

ANNUAL REPORT 2021



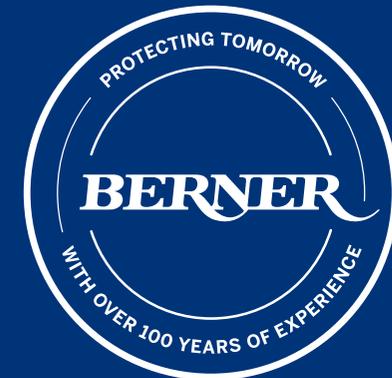
BERNER

**PROTECTING
TOMORROW**

With over 100
years of experience

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This is Berner

BERNER IN BRIEF

Berner Ltd is a growing and internationally expanding Finnish family company established in 1883, with four business areas covering its diverse range of products. In addition to Finland, we also operate in Sweden, Norway and the Baltics.

Strong consumer and customer insight, close cooperation and local expertise are important aspects of all of our cooperation relationships. We operate in four business areas: consumer goods, healthcare and laboratories, agricultural trade, and industry. The diversity of operations has been a significant part of Berner's approach for company's almost 140-year-long history.

Berner had a year of acquisitions in 2021, and we strengthened our operations in all of our business areas. At the same time, we divested the machines business area.

Domestic product development and production are among our key strengths. We have production plants in already seven locations in Finland in the Berner Group.

Berner has a long track record of operating responsibly, and sustainability is at the heart of everything we do. We work to ensure well-being and good living for all of us – also 100 years from now. That's what protecting tomorrow means for us. Our sustainability programme, titled "our shared responsibilities", and the targets set out in that programme, guide our sustainability efforts.



BUSINESS AREAS:
Consumer goods
Healthcare and laboratories
Agricultural trade
Industry

MAIN LOCATIONS ●

GROUP KEY FIGURES 2021



Turnover, meur

417.7

(324.3)



Operating profit, meur

23.2

(17.6)



Operating profit, %

5.6

(5.4)



Equity ratio, %

47.4

(70.7)



Investments, meur

51.0

(14.3)



Personnel (31.12)

785

(547)

CEO'S REVIEW

In addition to organic growth, we strengthened in 2021 with several strategic acquisitions in all of our business areas. Our operating profit grew by 31.7 percent. In terms of sustainability, we took new development steps and also received recognition for the work we did.

A year of acquisitions

Berner's 138th year of operations was a busy year of acquisitions. We made six acquisitions to strengthen all four of our business areas in line with our growth strategy. The acquisitions expanded our offering to the forest industry, agriculture, healthcare and consumers, enabling us to serve our customers even more comprehensively than before.

Growth through strategic acquisitions has always been part of Berner's approach, and we could be characterised as serial entrepreneurs. We are committed to long-term ownership and the development of the businesses we acquire. Serial entrepreneurship also means occasionally changing direction when operating conditions change, which was unfortunately the case with our start-up company BioA Ltd.

We divested our Machines business in the autumn. As a result of the transaction, the distributorship of Mitsubishi Forklifts, which we had held since 1976, was transferred to Logisnext Finland Ltd, as was the distributorship of certain other brands and the personnel of the Machines business unit. During the year, we also combined our Leisure Goods business unit with

the Consumer Goods business unit. Following the divestment of Machines and the combination of business units, our operations are now divided into four business areas. While we still have a diverse range of products, we are now even more focused and strong as we pursue our target of stable and sustainable growth in net sales and earnings.

Operating profit rose to EUR 23.2 million

Our sales performance in 2021 was strong, and turnover increased in all of our business areas. The strong sales performance and the acquisitions made during the year saw our consolidated turnover grow by 28.8% to EUR 417.7 million (EUR 324.3 million), while our operating profit increased to EUR 23.2 million (EUR 17.6 million).

We also made good progress in our internationalization during the year, despite the limited opportunities for in-person meetings due to COVID-19. We also continued to contribute to the fight against COVID-19 by importing Flowflex home test kits. The pandemic continued to create availability and logistics challenges in several of our product categories. The strong



commitment of our personnel, our quick reactions, long-term partnerships and strong customer relationships enabled us to overcome the major challenges during the year.

Climate change mitigation

Promoting sustainability is an ongoing and long-term development effort that is never completely finished. Nevertheless, it is motivating to be recognised for your efforts along the way. We participated in the comprehensive EcoVadis sustainability assessment for the first time and achieved a Gold level sustainability rating, with our score being only one point short of the highest rating of Platinum.

A particularly visible aspect of our sustainability efforts last year was climate change mitigation, reflecting the commitment we have made in our sustainability programme. Late in the year, we joined the Science Based Targets climate initiative, which will see us set science-based emission reduction targets for our operations and value chain in line with the 1.5°C target stipulated by the Paris Agreement. At the beginning of July, we switched to Neste MY Renewable Diesel for transport operations between our production facilities in Heinävesi and our logistics centre in Vantaa's Viinikkala district. This will reduce the computational greenhouse gas emissions by 90% on the route. In addition to using renewable fuel to transport our products from Heinävesi, we also use renewable energy in our manufacturing operations in Heinävesi, where the rate of renewable energy use is now 99.9–100%.

Another aspect of the discussion concerning climate change is the debate around peat. Our GreenCare brand aims to reduce the use of peat in substrates by 10% per year and to stop using peat completely at the beginning of the 2030s. A peat hackathon helped GreenCare identify new raw materials and methods that

are now being developed for use in substrates. Sales of the first new products will begin in spring 2022. As these examples show, in 2021, we continued to work in line with our stated purpose of protecting tomorrow.

