incidents of discrimination.

### Results in 2019

To be reported for the first time in 2020.

There were no incidents of discrimination at Berner Group in 2019. We created “Responsible conduct at work” principles and guidelines together with representatives of our personnel.

The targets and results are for Berner Ltd’s operations in Finland unless otherwise mentioned. Our aim is to expand our targets and reporting to cover the entire Berner Group more comprehensively in 2020–2021.

Equality and non-discrimination as well as the effectiveness and performance of the workplace community are key objectives for Berner’s human resources management. Berner respects and values all employees regardless of their gender, beliefs, age, sexual orientation and health.

We expect everyone at Berner to be supervisors, colleagues and subordinates who act in accordance with our values. They are the starting point of our orientation training and work community training initiatives. We have a zero tolerance policy with regard to inappropriate conduct and harassment. No such cases were reported last year. We ensure the equality and diversity of our personnel by producing an annual personnel report.

We revised our Code of Conduct in 2018. Last year, we launched a mandatory course on the Code of Conduct for our employees. In the future, all new employees will complete the course when they join the company.

In 2019, we also created “Responsible conduct at work” principles and guidelines together with representatives of our personnel.

In 2020, our aim is to further harmonize and specify our company-level HR practices and thereby promote equality. In addition, we have plans for supervisor training on the topic of equality and diversity.

## Competence development

### Target 2020–2022

HR plans have been prepared for each business area, including a concrete plan for competence development.

100% of our employees are covered by annual performance reviews and development discussions.

### Results in 2019

HR plans were created for each business unit in 2019.

We will report on this for the first time in our reporting on 2020.

The targets and results are for Berner Ltd’s operations in Finland unless otherwise mentioned. Our aim is to expand our targets and reporting to cover the entire Berner Group more comprehensively in 2020–2021.

At the company level, in 2019, one of our main training activities involved the Specialist Qualification in Management (JET) training program, with employees participating from various business units. The deployment of the new ERP system and continued internal training was the primary development area for the project participants in 2019. We introduced a new online learning environment in December 2019.

Every Berner employee has the right and the obligation to participate in an annual development discussion. Our employees and their supervisors also agree on regular follow-up discussions between the annual discussions.

Our remuneration practices are based on the targets set for work. We measure the targets and their achievements regularly during the year.

In 2020, we aim to make broader use of the online learning environment and to produce orientation materials and other training content on the platform for use by our business units. We also aim to further strengthen our development discussion process and its documentation as well as make more systematic use of career and development plans in competence management. The competencies necessary for supporting the deployment and use of the new ERP system will be monitored during the year and we will respond to the relevant competence needs as necessary.

## Leadership development

### Target 2020–2022

The leadership index will be at least equal to the Finnish supervisor index average (74.2) and the Executive Board's leadership index score will be at least 75.

All new supervisors have been provided with the necessary skills for managerial work.

Employee turnover is not attributable to the quality of supervisory work.

The targets and results are for Berner Ltd's operations in Finland unless otherwise mentioned. Our aim is to expand our targets and reporting to cover the entire Berner Group more comprehensively in 2020–2021.

Good leadership at Berner refers to operating in accordance with our values and allocating human resources appropriately to support the achievement of business objectives. We take the diversity of people and tasks into account in our management and we want to be a work community that appreciates the strengths that enable diversity.

We support the success and development of our managerial work through supervisor training and by conducting regular 360-degree leadership appraisals. The purpose of the appraisals is to ensure that our leadership experience corresponds to our values.

### Results in 2019

To be reported for the first time in 2021.

In 2019, all new supervisors participated in orientation training for new supervisors.

The exit interviews held in 2019 did not indicate that the quality of supervisory work was a factor in departing employees' decision to leave the company.

In 2018, we continued the fourth Specialist Qualification in Management (JET) training program in Berner's history. The program will be completed in early 2020. JET training programs have been previously implemented in 2007–2008, 2012–2013 and 2015–2017.

In 2020, we will launch a growth management program in collaboration with Aalto EE. The program participants will include all of the members of our Executive Board and most of the managers of our business areas. We will also continue to provide

supervisory training for new supervisors. Next year, we will also continue the development of our online learning platform and its use to support supervisory work at Berner.



## Employee figures of Berner Group 31.12.2019

Figures include all Berner Group's companies i.e Berner Ltd. and Berner Chemicals Ltd. / Finland, Bröderna Berner /Sweden, Berner Baltic, Berner Eesti and Ordior Eesti / Baltic.

### New employee hires: gender and age groups by region

Finland	Men	Women
Under 30 years old	7	11
30–50 years old	13	17
Over 51 years old	3	3
<b>Total</b>	<b>23</b>	<b>31</b>

Sweden	Men	Women
Under 30 years old	1	0
30–50 years old	1	1
Over 51 years old	1	1
<b>Total</b>	<b>3</b>	<b>2</b>

Baltics	Men	Women
Under 30 years old	0	2
30–50 years old	0	10
Over 51 years old	0	1
<b>Total</b>	<b>0</b>	<b>13</b>

### Employee turnover: gender and age groups by region

Finland	Men	Women
Under 30 years old	10	12
30–50 years old	13	6
Over 51 years old	9	6
<b>Total</b>	<b>32</b>	<b>24</b>

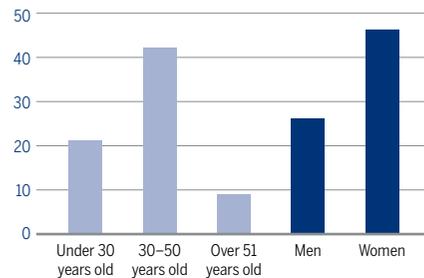
Sweden	Men	Women
Under 30 years old	0	0
30–50 years old	1	0
Over 51 years old	3	1
<b>Total</b>	<b>4</b>	<b>1</b>

Baltics	Men	Women
Under 30 years old	0	1
30–50 years old	0	8
Over 51 years old	0	1
<b>Total</b>	<b>0</b>	<b>10</b>

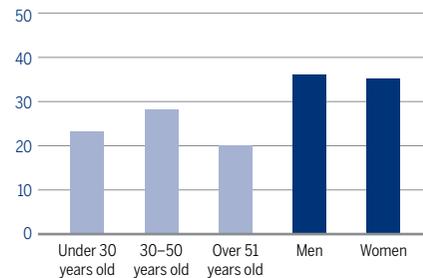
### Number of employees and employment

	Finland	Sweden	Baltics
Number of employees 31.12.2019	406	53	68
<b>Total</b>	<b>527</b>		
Permanent			
Men	193	40	10
Women	199	11	57
Temporary			
Men	3	2	0
Women	11	0	1
Full-time			
Men	189	36	9
Women	196	11	54
Part-time			
Men	7	6	1
Women	14	0	4

### New employee hires, Berner Group



### Employee turnover, Berner Group



### Number of injuries (short absence)

Country	Injuries
Finland (Berner Ltd.)	5
Finland (Berner Chemicals Ltd.)	2
Sweden	0
Baltics	0

### Average training hours / employees

Country	Average training hours
Finland (Berner Ltd.)	9.75
Finland (Berner Chemicals Ltd.)	0
Sweden	40
Baltics	0

### Employee gender and age groups, Berner Group

Gender and age	Board of Directors	Executive Board	Clerical	Workers
Men	4	8	161	87
Women	1	2	225	54
Under 30 years old	0	0	32	18
30-50 years old	2	8	225	71
Over 51 years old	3	2	129	52

### Sick leave absence rate

Country	Sick leave absence rate
Finland (Berner Oy)	2.66%
Finland (Berner Chemicals Ltd.)	12.70%
Sweden	0.60%
Baltics (Berner Baltic)	2.76%

### Share of employees covered by collective bargaining agreements

Country	Share of employees covered
Finland	100%
Sweden	100%
Baltics	0%

### Performance evaluation and development discussions, % of employees

Country	Percentage of employees
Finland	Not reportable
Sweden	100%
Baltics (Berner Baltic)	70%

# WE ENSURE THE RESPONSIBILITY OF OUR PRODUCTS

Ensuring the quality and safety of our products is of paramount importance to us. We take a systematic and long-term approach to ensuring and developing the responsibility of our supply chain, raw materials and packaging. Promoting the circular economy is one of our major objectives.

The key UN Sustainable Development Goals that we promote



# PRODUCT QUALITY AND SAFETY

## Target 2020–2022

Zero recalls of products manufactured by Berner.

## Results in 2019

One: recall of ethanol delivered in a transport container due to detergent residue.

The quality and safety of our products is of paramount importance to us. Our operations are certified pursuant to the ISO 9001 quality management certificate, the ISO 14001 environmental management certificate, the ISO 22716 certificate regarding the manufacture and storage of cosmetics and hygiene products (GMP, Good Manufacturing Practices), and a third-party assured ISO 13485 quality system required for the manufacture of health-care equipment.

Our laboratories in Herttoniemi and Heinävesi are GLP certified by the Finnish Medicines Agency. Defined by the OECD, GLP (Good Laboratory Practice) is intended to produce reliable and sufficiently high-quality laboratory testing for purposes such as use by the public authorities.

Our products are developed at our product development laboratory in Helsinki and manufactured in Heinävesi in close cooperation with our quality assurance team. Berner has a 14-person team in charge of research and development and a six-person team responsible for quality assurance. We develop our products

in accordance with customer needs. In product design, we focus particularly on the functionality and effectiveness of our products as well as environmental and safety aspects. This ensures the safety of our products during their use by the customer and during our production processes.

The responsibility for product quality and safety lies with the Supply Chain Director, the Quality and Environmental Manager, laboratory managers, product development managers and product development chemists.

## 2019

In 2019, we significantly increased our production volume without compromising on the quality of our products.

We have evaluated the products and the raw materials used in them in the selection and development stages based on their environmental and safety-related attributes. The principle is to choose product and production alternatives that minimize the negative impacts on the environment and maximize the safety of processes and users. We will develop the transparency of our operations in this respect during the coming years by adopting new performance indicators.

We had to carry out one product recall in 2019 for a product manufactured by us. The reason for the recall was the detection of detergent residue in ethanol delivered in a transport container.

Complaints and product recalls are logged and investigated as necessary. The complaint handling process has been developed at the company level and the plans are for the implementation to begin in April 2020 after the new ERP system has been deployed. The product recall process will also be reviewed after the deployment of the new ERP system. We aim to have the new process tested by late 2020.

We did not receive any complaints from the authorities regarding products manufactured by us in 2019. We will develop the transparency of our internal reporting pertaining to products from our principals.

We monitor the number of complaints regarding irritation caused by our cosmetics products. We react to deviations immediately in order to ensure a high level of product safety and customer satisfaction.

We did not receive any complaints from the authorities regarding the labelling of products manufactured by us in 2019. In our production operations in Heinävesi, the authorities observed insufficiencies in the labelling of chemicals during inspections and audits. We have taken corrective measures regarding the matter. In the area of chemical safety in processes, we focus on sufficient labelling and marking of chemicals on production lines and containers. We emphasize the importance of safety observations in ensuring a safe environment.

# RESPONSIBLE SUPPLY CHAIN

Target 2020–2022	Results in 2019
<p>The social responsibility of products manufactured in high-risk countries is ensured by third-party audits.</p>	<p>Decision taken to join Amfori BSCI in 2020. Some of our suppliers in Amfori BSCI high-risk countries are in possession of a currently valid auditing document or certificate concerning responsible purchasing.</p>
<p>We take social and environmental responsibility into account in the selection of new suppliers.</p>	<p>We will report on this for the first time in our reporting on 2020.</p>
<p>100% of our suppliers have signed the Supplier Code of Conduct.</p>	<p>We will report on the number of signed agreements for the first time in our reporting on 2020, enabled by our new ERP system.</p>
<p>We continuously develop our risk management related to responsible supply chain.</p>	<p>We began the development of our principles for responsible supply chain 2019.</p>

Developing the assurance of responsible supply chain at the Berner level will be one of the most important focus areas of our responsibility efforts in the coming years. As a conglomerate that operates in several sectors, we import products and raw materials from abroad and engage in international contract manufacturing in addition to our own strong domestic production activities.

Our responsible purchasing is based on our [Supplier Code of Conduct](#). The Supplier Code of Conduct covers topics including human rights, non-discrimination, working hours and wages, freedom of association and the prohibition of the use of child labor and forced labor. We require our suppliers to commit to compliance with our Code of Conduct.

Our target is to have 100% of our suppliers sign the Supplier Code of Conduct by the end of 2022. The new ERP system we will deploy in 2020 will enable us to monitor the number of signed agreements much more effectively than in 2019.

We began the development of our principles for ensuring responsible supply chain in 2019. We also took the decision to join Amfori BSCI in 2020. We will continue our development efforts next year.

Some of our suppliers in high-risk countries are in possession of currently valid social responsibility certificates or audit documents. Next year, we will systematically survey the current situation pertaining to social responsibility for all of our suppliers in high-risk countries and initiate audits in accordance with an audit plan. We will also develop our reporting with regard to responsible purchasing.

# SUSTAINABLE PACKAGING

Target 2020–2025	Results in 2019
All of the plastic packaging in our own production will be recyclable by 2025.	95% mono-material (PE, PP or PET) at the end of 2019.
50% of our products manufactured in-house will be packaged in recycled materials by 2025.	2% produced from recycled plastic at the end of 2019.
We will reduce the amount of plastic used in the packaging of our products manufactured in-house by 10% by 2025, compared to 2019.	We will report on this for the first time in our reporting on 2020.
10% of the products we manufacture in-house will use packaging that is bio-based or otherwise reduces the use of fossil virgin plastic by 2025.	We will report on this for the first time in our reporting on 2020.

We aim to develop the responsibility of our packaging by using recyclable materials, increasing the use of recycled and renewable materials and reducing the amount of packaging materials used. We strive to minimize the use of packaging materials and we aim to use mono-material plastic packaging.