Increasing diversity

Our recent acquisitions have made us even more diverse than before, as we pursue growth and internationalisation. It has been very rewarding to get to know our new colleagues and bring in fresh views on things, even if the interaction has mostly taken place remotely via Teams. I want to take this opportunity to extend a warm welcome to the more than 240 new members of the Berner family that have joined us over the past year. Our number of personnel is now 785, which makes it increasingly important to ensure a consistent leadership experience for everyone at Berner. Our efforts to harmonise our leadership practices are supported by the six leadership principles we launched last year, with input from the futurist Perttu Pölonen.

I want to express my warmest thanks to our employees in all of our operating countries for their excellent contribution and commitment to achieving our goals even during the COVID-19 pandemic. I also wish to thank our customers and partners for their trust and cooperation.

On 23 February 2022, we still looked to the future with positivity and confidence. We expected that societies, companies and individuals would gradually be able to start “the new normal” after two years of challenging circumstances created by the pandemic. However, since 24 February, we have been shocked and saddened by Russia’s attack on Ukraine and the human suffering, economic losses and other consequences it has already caused. For our part, we have decided to help the

WE SUPPORT



“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

victims of the war by offering financial support to UNICEF and by donating our products – such as healthcare supplies, rubber boots and hygiene products – to people in Ukraine. We have also made business changes in terms of trade with Russia. We hope the situation will be resolved quickly and peacefully without further loss of life.

Antti Korpiemi
CEO
Berner Ltd
25 March 2022

HIGHLIGHTS OF THE YEAR 2021

01

02 FEBRUARY

Peat hackathon winner chosen

The business accelerator BioPaavo and Kasvu Open launched a peat hackathon, commissioned by Berner Ltd and Tikalan Ltd, in November 2020. The goal of the hackathon was to find new alternatives to peat in substrates and soil improvement products. Valiotimi was chosen as the winner of the peat hackathon in February. The team's solution is focused on turning liquid manure into a hygienic raw material for substrates.



03 MARCH



We acquire the medical device distribution company Dolema AB

Our Swedish subsidiary Bröderna Berner AB acquires Dolema AB, a company that distributes medical devices. The acquisition supports Berner's strategy of becoming an even stronger player in medical devices in the Nordic region. Dolema represents a number of innovative and successful companies in medical devices aimed at home care and hospital care. The company has employees in Sweden and Norway.

04

05 MAY

Berner acquires the fertiliser company Belor Agro Ltd

We acquire the fertiliser company Belor Agro Ltd, further strengthening our role in agribusiness. Founded in 2007, Belor Agro develops fertilisers and fertiliser programmes for Finnish farmers. The company has invested heavily in product development throughout its history and is a pioneer of split fertilisation in Finland. The company has an efficient production and logistics centre in Kouvola.

EcoVadis Gold rating for our sustainability efforts

We are awarded a Gold-level EcoVadis rating for our sustainability efforts. EcoVadis comprehensively evaluates a company's entire responsibility management system, depending on the industry, in a maximum of 21 different areas related to environmental issues, labour and human rights, ethical principles and responsible sourcing.

06 JUNE

Chemigate Ltd becomes a Berner Group company – Berner's role as a partner to the forest industry is strengthened

We acquire a majority stake in Chemigate Ltd, a manufacturer of modified starch-based binders, adhesives and speciality chemicals. The acquisition further strengthens Berner's role as a significant long-term partner to the forest industry, in particular. The roots of Chemigate's business date back to the late 1970s. The company has factories in Lapua, Kaipiainen and Mietoinen.

We acquire Gaudium Ltd's tank terminal

We acquire Gaudium Ltd's tank terminal in Tahkoluoto harbour in Pori. The company will continue operations under the name of Berner Industries Tank Ltd. The acquisition will secure the availability of tank capacity in a market situation where it has not always been available. The terminal in Tahkoluoto supports the strategic expansion plans of our Berner Industries business unit.

We sell our Machines business

We sell our Machines business to Logisnext Finland. The transaction sees the business and representation of the Mitsubishi Forklift Trucks, Combilift and Dulevo sweepers brands transferred from Berner to Logisnext Finland. The professional and experienced personnel of Berner's Machines business unit are also transferred to Logisnext Finland in the transaction and will continue to serve our long-term customers. The transaction is part of Mitsubishi Logisnext Group's Europe-wide organisational reform.



Berner acquires Haltija Group Ltd

We acquire Haltija Group Ltd, a company that has emerged in recent years as a leading player in the assistive technology and service industry in Finland. The acquisition complements Berner's existing health technology product and service offering in accordance with the company's growth strategy.

Cosmos organic cosmetics certification for our factory in Heinävesi

In-house production of organic cosmetics enables us to respond to the growing demand and consumer wishes in this segment. The first Cosmos-certified products produced at Heinävesi are XZ Natura Apila Shampoos and Conditioners and Eco By Herbina hair care products.

Berner acquires Naviter Ltd, a manufacturer of skin and hair care products.

We acquire Naviter Ltd, a manufacturer of skin and hair care products. Naviter's innovative brands complement Berner's product portfolio and create new growth opportunities in line with Berner's strategy. Naviter Ltd is a fast-growing Finnish cosmetics company, whose particular strengths are organic cosmetics, products developed for sensitive skin, and innovative in-house research and product development. The company has its own R & D and production facilities in Helsinki.



We join the Science Based Targets climate initiative

We join the international Science Based Targets climate initiative (SBTi). In the initiative, companies set and approve greenhouse gas emission reduction targets, which must be in line with the Paris Agreement.