Our packaging development efforts are guided by EU and national legislation as well as our environmental program. The Packaging Development Manager is in charge of the development of packaging for our products manufactured in-house.

## Results in 2019

In 2019, 95% of the plastic packaging used for the products we manufactured at Heinävesi was recyclable. All of the cardboard, metal and glass packaging of our products manufactured in-house is already recyclable. All of our plastic packaging can be sorted as plastic waste. Some 5% of our plastic packaging consists of multiple plastics, which means that they cannot be recycled in mechanical plastic recycling. Nevertheless, this plastic packaging can be recovered as energy.

Our goal for 2025 is that all of the packaging materials used in our products manufactured in-house are recyclable or reusable.

Packaging manufactured from recycled materials represented 2% of the total last year. Our target is to increase their share to 50% by 2025.

A further goal is to replace packaging made from virgin plastic with packaging made from renewable materials where possible. We actively test packaging alternatives that can replace virgin plastic produced from fossil materials. The plans for achieving these targets will be specified further in the spring 2020.

In 2019, we started to add plastic material indications and recycling instructions to the labels of our product packaging. We will continue to add recycling instructions to product labels in 2020 when new products are launched and product labels are replaced.

In our contract-manufactured GreenCare products, the use of recycled plastic and the optimization of packaging reduced the need for virgin plastic by approximately 35,000 kg in 2019.

# RESPONSIBLE RAW MATERIALS

Target 2020–2022	Results in 2019
We will transition to using 100% certified mass balance RSPO palm oil products, or corresponding products, in our own production activities. The interim target is 90% in 2020.	We will report on this for the first time in our reporting on 2020.
We will increase the proportion of renewable raw materials to 30% in our Nordic Swan Ecolabel certified products manufactured in-house. The interim target is 27% in 2020.	The proportion of renewable raw materials in our Nordic Swan Ecolabel certified products was 25% at the end of 2019.
We emphasize biodegradability in new raw materials used in our in-house manufacturing and we will increase the number of biodegradable raw materials each year.	We will report on this for the first time in our reporting on 2020.
We aim to increase the number of in-house manufactured environmentally certified products by six.	No new environmentally certified in-house manufactured products in 2019.
Recycled by-products will amount to 120,000 metric tons in 2023.	Recycled by-products amounted to 8,500 metric tons.
GreenCare will use 100% plant-based raw materials.	Approximately 98% of the raw materials used in GreenCare products do not contain animal-based materials.

In our own production, we always try to choose raw material alternatives that are better for the environment, such as raw materials with fewer environmental classifications. We also take the biodegradability of raw materials into consideration. We aim to take into use new biodegradable raw materials and replace current raw materials with biodegradable raw materials. We apply specific restrictions to UV protectants and fragrances.

In 2019, we eliminated the environmentally harmful cyclopentasiloxane and microplastics from all of our roll-on deodorant products manufactured in-house. Although the law only requires the removal of cyclopentasiloxane and microplastics from washable products, we wanted to implement the same change to products that are applied on the skin and not rinsed off. All of the products we manufacture in-house do not contain microplastics.

Our environmental certification requirements guide the raw material choices of our environmentally certified products. In 2019, we had 30 in-house manufactured products on sale that are Nordic Swan Ecolabel certified.

We aim to prioritize raw materials manufactured in Finland, the Nordic region and Europe. In our XZ products, for example, we have used Finnish extracts for more than 20 years.

While we do not purchase palm oil as a raw material in its unprocessed form, palm oil is used in the manufacturing of certain raw materials used in cosmetics. We purchase all of our palm oil-based raw materials from a raw material supplier that is

a member of RSPO (Roundtable on Sustainable Palm Oil). RSPO develops principles for sustainable palm oil production. Our target is that, by 2022, all of the palm oil-based raw materials used in our in-house production activities will be 100% certified mass balance RSPO palm oil products or corresponding products. Mass Balance means that part of the palm oil is non-certified. We use raw materials that have palm oil compounds as their primary materials and, unfortunately, the majority of these raw materials are not yet available in Identity Preserved form, which refers to 100% traceable and certified palm oil.

Our product development chemists, product developers and product development managers are in charge of the responsibility of the raw materials used in our own production activities.

Our Nokian Footwear contract-manufactured products are primarily made using natural rubber mixtures from rubber harvested from cultivated rubber trees. The natural rubber used by our contract manufacturers is sourced from Vietnam. We continually strive to develop and deepen our knowledge about the origins of our raw materials and the transparency of information.

We have increased the use of recycled raw materials in the production of our GreenCare products. The raw materials used in GreenCare products are nearly 100% plant-based and the aim is to make GreenCare a completely plant-based brand within the coming years.

The circular economy is of growing importance in Berner's operations. In 2019, recycled by-products totaled 8,500 metric tons. By-products are generated in the animal feed, food and forest industries, for example, and their uses include fertilizers and biogas production. The production of GreenCare Ympäristön Ystävä makes use of food industry by-products. The fertilizer recycles by-products back into the soil and sequesters carbon. Berner's circular economy target for 2023 is 120,000 metric tons.

## New circular economy solutions in agriculture

Promoting the circular economy is also prominent in agriculture. In 2019, we introduced two new circular economy solutions to the market in our role as distributor to improve the reuse of nutrients as fertilizer: The NK 26-2 fertilizer by the Finnish company BioA and the DeltaLent Active fertilizer from Germany.

BioA recycled fertilizer is based on by-products that cannot be used in industry. BioA's recycled fertilizer conserves energy and natural resources, enriches the soil and helps plants make better use of the nutrients contained in soil. The BioA fertilizer production plant in Kotka opened in April.

DeltaLent helps enhance the use of nutrients from liquid manure and significantly reduce the negative environmental impact of the use of manure. This reduces the need for additional fertilizer use and improves crop yields.

Berner has been involved in the development of Finnish agriculture for 100 years. Now, we want to play a strong role in promoting circular economy solutions in agriculture. We surveyed the views of farms regarding the use of circular economy products in the summer 2018. The study we commissioned from Kantar TNS showed that more than half of the surveyed farmers were interested in the use of recycled nutrients.



# CLIMATE AND ENVIRONMENTAL IMPACTS

A better tomorrow starts from respecting the environment and the climate. We develop our operations to reduce our climate impacts and increase the energy and material efficiency of our production and logistics. Let's take care of nature.