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

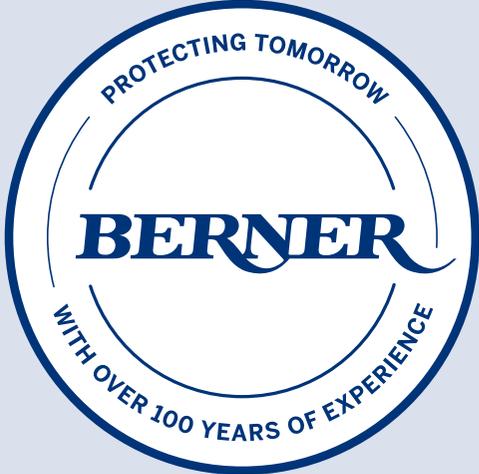
What we do

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.



What our purpose "protecting tomorrow" means to me as an employee



Sanni Väinölä
Senior Brand Manager, LV

Taking care of our employees is also a part of protecting tomorrow. The happiness and health of employees means that they are also able to do more for themselves, their families, the company and the society in general.



Janne Laine
Product Group Manager

Berner has always striven to develop the skills of farmers and operators in the sector as a whole, and I believe it's important to continue this work. I want Finland to have a vibrant and competitive agricultural sector now and in the future.



Laura Hurskainen
Buyer

This is important to me. I am delighted to be along in the production of responsible, safe and environmentally friendly products for consumers.



Teemu Palviainen
Sales Director

Protecting tomorrow means to me that the work I do really has a meaning and impact on ensuring that future generations of customers and employees have a better and safer environment in which to live and work in accordance with these same values.



Lan Tran
R & D Chemist

Berner's purpose of existence is reflected in my day-to-day work as I strive to develop increasingly responsible products.



Tero Piironen
Supply Chain Development Co-ordinator

Protecting tomorrow is, in my opinion, Berner's way of operating. We store some of our products in our own warehouses, produce part of our own product range, and handle sales and marketing in-house. So Berner is creating work in Finland today and tomorrow!



Päivi Käyhkö
Director, Services and Operations

I see protecting tomorrow as a clear sustainability programme, quality products and an environmentally friendly approach. Our values guide what we do on a daily basis, and we really do as we say.



Maik Becker
Export Manager, KORREK

As a father of three kids, sustainability is of great importance in all our actions, in personal and business life. Protecting tomorrow as a company purpose is a clear acknowledgement of sustainability and leading by example, with tangible actions aiming at protecting tomorrow.

OUR STRATEGIC FOCUS AREAS 2020–2023



INCREASING CUSTOMER VALUE STEERS ALL OUR OPERATIONS

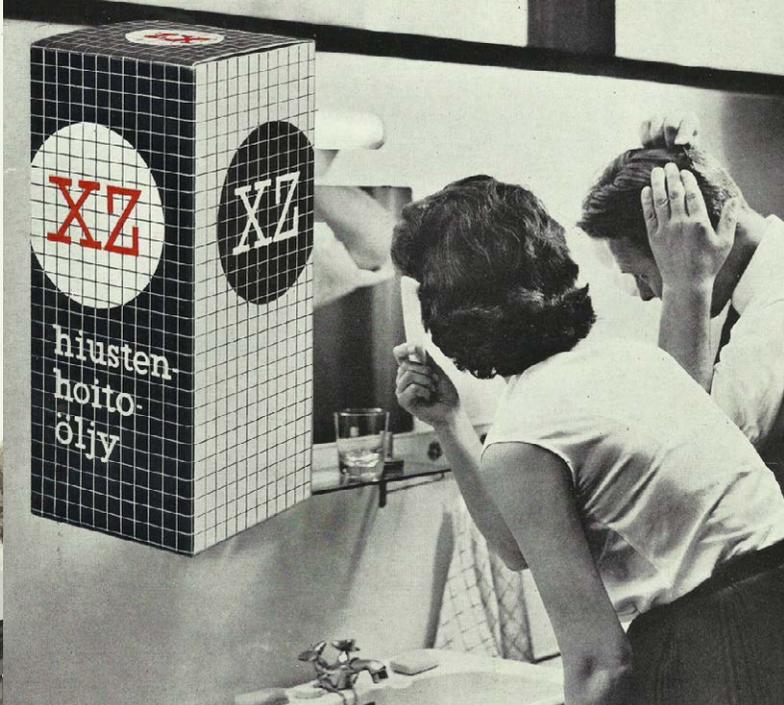
<p>DIGITALISATION</p> <ul style="list-style-type: none"> Increased automation E-commerce development Open culture of experimentation 	<p>MANAGEMENT AND JOB SATISFACTION</p> <ul style="list-style-type: none"> Continuous development of leadership and managerial work Project management and administration Development of an incentive system 	<p>COST COMPETITIVENESS</p> <ul style="list-style-type: none"> Knowledge-based management Improving efficiency Renovation of production facilities and development of the supply chain 	<p>SUSTAINABILITY</p> <ul style="list-style-type: none"> Sustainability work at the highest level in the industry Achieving sustainability goals and communicating them 	<p>FOCUSING OPERATIONS, GROWTH, MERGERS AND ACQUISITIONS</p> <ul style="list-style-type: none"> Encouraging bold decision-making Strategy for seeking growth 	<p>INTERNATIONALISATION</p> <ul style="list-style-type: none"> Further detailing of the internationalisation strategy Management of and resources for internationalisation
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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 four 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.](#)



THIS IS BERNER

BUSINESS AREAS

SUSTAINABILITY

FINANCIAL STATEMENTS

GRI

MEGATRENDS

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 among our four business areas. The adjacent table provides a summary of the most important megatrends that have a broader impact on Berner as a whole. They are: responsible consumers and consumption; climate change and dwindling natural resources; and technology and the digital transformation. We also provide examples of how we respond to these megatrends.