The key UN Sustainable Development Goals that we promote



# WE REDUCE OUR CLIMATE AND ENVIRONMENTAL IMPACTS

## Energy efficiency and emissions

Target 2020–2022	Results in 2019
We will increase our energy efficiency. We will join the Motiva energy efficiency agreement in 2020. We will set a quantitative target in 2020.	Our energy consumption grew by 5.5 percent year-on-year in 2019 due to an increase in production volumes.
We will reduce our direct and indirect greenhouse gas emissions. We will reduce the VOC emissions of vinegar production. We will set quantitative targets in 2020.	2019 was our first full year of using green electricity generated by wind power in our Finnish operations. By switching to wind power, we reduced the carbon dioxide emissions of our operations in Finland by 894 metric tons compared to 2018.
We will explore opportunities to replace the oil-fired boiler at the Heinävesi plant with renewable energy to achieve carbon neutrality in the energy consumption of our in-house production operations.	Renewable energy accounts for 87.3% of the total energy consumption at the H1 plant and 97.9% at the H2 plant.
We aim to increase the size of our gas and/or biodiesel-powered fleet in our transport operations related to our own production and contract manufacturing.	We will report on this for the first time in our reporting on 2020.

These targets apply to Berner Ltd's operations in Finland and our own production activities in particular. We aim to expand our targets and reporting to cover the entire Group more comprehensively in 2020–2021.

Our efforts to improve energy efficiency and reduce emissions are primarily guided by our environmental policy. The individuals in charge of managing energy efficiency are the Supply Chain Director, the Plant Manager for the Heinävesi plant, the Head of Logistics and the Quality and Environmental Manager.

### Achievements in 2019 and our targets

The year 2019 was our first full year of using green electricity generated by wind power in our Finnish operations. Thanks to the use of wind power, our CO2 emissions were reduced by 894.3 metric tons (CO2-eq.) compared to 2018. We will set quantitative targets for the reduction of our greenhouse gas emissions in 2020. We will also explore opportunities to reduce VOC emissions in vinegar production.

Renewable energy accounted for 71.1% of the energy consumption of our operations in Finland in 2019, compared to 36.7% in 2018. We will also set quantitative targets for our energy efficiency in 2020.

In the area of transport, we will explore opportunities to increase the share of renewable energy sources in transport services.

### Energy consumption, MWh, Berner Ltd, all operations in Finland

	2019	2018
Electricity	2,502.3	2,286.9
District heating	5,660.6	5,493.2
Fuel oil	189.0	109.0
<b>Total MWh</b>	<b>8,352.0</b>	<b>7,881.2</b>

Energy consumption increased due to higher production volumes. We are currently unable to report separately on the energy consumption of cooling. Instead, it is included in other uses of energy. Steam is not available at our production plants.

### Direct and indirect greenhouse gas emissions (Scope 1 and 2), metric tons of CO<sub>2</sub>-eq., production plants in Heinävesi

	2019	2018
Scope 1		
H1 plant	34.0	35.6
H2 plant	0.2	16.2
Scope 2		
District heating	524.8	545.7
CO <sub>2</sub> savings from wood chips	265.9	233.4

Scope 1 emissions arise from in-house energy production at the H1 plant and the use of auxiliary power at the H2 plant. In 2019, auxiliary power was needed at the H2 plant only for test runs. Scope 2 emissions arise from purchased electricity and district heating. The purchased electricity in all of the company's operations in Finland was 100% renewable wind power with zero CO<sub>2</sub> emissions.

### Other airborne emissions, metric tons, production plants in Heinävesi

	2019	2018
VOC, metric tons	3.623	3.758

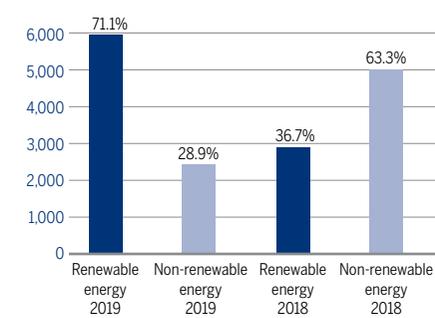
Pesticide packaging operations have been downscaled significantly.

### Emissions from the in-house energy production of the plants in Heinävesi (other than CO<sub>2</sub>), kg

	2019	2018
VOC	3.45	4.16
NO <sub>2</sub>	17.24	20.77
SO <sub>2</sub>	0.24	0.29

For electricity, the emission calculations are based on information provided by Motiva. District heating has, with the exception of our head office, been calculated using the emission factors provided by the local district heating company. For Opus, we have used Helen's average emission factor for district heating because more accurate information was not available. Emission factors determined for fuels by Statistics Finland have also been used in the calculation of bio-based values where necessary.

### Renewable and non-renewable energy, MWh, Berner Ltd, all operations in Finland



## Material efficiency

Target 2020–2022	Results in 2019
We will monitor and strive to enhance the material efficiency of our in-house production.	We developed our RINKI reporting related to the producer responsibility for materials. We achieved good results in a RINKI audit that verified the quality of the data provided by us.
We will enhance the use of washing water by adopting new washing practices and reducing the volume of waste water as well as the amount of waste sent to the hazardous waste treatment plant.	We will report on this for the first time in our reporting on 2020.
We will explore opportunities to reuse ethanol-based products.	We will report on this for the first time in our reporting on 2020.

We aim to reduce our environmental impacts by developing our material efficiency in our production operations in Heinävesi. We produced some 14.83 million products in Heinävesi last year. We also produce bulk vinegar.

Our material efficiency is guided by our environmental policy. Berner's Supply Chain Director is responsible for the management of material efficiency. In 2020, we will establish a working group focused on the management of Berner's material efficiency.

### Achievements in 2019 and our targets

Our goal is to continuously improve our material efficiency. We aim to avoid material waste by evaluating our material balances more effectively than before.

We will enhance our pallet management. Based on the RINKI reporting for 2019, we will determine the necessary corrective measures to increase awareness and identify cost-efficient operating methods.

We aim to reduce the share of water in hazardous waste, which will influence the volume of waste generated and reduce the environmental impacts of transport. Reducing the share of water will also make the waste more suitable for energy recovery.

We aim to reduce the amount of waste water by means of CIP washers, for example. CIP washers will be built at the H1 plant in 2020, which will make it possible to optimize washing water volumes for each production line and recipe, leading to a reduction in the amount of waste water generated.

We will re-evaluate our waste streams and explore recycling opportunities together with our waste management partners.

We will also explore opportunities for the reuse of ethanol-based products and its impact on costs.

The production volumes of our Heinävesi plants increased by almost 20%. Relative water consumption remained largely unchanged in spite of the higher production volumes.

The water used at our production facilities in Heinävesi is groundwater that is filtered through calcareous gravel for pH regulation and channelled through a UV filter before use. Water quality is monitored by means of samples taken by the company as well as the municipality.

Our production facilities in Heinävesi are not located in a groundwater area. Most of the water intake at the production plant is used for production. Water is also used for washing production lines, containers and pipe systems and, in small amounts, for cooling. The H2 plant uses a closed circulation cooling system.

The cleaning of the equipment and facilities generates waste water, which is sent to a water treatment plant operated by the municipality of Heinävesi. The company has signed an industrial waste water agreement with the municipality of Heinävesi. The agreement sets out boundary values for the composition and quantity of water sent to the treatment plant. From the environmental perspective, the most significant variable monitored in waste water is its chemical oxygen demand (CODCr). Daily samples are taken from waste water and the quantity of emissions is monitored at the monthly level by an external accredited laboratory. There were no instances of the permitted COD levels being exceeded in 2019.

### Water consumption and waste water, m<sup>3</sup>, plant H1 and H2

Water consumption	2019	2018
H1 plant	11,221	7,979
H2 plant	7,869	7,143
<b>Total</b>	<b>19,090</b>	<b>15,122</b>

Waste water	2019	2018
H1 plant	1,354	1,158
H2 plant	2,205	1,889
<b>Total</b>	<b>3,559</b>	<b>3,047</b>

### Water consumption relative to production volume

	2019	2018
H1 plant	3.75	2.9
H2 plant	0.93	1.01

### Waste water volume relative to production volume

	2019	2018
H1 plant	0.45	0.45
H2 plant	0.26	0.27

### Waste, metric tons

	2019
Amount of normal waste, t	89.1
Amount of hazardous waste, t	418.7
Total amount of waste, t	507.7
Waste recovery rate (%)	
Material recovery	9.4
Energy recovery	88.0
Reuse	2.6

### Raw materials, kg

Renewable virgin	2019
H1 plant	148,093
H2 plant	604,742
<b>Total</b>	<b>752,835</b>

Non-renewable virgin	2019
H1 plant	750,752
H2 plant	2,968,742
<b>Total</b>	<b>3,719,494</b>

### Percentage share of renewable raw materials

	2019
H1 plant	16.48
H2 plant	16.92
<b>Total</b>	<b>752,835</b>

We developed our reporting on renewable raw materials in 2019.

# WE CREATE VALUE FOR OUR STAKEHOLDERS

As a responsible family company, we want to build an even better tomorrow for the current and future generations. That is why we make sure to create value and growth everywhere we operate.

The key UN Sustainable Development Goals that we promote



# WE CREATE VALUE FOR OUR STAKEHOLDERS

## Target 2020–2022

We strive for stable, 5–10 percent annual growth of turnover and net profit.

## Results in 2019

In 2019, consolidated turnover decreased by a total of 3.8 percent to MEUR 303.9. Operating profit decreased by 0.2 percent.

## Solvency and profitable growth

The emphasis of our economic responsibility is on strong solvency and profitable growth. Strong solvency and profitable growth enable long-term commitment to staff well-being and social welfare through taxes, among other things.

In 2019, consolidated turnover decreased by a total of 3.8 percent to MEUR 303.9 (MEUR 315.9). The most significant factor behind the decrease in revenue was a reduction in the sales of crop protection substances in the Baltic countries. The Group's solvency and liquidity remained at an excellent level in 2019.

The equity ratio was 76.3 percent (73.8 percent). Return on invested capital was 12.3 percent (11.7 percent).

## Local tax footprint

Berner's operations generate economic well-being for several stakeholders. It is a matter of honor for us to invest in and pay our taxes in our local countries of operations. Throughout its existence, Berner has focused on investments in its home market in addition to international growth. Our operations generate economic well-being for several stakeholders. Suppliers, personnel, shareholders, and society all receive their share of the cash flow from Berner's business operations.

## Division of economic value and tax footprint (EUR 1,000)

	Parent company	Group
Turnover, other operating income and financial income	227,573	306,480
Suppliers: Materials and services	151,002	214,939
Other partners: Other operating expenses and investments	39,268	45,626
Staff: Salaries and fees	20,377	25,882
Shareholders and financiers: Dividends and financial costs	6,031	6,156
Society: Income taxes, value added taxes, other taxes, pensions and social security costs	39,558	54,405

Last year, we also supported sports, well-being and environmental protection through different donations and partnerships. The end of last year saw the launch of an extensive UNICEF project spanning several years in which Berner is included. Berner and four other Finnish entrepreneur families support UNICEF's three-year initiative to reduce maternal mortality and child mortality in Rwanda through their BF&HAPPY project. In Rwanda, 32 children out of a thousand still die before their first birthday. In Finland, the corresponding figure is below 2. In a global world, also responsibilities are global.

GreenCare continued the cooperation between the Ympäristön Ystävä fertilizer and the Baltic Sea Action Group, with a portion of each unit sold donated to support the protection of the Baltic Sea. We also used the money reserved for Christmas cards and gifts to support the operations of BSAG. Last year, Clarins, whose products we import, participated in an international charity campaign of FEED and Clarins for the second time. A total of 9,500 school meals were donated to the FEED program from Finland as part of the campaign. Clarins has been partnering with the social charity FEED since 2011, playing an important role in funding more than 27 million school meals for children.

## Production in Finland

At the end of 2019, we employed 53 people at our Heinävesi production plants, making us the largest industrial employer of the municipality. At Berner, we place a high value on keeping production in Finnish hands and having the ability to employ people both directly and indirectly, also in smaller towns.

The production volumes in Heinävesi increased by almost 20 percent from 2018, and we also hired more employees. We kept our production running around the clock during the peak demand period for products that suit the Curly Girl hairstyling method. The planned summer shutdown had to be cancelled and the production plant continued to operate throughout the summer.

Our research and development team based at our head office in Herttoniemi developed nearly 50 new products for our own production in Heinävesi.

In 2019, our R&D department employed 14 people and the quality assurance in Heinävesi employed five people permanently.

In Heinävesi, we manufacture cosmetics and hygiene products, car care products, crop protection products, washing agents and cleansers and vinegar products. Our best-known brands include XZ, LV, Herbina, Ainu, Oxygenol, Tummeli, Lasol, Korrek, Heti and the Rajamäen product family.

Our operations are certified under the ISO 9001 quality management certificate, the ISO 14001 environmental management certificate and the ISO 22716 certificate regarding the manufacture and storage of cosmetics and hygiene products.

We want to offer Finns only the best, and keeping this promise requires that we monitor the quality of our products from product development all the way to the consumer.



# GRI INDEX

GRI 102: General disclosure		Page	Comments / Additional information	UNGC principle
<b>Organizational profile</b>				
102-1	Name of the organization	4		
102-2	Activities, brands, products, and services	4		
102-3	Location of headquarters	4		
102-4	Location of operations	4		
102-5	Ownership and legal form	4		
102-6	Markets served	16–26		
102-7	Scale of the organization	4, 6, 51, 64, 70–71		
102-8	Information on employees and other workers	40–41	Work conducted mainly by own employees. No big seasonal variations. Information from local HR systems.	6
102-9	Supply chain	16–26	Reported partly.	
102-10	Significant changes to the organization and its supply chain		No significant changes.	
102-11	Precautionary Principle or approach	43		
102-12	External initiatives	30–31		
102-13	Membership of associations	34		
<b>Strategy</b>				
102-14	Statement from senior decision-maker	7–8		
102-15	Key impacts, risks, and opportunities	30–55		