RESPONSIBLE CONSUMERS AND CONSUMPTION

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



CLIMATE CHANGE AND DWINDLING NATURAL RESOURCES

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.



TECHNOLOGY AND THE DIGITAL TRANSFORMATION

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.

WE WILL RESPOND TO THE CHALLENGES AND OPPORTUNITIES BY TAKING THE FOLLOWING ACTION, AMONG OTHER THINGS:

- Domestic production and local tax footprint
- Sustainability program and its targets
- Developing the transparency of the supply chain through Amfori BSCI membership, for example
- Biodegradable and vegan products, circular economy products and Nordic Swan Ecolabel products

- Joining the Science Based Targets climate initiative and setting related emission reduction targets
- Powering 99.9–100% of the production operations in Heinävesi with renewables
- Using Neste MY Renewable Diesel™ as the fuel for transport operations between the production facilities in Heinävesi and the logistics centre in Vantaa.
- Making use of industrial side streams
- Renewable raw materials
- Reducing the use of virgin plastic in packaging

- B2B and B2C online stores
- Process automation with the help of software robotics and integration
- Continuous development of systems and tools
- Data-driven management
- Increasing consumer insight and communications that are relevant to consumers

Business Areas



BUSINESS AREAS



CONSUMER GOODS

We manufacture, import and market a broad selection of diverse products. Our well-known brands compete in a leading position in many categories: hygiene, beauty, groceries, home care, wellbeing, childcare, car care, gardening, footwear and daily accessories. While we invest in Finnish product development and production, we also operate in close cooperation with our international partner network. In addition to our brands, our strengths include local consumer understanding, marketing expertise and close customer cooperation.



HEALTHCARE AND LABORATORIES

We are a trusted partner for healthcare and laboratory professionals. 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 improve people's quality of life by offering solutions for maintaining well-being and functional ability. For laboratories, we offer all-inclusive equipment and service solutions. We help customers select the right solution, and offer trainings and maintenance. Our operational area covers Finland, Sweden, Norway and Estonia.



INDUSTRY

We source food and feed raw materials and chemicals globally for the needs of the manufacturing industry and the infrastructure sector. Our operations cover all continents, and our customers are both the public sector and companies operating in domestic and international markets. Berner Industries has active customer relationships in Finland, Sweden, Norway and Denmark. We are also looking for new cooperation opportunities internationally. Our Group companies manufacture magnesium chemicals and modified starch-based binders and adhesives for the forest industry, among other things.



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.

CONSUMER GOODS

The consumer goods business area had a good year in terms of sales in 2021, in spite of the exceptional circumstances. The continuing pandemic challenged the recovery of demand, especially in the hygiene and beauty categories. The exceptional conditions in international supply chains were also reflected in a number of availability challenges. We reacted quickly to changes in the market and availability situations in close cooperation with our customers and maintained our strong position in our main categories.

In 2021, we combined the consumer goods business and the leisure goods business into a single business area. The change supports the customer-driven development of operations and more effective sales management. Consistent operating methods increase clarity for our customers and improve the efficiency of our operations.

In line with our strategy, we developed our operations for pharmacy customers together with the MedLab business area and successfully launched LV Oat, a range of skin care products designed specifically for the pharmacy channel.

In December, we acquired the fast-growing Finnish cosmetics company Naviter Ltd. Naviter specialises in professional cosmetics, organic and medical cosmetics, and products suitable for sensitive skin. Naviter's innovative brands correspond to market trends, complement Berner's product portfolio and create new growth opportunities in line with our strategy. Read more in the case study.

We launched new product concepts in response to consumer trends in the domestic market. In the autumn, we launched the first new Cosmos-certified products manufactured in Heinävesi. The XZ Natura and Herbina hair care products were well received by customers and consumers. At our production facilities in Heinävesi, products are now manufactured using 99.9-100% renewable energy.

The consumer trend of buying Finnish products has further increased the demand for our products. We are well positioned for 2022 and seek strong and profitable growth in consumer goods.

Hygiene

In the hygiene category, sustainability was a big theme in 2021. We continued to develop our sustainability with regard to the products themselves, as well as their production and packaging.

In September, LV launched LV Oat, an innovative new product line for the pharmacy channel. The products contain Fazer Aurora

Oat Oil from Finnish oats, which is derived from the food production operations of Fazer Mills. Like other LV products, the LV Oat product range is vegan and carries the Finnish Allergy and Asthma Federation's Allergy Label. The creams in the product range are the first pharmacy products in Finland to be packaged in bags, which reduces the amount of plastic by as much as half compared to a conventional plastic tube. The development of sustainable packaging was also reflected in the expanded range of LV products sold in bags. LV dishwashing liquid and biodegradable liquid soap became available in refill bags. We develop the sustainability of packaging one package at a time, in response to consumer demand.

We also successfully updated the range of LV facial care products, and their sales increased by nearly 40 per cent. We launched new types of products containing interesting ingredients. We always try to keep the number of ingredients as low as possible.

As part of the continuous development of sustainability, XZ expanded the XZ Natura product range to include organic

cosmetics in autumn 2021. Cosmos Natural-certified XZ Natura Apila (Clover) Shampoo and Conditioner products are produced at our plant in Heinävesi. We also redesigned all of the packaging in the XZ Natura product range: the recyclable pump packs are manufactured in Finland, and they are 30 per cent lighter than the previously used bottles.

XZ emphasizes biodegradability in new raw materials used in our in-house manufacturing, and we will increase the number of biodegradable raw materials each year. In addition, we make use of Finnish side streams in our XZ products and aim to increase their use. XZ was selected as the most trusted brand of shampoo for the tenth time (Trusted Brand survey, Reader's Digest).

Herbina products combine natural ingredients with innovative and eco-friendly solutions in all categories. The Herbina organic cosmetics product range was expanded to include hair care as a new category when we launched Cosmos Natural-certified Ruusuvesi (Rose Floral Water) Shampoo and Conditioner. We also redesigned Herbina packaging by changing the material of the shampoo and conditioner bottles to 100% recycled plastic. Herbina will continue to expand its range of organic cosmetics products to include new categories in 2022. Herbina also updated its popular Volume styling series for the benefit of the environment: a certified green propellant gas was added to the products, reducing CO₂ emissions from the propellant gas by as much as 90%.

The Free brand was redesigned in 2021. As part of the renewal of the brand, the products were given a more modern look in terms of their packaging and a new marketing communications concept. Together, these changes effectively communicate the most core values of the brand. Supported by the brand renewal, the total sales of Free products increased by 43%.

Beauty

The cosmetics trade had another exceptional year in 2021. The market situation and consumer behaviour were influenced by pandemic-related changes and restrictions. In line with our strategy, we invested in the growth of the cosmetics brands we represent through multi-channel solutions, while also expanding our portfolio to include the pharmacy channel.

The sales of selective cosmetics and skin care products reflect Finnish consumers' growing interest in effective and high-quality cosmetics. The growth of the Sensai and Clarins brands was promoted particularly by the sales and launches of products focused on anti-ageing and treating the skin around the eyes. The newly introduced high-quality skin care products responded to current trends. Clarins carried out a strong media campaign that boosted sales in the Christmas season and was one of the highlights of the year.

Plant-based ingredients, eco-friendliness and sustainability are current trends that Clarins and Nuxe, the two French family companies whose brands we represent, have invested in right from the start. Clarins is committed to actively reducing its carbon footprint, having set a target of reducing its carbon footprint by 30% by 2025. In the interest of sustainability, the companies observe strict fair trade rules in their raw material sourcing activities.

The demand for colour cosmetics products was again affected last year by remote work and the cancellation of many parties and events, but the sales of makeup products picked up significantly in the second half of the year. The Swedish market leader IsaDora launched new products that emphasise the ease of applying makeup, in addition to the latest makeup trends. The Danish company Gosh Copenhagen has invested heavily in product safety, with a large proportion of its product range being



allergy-certified. The Swiss high-quality brand Mavala introduced delightful trendy colours in its range of mini nail polishes, and the pandemic-related need for people to wash their hands constantly has also increased the demand for nail care products.

We launched two new cosmetics brands in the Finnish market in autumn 2021. The German brand M2 Beauté specialises in selective skin care and is known for its popular Eyelash Activating Serum. The launch of Route 66 represents the latest addition to the Mäurer & Wirtz fragrance company's brand portfolio: we launched three fragrances for men at an attractive price point and achieved fairly extensive distribution in the market. Both new launches exceeded our expectations.

The market outlook for the new year is again dependent on the pandemic. Nevertheless, we are confident that the service experience and the experience-focused approach will continue to play a major role in the Finnish cosmetics trade, both in brick-and-mortar retail and online. In addition to significant new launches, we are developing the competitiveness of the existing portfolio by investing in digital solutions and new concepts. Our long-term and local expertise is our strength in times of change, and we see good opportunities for growth.

Our subsidiary Berner Baltic represents and distributes several international cosmetics brands in Estonia, Latvia and Lithuania. The more than 20 brands it represents include Lumene, IsaDora, Avene, A-Derma, Ducray, Weleda, Bio-oil, Sebamed and Collistar, among others. Berner Baltic had a successful year in 2021 in spite of the COVID-19 pandemic, and we achieved the goals we had set.

Berner Baltic will expand its product range in 2022, having worked together with the Finnish team to secure the right to represent the Omron brand in Lithuania and Estonia.



CASE

NAVITER LTD'S INNOVATIVE BRANDS CREATE NEW GROWTH OPPORTUNITIES

In December 2021, we acquired Naviter Ltd, a manufacturer of skin and hair care products. Naviter's innovative brands complement Berner's product portfolio and create new growth opportunities in line with Berner's strategy.

Naviter Ltd is a fast-growing Finnish cosmetics company, whose particular strengths are organic cosmetics, products developed for sensitive skin, and their own innovative research and product development. The company's products are particularly popular with professional cosmetologists, and growth has also been strong in customer channels. The company's eight product lines are the professional series EKOPHARMA, BTB13 and Unna Nordic, the pharmacy series Atopik and Probic8, and the consumer series by Raili, Murumuru and Pure=Beauty. Five of the product lines have a Finnish certificate for organic cosmetics, FI-Natura.

Naviter's product portfolio, which is based on organic cosmetics and Finnish raw materials, is very well aligned with market trends. It complements and strengthens Berner's existing skin and hair care portfolio. Berner and Naviter have in common a strong entrepreneurial spirit, a commitment to sustainability and our innovative Finnish in-house product development.

Naviter Ltd's turnover has grown annually since the company was established in 2012, reaching EUR 5.7 million in 2021. The company employs 30 people in Herttoniemi, Helsinki, where the company's products are also developed and manufactured.

Our key consumer brands

Food, cleaning and household

Both categories performed well, despite the fact that the continued COVID-19 pandemic again created various challenges and restrictions on workplace lunch venues, restaurants and sports venues, for example. Shortages and delays in raw material purchasing, the higher costs of packaging materials and logistics problems also presented challenges during the year.