GRI 102: General disclosure		Page	Comments / Additional information	UNGC principle
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	11		
102-17	Mechanisms for advice and concerns about ethics	33		1–5
<b>Governance structure</b>				
102-18	Governance structure		Not reported.	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	34		
102-41	Collective bargaining agreements	41		3
102-42	Identifying and selecting stakeholders		Stakeholders have an impact on us and we have an impact on them.	
102-43	Approach to stakeholder engagement	33–34		
102-44	Key topics and concerns raised	33–34	Not reported by stakeholder groups.	
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements		Berner Ltd., Berner Chemicals Ltd., Bröderna Berner, Berner Eesti, Ordior Eesti, Berner Lietuva.	
102-46	Defining report content and topic Boundaries	30	Reported partly.	
102-47	List of material topics	29		
102-48	Restatements of information		First report.	
102-49	Changes in reporting		First report.	
102-50	Reporting period	61		
102-51	Date of most recent report		First report.	
102-52	Reporting cycle	61		
102-53	Contact point for questions regarding the report	61		
102-54	Claims of reporting in accordance with the GRI Standards	61		
102-55	GRI content index	56–60		
102-56	External assurance	61		

<b>GRI 103: Management approach</b>		<b>Page</b>	<b>Comments / Additional information</b>	<b>UNGC principle</b>
103-1	Explanation of the material topic and its Boundary	32–55		
103-2	The management approach and its components	32–55		
103-3	Evaluation of the management approach	32–55		
<b>Economic standards</b>				
<b>GRI 201: Economic performance</b>				
201-1	Direct economic value generated and distributed	63–71		
<b>GRI 205: Anti-corruption</b>				
205-3	Confirmed incidents of corruption and actions taken		No cases in 2019.	10
<b>GRI 206: Anti-competitive behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practice		No cases in 2019.	10
<b>Environmental standards</b>				
<b>GRI 301: Materials</b>				
301-1	Materials used by weight or volume	52	Reported partly.	7, 8
<b>GRI 302: Energy</b>				
302-1	Energy consumption within the organization	50		7, 8
<b>GRI 303: Water and Effluents</b>				
303-1	Interactions with water as a shared resource	51	Reported partly.	8
303-2	Management of water discharge-related impacts	51	Reported partly.	8
303-5	Water consumption	52	Water consumption reported.	8
<b>GRI 305: Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	50	Reported partly.	7
305-2	Energy indirect (Scope 2) GHG emissions	50	Reported partly.	7
305-5	Reduction of GHG emissions	49	Reported partly.	8
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	50	Reported partly.	7

<b>GRI 307: Environmental compliance</b>		<b>Page</b>	<b>Comments / Additional information</b>	<b>UNGC principle</b>
307-1	Non-compliance with environmental laws and regulations		No violations in 2019.	
<b>Social standards</b>				
<b>GRI 401: Employment</b>				
401-1	New employee hires and employee turnover	40	Numbers reported.	
<b>GRI 403: Occupational health and safety</b>				
403-1	Occupational health and safety management system	36		
403-2	Hazard identification, risk assessment, and incident investigation	36		
403-3	Occupational health services	36–37		
403-4	Worker participation, consultation, and communication on occupational health and safety		Healthy at work surveys conducted every 3 years include questions on health, safety and work.	
403-5	Worker training on occupational health and safety		We organise first aid trainings.	
403-6	Promotion of worker health		Supporting worker health is included in HR processes, whose tools supervisors can use.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		The coverage of occupational health care services (e.g. vaccinations and salmonella testings) has been clarified in certain roles due to the demands of business relationships and clients.	
403-8	Workers covered by an occupational health and safety management system	36–37		
403-9	Work-related injuries	41	Reported partly.	
403-10	Work-related ill health	36–37	No fatalities. Reported partly.	
<b>GRI 404: Training and education</b>				
404-1	Average hours of training per year per employee	41	Reported partly.	6
404-2	Programs for upgrading employee skills and transition assistance programs	38–39		6
404-3	Percentage of employees receiving regular performance and career development reviews	41	Reported partly.	6

<b>GRI 405: Diversity and equal opportunity</b>		<b>Page</b>	<b>Comments / Additional information</b>	<b>UNGC principle</b>
405-1	Diversity of governance bodies and employees	41		6
<b>GRI 406: Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken		No cases in Group in 2019.	1, 6
<b>GRI 416: Customer health and safety</b>				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No violations in own production in 2019.	
<b>GRI 417: Marketing and labelling</b>				
417-3	Incidents of non-compliance concerning marketing communications		No violations in 2019.	
<b>GRI 419: Socioeconomic compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area		No violations in 2019.	

# REPORTING PRINCIPLES

This is the first sustainability report of Berner Ltd. based on Global Reporting Initiative sustainability reporting framework. The report complies with part of the requirements for the core reporting option. Reporting period is 1.1.- 31.12.2019. We will report about our sustainability annually in the future.

Our reporting for environmental standards covers our operations in Finland of Berner Ltd. For social standards, we are reporting about our achievements also regarding Finnish operations of Berner Ltd. but the personnel figures cover the whole Berner Group and all the operating countries. Our aim is to expand our reporting and include in it also other Berner Group companies more extensively in the future. The report has not been externally assured.

The comparison of our reporting between the GRI Standards requirements is reported in the GRI index. We have also marked in the index what disclosures we have used to describe our progress in complying with the UNGC principles concerning human rights, labour standards, the environment and anti-corruption.

Contact for additional information: Maria Nymander, Communications and Corporate Responsibility Manager, Maria Nymander, maria.nymander@berner.fi



# Financial statements

# FINANCIAL STATEMENTS

In 2019, consolidated turnover decreased by a total of 3.8 percent to MEUR 303.9 (MEUR 315.9 in 2018). Consolidated profit was MEUR 15.6 (MEUR 15.6). Total profit for 2019 was 5.1 percent of turnover (4.9 percent).

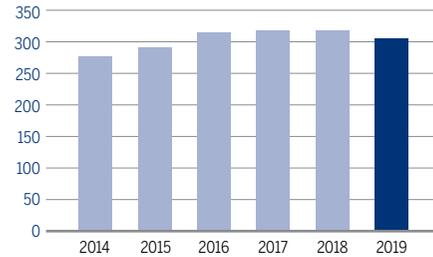
As a Finnish family company, Berner aims at balanced long-term operation and steady growth. The Group's solvency and liquidity remained at an excellent level in 2019. The equity ratio was 76.3 percent (73.8 percent). Return on invested capital was 12.3 percent (11.7 percent).

In 2019, the Group had an average of 510 employees (495), of whom 49 worked in Sweden (49) and 69 in the Baltic countries (74).

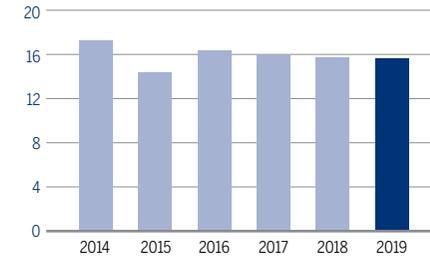
In 2019, Berner Ltd had 376 employees, of whom 247 received a share of the profit. The share of profit paid based on the result for 2019 was, on average, 5.2 percent of the annual income of each employee entitled to this share.