Rajamäen organic spirits vinegar, produced from Finnish barley by fermentation, received a lot of press coverage due to its versatility. We launched flavoured spirits vinegars and pickling solutions targeted at restaurant professionals. We will celebrate the 130th anniversary of the Rajamäen brand in 2022.

Kikkoman continued to see strong growth in 2021 in the consumer, Horeca and industrial segments. We launched new products, such as a versatile Panko bread crumb product, which is a finer-grained Japanese version of bread crumbs.

Our Heti range of household products received a lot of coverage related to sustainability. The products are Finnish, vegan, mostly made from biodegradable ingredients and packaged in 100% recycled plastic. Heti products won a number of product tests in afternoon papers. In 2022, we will launch new products, refresh the overall look of the brand and obtain new certificates for the products.

Various bag-based packaging options were prominently featured in LV laundry detergent campaigns. We increased our rate of domestic production by relocating the manufacturing of a few products to our own plant in Heinävesi. We will also seek new packaging options for our products.

Wellness, oral hygiene and childcare

Wellness remains a growing trend. Our close cooperation with the Finnish Heart Association has continued, and our goal is to increase awareness of the risks of high blood pressure and the importance of at-home monitoring. We work together with the Finnish Spinal Health Association to communicate information on drug-free pain relief in line with the Finnish Current Care Guidelines.

The demand for Omron products continued to grow in 2021 but, unfortunately, the global availability challenges caused by the COVID-19 pandemic continued during the year. Omron's tremendous success in the Finnish market and the close long-term cooperation between Berner and Omron will take another step forward when we start representing Omron in the Lithuanian and Estonian markets in May 2022.

Oxygenol's tooth pastes for children are the market leader in their segment, and the redesigned packaging has been well received by the market. Early in the year, we successfully launched our new concept for adult tooth paste products. The new concept relies heavily on the Finnish origin of the products. Oxygenol Sensitive, Zinc and Family tooth paste products have taken major strides in sales in their product category, which is characterised by very intense competition.

The AINU brand continued its tremendous growth. The Finnish AINU skin care products, in particular, have made great progress and became the market leader at the beginning of 2022. The launch of MAM breastfeeding products in the summer of 2021 exceeded our expectations, and consumer feedback has been excellent.

AINU listens closely to consumer feedback. Our skin care products were previously reformulated to make them free of



fragrances and colouring agents in response to customer wishes, and all of our new products are biodegradable and vegan. We will take another step forward in 2022 by launching skin care products that are certified under the Cosmos Natural organic cosmetics standard and produced in Heinävesi.

Car care

We achieved excellent growth in the car care category in 2021. The cold and snowy winter season boosted the sales of LASOL windshield washer fluids and antifreeze products. According to a survey conducted in 2021, Finnish consumers still trust the high-quality LASOL brand, and the brand is by far the best-known and most preferred choice among consumers (LASOL brand survey 10/21, Dentsu). In autumn 2021, we launched LASOL Tar ready-to-use windshield washer fluid. The product was met with an excellent reception in the market, and it will be a permanent addition to the LASOL product range.

Raw material prices increased significantly in 2021, which was reflected in higher costs for ethanol-based products, in particular.

The KORREK Pro installation network was joined by several new professionals, and its position as the leading brand of ceramic coatings was strengthened. We started exporting KORREK Pro professional coating products to Norway and Sweden, in addition to the previous export markets of Germany, Austria and Switzerland.

In 2022, we will invest heavily in our car wash service concept in Finland, with the first locations set to start operations in the spring. Making our service concept available to Finnish consumers will be one of our most important investment areas in the coming years, in addition to exports.

Garden care and pest control

Berner's garden care products for consumers continued to develop and achieve success in the market in 2021, and our domestic contract manufacturing volume grew from the previous year. We improved the distribution and visibility of GreenCare's fertiliser and turf care products. Iconic and known for their Finnish origin, GreenCare products are the most popular among consumers in their category in Finland.

GreenCare's innovation and renewal continued in autumn 2021 with the launch of Maatilan Aito, a range of sustainable products that feature happy and healthy farm animals. Maatilan Aito also represents the continuation of our innovative efforts to replace horticultural peat in substrates. Horticultural peat will not be phased out from substrates soon but, as a leading player in the field, we actively introduce new sustainable innovations to the market. For more information on replacing horticultural peat, please refer to the case on page 58.

We also launched GreenCare clay pebbles, a soil-free alternative to conventional substrates for plants and gardens. GreenCare also works together with the Finnish Association for Nature Conservation to help pollinating insects thrive. We introduced a special GreenCare flower mix product on the TV show Kotoisa on MTV3 in autumn 2021. We will continue our cooperation with Kotoisa in 2022 to support the launch of further innovative products in spring 2022.

Approximately 90% of GreenCare products are produced in Saarijärvi, Finland, by our contract manufacturer Tikalan. Tikalan's factory was previously expanded in autumn 2020 and expanded production and storage facilities were opened in autumn 2021. Successful cooperation with the contract

manufacturer and the production-related measures taken during the year improved the availability of our products.

In 2019, we started using recycled plastic in product packaging, which has enabled us to reduce the use of virgin plastic by a total of approximately 50,000 kg between 2019 and 2021. Efficient logistics and cooperation with our distribution channels made it possible for us to reduce the heavy transport emissions of bulk logistics by approximately 20% in 2021, in spite of an increase in the total transported volume.

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

Footwear

The exceptional circumstances created by COVID-19 continued in the footwear category in 2021. While total sales in the Finnish footwear market increased slightly (+3.1%, Fashion and Sports Commerce Association), the sales volume is still well below the pre-pandemic level. Operational challenges were created especially by the availability of transport services, production problems and delays caused by COVID-19, and higher logistics costs. There were also problems with the availability of raw materials, and their prices increased significantly.

In spite of the general challenges in the market, Berner's footwear category had a very successful year in terms of sales in 2021, as it did in 2020. Contracts with the defence forces are very significant for the footwear category. In 2021, we delivered

a significant quantity of summer and winter boots to the Swedish Armed Forces for the contract period.

Sales of footwear to Finland by foreign online stores increased, while the sales of Finnish online stores simultaneously decreased (source: Fashion and Sports Commerce Association). The sales of Berner's own online store in the footwear category, Haicolours.com, also declined slightly, but our sales on Amazon Germany saw good growth.

Nokian Footwear achieved excellent growth in 2021, especially in terms of the sales of our Active range of high-quality rubber footwear in Finland and our export markets (including Sweden, Estonia, the Netherlands and Norway, for example). Nokian Footwear remained the most popular and trusted rubber boot brand among Finns by a clear margin, and it was clearly the brand leader in the rubber boot market (Brand Tracking 2021, Dentsu). The Hai brand also achieved excellent sales growth and continued its success as a popular and trendy boot for local outdoor recreation and wearing around the city.

Outdoor activities were again popular among Finns in 2021. Many people spent time at holiday homes and even worked remotely from their cottages. This was reflected in the sales of Kontio boots. We were able to maintain our sales at the same level as in 2020, boosted by our cooperation with a Finnish musician Lauri Tähkä. The cooperation between Kontio boots and Lauri Tähkä continued in 2021, while Hai was featured in a music video by Robin, which introduced the brand to new consumers.

In 2022, the footwear category will focus on further strengthening sales and distribution, both in Finland and internationally, while also developing online retail. We will continue to invest in digitality and new delivery solutions. We will

also strengthen our sales activities on Amazon Germany, which we started in 2020. The aim of our brands is to inspire Finnish consumers to spend time outdoors and enjoy nature, which supports people's well-being.

Daily accessories

In the daily accessories category, the second year of the COVID-19 pandemic was significantly characterised by availability challenges caused by supply chain disruptions, especially in fire-making products. Nevertheless, thanks to our long-term partnerships and strong purchasing function, we were able to maintain our delivery reliability at a good level. Remote work continued, which supported strong demand for school and office supplies. We increased our market share especially in BIC writing instruments and Burden calendars. In the school supplies category, we started cooperation with several new retailers.

In hair removal, we further increased our market share with BIC products. The packaging of the highest technology blades was replaced with 100% recyclable cardboard packaging and the proportion of recycled materials was increased in both packaging and blade handles. Product launches focused on spare blades, as BIC shifted its focus to replaceable blade products in accordance with the principles of sustainable development.

Products bearing the new mec brand identity appeared in stores at the beginning of the year, leading to good customer feedback and strong sales performance. The face of the mec brand's advertising, the character Touko-Pouko from the TV show Studio Julmahuvi, a role model for all crafts enthusiasts, has received particularly positive feedback. He will continue his adventures in the world of social media in 2022.



HEALTHCARE AND LABORATORIES

We strengthened our position as a Nordic player in the health technology product market by acquiring Dolema AB and Haltija Group Ltd. The sales of laboratory equipment reached a record-high level during the year, and the demand for disinfectant products remained strong.

The year 2021 was the second consecutive year of exceptional circumstances. This had different impacts on sales and demand, depending on the product category. While the sales of disinfectant products remained higher than before the pandemic, COVID-19 and the related restrictions had a negative impact on the demand for cleaning products and shifted pet food purchases to international online shops. The sales of our laboratory products remained very strong for the second straight year.

We made significant acquisitions in 2021 to further strengthen our position in the health technology products market. We announced the acquisition of the Swedish company Dolema AB in March and signed an agreement on acquiring the Finnish company Haltija Group Ltd in October. Read more in the case study.

Healthcare

The sales of disinfectant products remained strong in 2021. While the peak in the sales of hand disinfectants seen in 2020 was not repeated, the sales of the products were still considerably higher

than before the pandemic. The market for hand disinfectants returned to normal with the departure of the new hand sanitiser producers that had entered the market when the pandemic broke out.

We expanded our portfolio to support the needs of our Nordic customers. For example, we launched Bea Pro Handdesinfektion 75, a hand disinfectant that is a response to demand in the Swedish healthcare sector in particular. Our product range is expanding continuously, and we will further strengthen our position as a Nordic player in 2022.

We established a new portfolio of healthcare supplies as part of our offering. In addition to gloves and face masks, our product range now includes surgical gowns, headwear and drapes, as well as hypodermic needles and syringes.

In spite of the pandemic, the year exceeded expectations in the surgical products category. The launch of new products for specialised medical care has been challenging due to the exceptional circumstances. Nevertheless, we managed to achieve growth in our strategic growth areas with our old portfolio.

Some of our products, such as Omron products, suffered from global supply chain challenges. Nevertheless, we were able to ensure the availability of products for customers fairly well.

Laboratory

Sales reached a record-high level during the year. The performance of robotics solutions and flow cytometry devices was particularly excellent. The rest of our portfolio also met our customers' requirements, and sales were very good overall.

We carried out Finland's first installation of a Maldi-MS device from the Shimadzu portfolio. In food analytics, FOSS MilkoScan FT3 and MilkoStream In-Line FTIR equipment was installed for customers, with good results. In the grain analysis category, the sales of FOSS Infratek devices were also record-high. The demand for Acon Flowflex rapid COVID-19 tests increased dramatically in the latter part of the year, and our delivery volumes to customers reached a good level in December. The global component shortage and delays in shipping affected deliveries in the latter part of the year in particular, with some orders being postponed to 2022.