# Key indicators

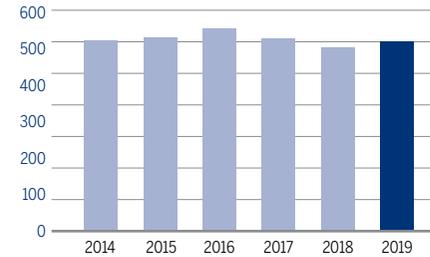
Turnover, meur



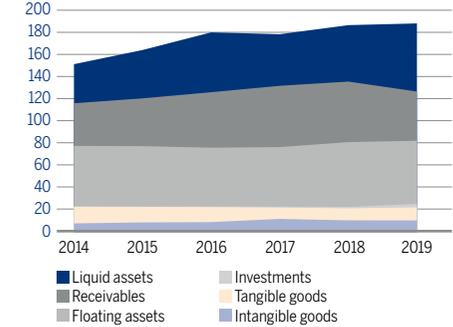
Operating profit, meur



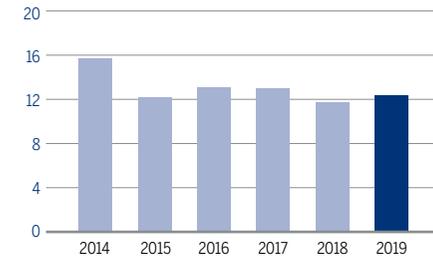
Personnel (average)



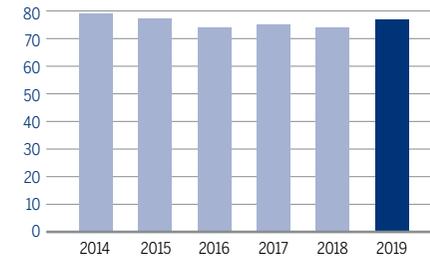
Structure of holdings, meur



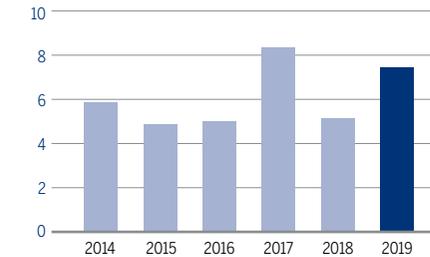
Return on invested capital, %



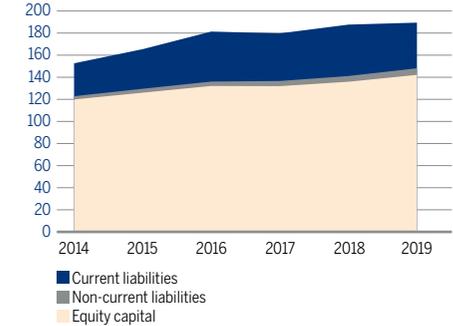
Equity ratio, %



Investments, meur



Structure of capital, meur



# Income statement

	GROUP		PARENT COMPANY	
	1.1.–31.12.2019	1.1.–31.12.2018	1.1.–31.12.2019	1.1.–31.12.2018
<b>Turnover</b>	<b>303,879,627.27</b>	<b>315,941,034.29</b>	<b>219,244,742.44</b>	<b>223,152,882.67</b>
Variation in stocks of finished and semi-finished goods	325,421.82	-818,549.24	330,021.82	-818,549.24
Other operating income	1,735,014.49	580,730.41	1,928,333.27	1,443,691.79
Materials and services				
Raw materials and consumables				
Purchases during the financial year	-210,154,858.66	-229,976,886.86	-147,309,278.32	-160,592,118.72
Variation in stocks	-2,531,554.35	5,707,983.47	-1,827,606.48	6,712,867.03
External services	-2,491,728.87	-2,722,569.69	-2,195,372.10	-2,500,689.40
	-215,178,141.88	-226,991,473.08	-151,332,256.90	-156,379,941.09
Employee expenses				
Wages and salaries	-25,882,365.24	-24,109,606.77	-20,376,714.60	-18,936,971.48
Social security costs				
Pension costs	-4,601,783.34	-4,309,763.83	-3,614,281.69	-3,490,799.66
Other social security costs	-2,015,648.16	-1,974,828.61	-628,426.48	-677,683.04
	-32,499,796.74	-30,394,199.21	-24,619,422.77	-23,105,454.18
Depreciation, amortization and impairment				
Depreciation according to plan	-4,498,385.84	-5,210,590.81	-4,048,791.29	-4,509,535.99
Other operating expenses	-38,211,876.59	-37,516,123.00	-33,391,885.12	-33,430,577.75

	GROUP		PARENT COMPANY	
	1.1.–31.12.2019	1.1.–31.12.2018	1.1.–31.12.2019	1.1.–31.12.2018
<b>Operating profit</b>	<b>15,551,862.53,</b>	<b>15,590,829.36,</b>	<b>8,110,741.45,</b>	<b>6,352,516.21,</b>
Financial income and expenses				
Income from other investments of non-current assets				
From Group companies			5,481,160.87	5,610,206.71
From others	0.00	74,546.60	0.00	74,546.60
Other interest and financial income				
From Group companies			202,764.95	214,529.27
From others	865,314.69	1,016,573.73	715,860.95	831,968.29
Impairment of investments held as current assets	970,140.52	-948,371.89	970,140.52	-948,371.89
Interest and other financing expenses				
To Group companies			0.00	0.00
To others	-351,457.04	-321,643.64	-227,092.38	-228,524.90
	1,483,998.17	-178,895.20	7,142,834.91	5,554,354.08

	GROUP		PARENT COMPANY	
	1.1–31.12.2019	1.1.–31.12.2018	1.1.–31.12.2019	1.1.–31.12.2018
<b>Profit before appropriations and taxes</b>	<b>17,035,860.70</b>	<b>15,411,934.16</b>	<b>15,253,576.36</b>	<b>11,906,870.29</b>
Appropriations				
Difference between depreciation according to plan and depreciation in taxation			98,620.22	134,388.47
Income taxes				
For the financial year	-3,464,687.59	-3,279,016.22	-1,798,284.76	-1,497,749.79
For previous financial years	-100.00	-9,308.70	-100.00	-9,308.70
Deferred taxes	-69,398.96	-51,053.01		
	-3,534,186.55	-3,339,377.93	-1,798,384.76	-1,507,058.49
<b>Profit for the financial year</b>	<b>13,501,674.15</b>	<b>12,072,556.23</b>	<b>13,553,811.82</b>	<b>10,534,200.27</b>
Minority share of the profit	287,752.94	145,077.35		
Consolidated profit in the financial year	13,789,427.09	12,217,633.58		

# Balance sheet

	GROUP		PARENT COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets				
Intangible rights	644,220.73	537,778.70	307,476.00	520,197.96
Goodwill	3,458,713.67	5,197,107.45	3,397,150.90	5,018,947.24
Other long-term expenditures	2,768,052.25	3,475,808.06	2,646,560.59	3,226,316.40
Advance payments	3,929,409.32	1,664,342.50	3,929,409.32	1,664,342.50
	10,800,395.97	10,875,036.71	10,280,596.81	10,429,804.10
Tangible assets				
Buildings and structures	2,102,087.44	2,276,810.69	2,102,087.44	2,276,810.69
Machinery and equipment	8,751,010.23	8,379,793.71	6,569,942.06	6,767,282.49
Advance payments	928,541.91	217,501.87	267,629.51	9,717.74
	11,781,639.58	10,874,106.27	8,939,659.01	9,053,810.92
Investments				
Shares in Group companies			6,575,516.98	6,565,470.26
Shares in associated companies	2,005,292.07	5,045.64	2,005,292.07	5,045.64
Other shares	1,187,745.15	1,238,654.06	1,187,745.15	1,238,654.06
	3,193,037.22	1,243,699.70	9,768,554.20	7,809,169.96

	GROUP		PARENT COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Current assets</b>				
Inventories				
Raw materials and consumables	5,376,978.48	5,027,658.48	4,939,662.03	4,536,658.48
Semifinished products	439,311.85	436,159.13	439,311.85	436,159.13
Finished goods	51,034,534.36	52,929,351.14	32,473,706.17	34,377,447.10
	56,850,824.69	58,393,168.75	37,852,680.05	39,350,264.71
Receivables				
Long-term				
Receivables from Group companies			240,000.00	0.00
Other receivables	163,639.97	4,482.81	2,117.65	4,482.81
Loan receivables	200,000.00	200,000.00	200,000.00	200,000.00
	363,639.97	204,482.81	442,117.65	204,482.81
Short-term				
Accounts receivables	39,157,774.96	48,071,847.87	17,253,964.63	18,761,654.14
Receivables from Group companies			1,646,639.94	1,658,834.26
Loan receivables			100,000.00	0.00
Other receivables	3,291,090.48	4,673,111.33	2,077,993.04	3,563,069.35
Accrued income	1,470,425.67	1,584,264.26	800,698.02	993,220.09
	43,919,291.11	54,329,223.46	21,879,295.63	24,976,777.84
Investments				
Other investments	23,707,885.49	20,882,916.21	23,707,885.49	20,882,916.21
Cash and cash equivalents	37,700,053.74	29,968,312.06	22,483,570.28	19,699,397.13
	188,316,767.77	186,770,945.97	135,354,359.12	132,406,623.68

	GROUP		PARENT COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Legal reserve	207,755.40	208,472.28	168,187.93	168,187.93
Retained earnings	126,100,560.58	121,452,219.56	76,818,302.85	73,058,402.60
Profit for the financial year	13,789,427.10	12,217,633.58	13,553,811.82	10,534,200.27
	141,097,743.08	134,878,325.42	91,540,302.60	84,760,790.80
<b>Appropriations</b>				
Depreciation reserve			6,262,972.82	6,361,593.04
	188,316,767.77	186,770,945.97	135,354,359.12	132,406,623.68
<b>Minority share of the profit</b>	<b>0.00</b>	<b>254,902.65</b>		

	GROUP		PARENT COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>LIABILITIES</b>				
Long-term				
Capital loans	150,000.00	0.00		
Loans from financial institutions	1,711,111.10	1,091,000.00		
Deferred tax liability	0.00	4,011,745.45		
Other payables	4,078,567.85	50,000.00	0.00	50,000.00
	5,939,678.95	5,152,745.45	0.00	50,000.00
Short-term				
Loans from financial institutions	928,579.10	0.00		
Advance payments	3,419,105.19	3,692,471.46	3,407,667.99	3,692,407.46
Accounts payables	21,680,166.24	26,759,487.24	16,444,266.84	21,149,526.86
Liabilities to Group companies			6,531,963.10	3,991,723.11
Other payables	5,946,467.70	7,007,445.15	4,610,590.20	5,779,654.24
Accruals and deferred income	9,305,027.51	9,025,568.60	6,556,595.57	6,620,928.17
	41,279,345.74	46,484,972.45	37,551,083.70	41,234,239.84
	188,316,767.77	186,770,945.97	135,354,359.12	132,406,623.68

# Board of Directors



## From left:

- Hannes Berner, Chairman of the Board, b. 1953, Master of Economics
- Ove Uljas, Member of the Board, b. 1966, Master of Economics
- Heli Arantola, Member of the Board, b. 1969, Dr. Economic Sciences
- Antti Korpiemi, CEO, b. 1961, MS Agriculture and Forestry, BS Agriculture, eMBA
- Edvard Björkenheim, Member of the Board, b. 1970, Master of Economics
- Nicolas Berner, CFO, Member of the Board, b. 1972, LLB

# Executive Board



## Standing from left to right:

- Pauliina Bovellán, Director, Business Unit Pro, b. 1973, Master of Social Sciences
- Miika Pirhonen, Director, Business Unit Agency, b. 1970, Master of Engineering
- Satu Laakso, Marketing Director, b. 1972, Master of Economics, (as of January 1, 2020)
- Kalevi Sevón, Director, Business Unit Consumer Goods, b. 1958, Upper secondary school graduate
- Nicolas Berner, CFO, b. 1972, LLB
- Kimmo Hakkala, Director, Business Unit Leisure Goods, b. 1971, MS Agriculture and Forestry, BS Agriculture

## Sitting from left to right:

- Tomi Virtanen, Financial Manager, b. 1982, Master of Economics
- Juha Starck, Supply Chain Director, b. 1975, MBA
- Kalle Erkkola, Director, Business Unit, Farmer's Berner, b. 1974, MS Agriculture and Forestry, BS Agriculture
- Antti Korpinen, CEO, b. 1961, MS Agriculture and Forestry, BS Agriculture, eMBA

## **BERNER LTD.**

### **Head Office**

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00810 Helsinki  
Switchboard +358 20 791 00  
info@berner.fi

### **Logistics**

Katriinantie 20  
PL 64  
01530 Vantaa

### **Machines**

Katriinantie 20  
PL 64  
01530 Vantaa

### **Heinävesi factories**

Yrittäjätie 5 (H1)  
Karpalotie 6 (H2 ja H3)  
79700 Heinävesi

Email addresses  
firstname.lastname@berner.fi

[www.berner.fi](http://www.berner.fi)

## **SUBSIDIARIES**

### **Bröderna Berner**

HAB Box  
50132 Hemsögatan 10 B  
20211 Malmö  
Sverige  
Tel. +46 40 680 6800

### **Berner Eesti OÜ**

Ehitajate tee 114,  
PL 27 - 13517 Tallinn  
Estonia Tel. +372 625 7773

### **Ordior Eesti OÜ**

Betooni 9,  
50411 Tartu  
Email: info@ordioreesti.ee  
Tel/fax: +372 73 07833

### **UAB Berner Lietuva**

Lak n g. 30  
LT - 09131 Vilnius  
Lithuania  
Tel. +370 618 40000

### **Berner Chemicals Ltd.**

Puhdistamontie 9  
32800 Kokemäki  
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### **Auditor**

Ernst & Young Oy Authorised  
Public Accountants