We started the PAC oil analytics business in Sweden, which saw us become a genuine Nordic partner for PAC. We now offer PAC equipment and maintenance services in Finland, Sweden and Norway.

Animal welfare

The pandemic affected the purchasing behaviour of customers in many respects, and pet food was no exception. More and more people started buying pet food online during the year. Our consumer sales of Hill's Prescription Diet and Vet Essentials products were good, but domestic channels were replaced by international online shops, and our turnover in Finland decreased.

We launched Hill's Prescription Diet i/d and z/d products with ActivBiome+ technology as new products. ActivBiome+ technology helps normalise gut flora and increases the number and diversity of microbes. Early in the year, we also launched Hill's Derm Complete, which is the only food designed for treating both food allergies and environmental allergies.

Cleanliness

The situation in professional cleaning and kitchen hygiene products appeared promising in the spring, but the subsequently introduced new COVID-19 restrictions meant that we fell short of our sales target. We adjusted our portfolio and condensed our offering to better respond to market demand. We launched new packaging sizes of existing products in response to our customers' wishes. In packaging development, we focused on the development of recycled plastic packaging. We will roll out new packaging in the market in 2022. With recycled plastic packaging, the challenge is to find a solution, as the recycled plastic that is currently available is highly inconsistent in quality.

Suomen MediTuote Ltd

The mission of our group company Suomen MediTuote is to serve healthcare, care and cleaning customers by providing products from a single location, in a single delivery, with flexible customer service. We increased our turnover by over 50% in spite of the challenges created by the difficult market conditions, with many customer locations being closed due to restrictions. The increased prices of raw materials caused by the COVID-19 pandemic presented challenges during the year.

Suomen MediTuote has tripled its number of personnel over the past two years, and the company is in a good position to pursue continued growth in the years to come. In 2022, Suomen MediTuote will serve its customers with an even broader range of products, including office supplies and the products of the new Berner Group company, Haltija.

A year of integration in 2022 under the new name of MedLab

We look forward to a year of integration in 2022 as we build plans for our shared future with Dolema and Haltija. At the same time, we will strengthen our Nordic organisation to support our healthcare and laboratory businesses.

The name of the business unit was changed at the beginning of 2022. Berner Pro is now Berner MedLab. MedLab consists of two business areas: Berner Medical and Berner Lab. We updated the name to better reflect our chosen strategy of focusing on the healthcare and laboratory segments in Finland, the Nordic countries and the Baltic countries.

Going forward, we will operate under the same names and logos in all of our operating countries and communication channels. We will also strengthen our organisation's ability to work as one team in the Nordic market.

We seek organic growth in all of our strategically significant product categories. The Flowflex rapid COVID-19 test has seen particularly strong growth in the early part of the year, and disinfectant and personal protection products are also continuing to perform well. We also aim to launch new products in all of our product categories.

Focusing heavily on two business areas, healthcare and laboratories, will enable us to achieve business synergies and focus our resources even more effectively on meeting our customers' expectations.

CASE **BERNER ACQUIRES DOLEMA AB AND HALTIJA GROUP LTD**

We made two strategically significant acquisitions in 2021 to further strengthen our position as a significant Nordic player in health technology products, in line with our strategy.

Dolema AB, which operates in Sweden and Norway, became part of Berner in March. Dolema represents a number of innovative and successful companies in medical devices aimed at home care and hospital care. Dolema's strong product portfolio enables us to expand our customer offering and strengthen our position as a distributor for leading international principals. The acquisition also brought 12 new colleagues to our team.

In October, we announced the acquisition of Haltija Group Ltd, a company that has emerged in recent years as a leading player in the assistive technology and service industry in Finland. The acquisition complements our existing health technology product and service offering. This acquisition enables us to provide an even more versatile offering of health technology products and services to our customers in the healthcare and care industries.

Serving both consumers and professionals in the public and private sectors, Haltija offers assistive devices and medical supplies, as well as orthoses and supports. The company's turnover in 2021 was EUR 25.8 million, and it employed 125 people.

INDUSTRY

Our range of products for industrial operators was expanded by our acquisition of a majority stake in Chemigate Ltd. We also signed significant new cooperation agreements, and our sales performance during the year was strong. Berner Chemicals continued to strengthen its role in the circular economy.

Berner Industries significantly increased its turnover

The year 2021 was still characterised by the pandemic, which created various challenges for Berner Industries' delivery reliability due to supply chain disruptions. However, thanks to the excellent competence and attitude of our personnel, we were able to overcome almost all of the challenges.

Our turnover and the total volume of products delivered increased significantly in Finland and Scandinavia. Our growth was supported by the increased needs of our customers, delivery difficulties among other industry operators and the increased prices of many products. Our market share grew significantly in several product categories.

We signed several new, significant cooperation agreements during the year and extended contracts with our long-term partners. One of our new partners is Terrafame, a Finnish company that opened one of the world's largest battery chemical production plants in Sotkamo in summer 2021. The production of battery chemicals generates ammonium sulphate, which we sell as raw

material for the fertiliser industry or for direct use as fertiliser.

We opened a bulk warehouse for soda in Kotka, enabling us to transport the product by sea and also serve customers outside Finland. In the summer, we acquired Gaudium's tank terminal in Pori's Tahkoluoto district. We started modernisation and alteration work in the terminal area immediately after the acquisition was completed. Having our own tank capacity will provide us with increased operational flexibility and create new growth opportunities in the future.

Berner's offering to the forest industry was strengthened

Berner group strengthened its offering to industrial customers in June by acquiring a majority stake in the Finnish company Chemigate Ltd. The acquisition provides us with significant new expertise for serving our industrial customers. It also opens up interesting new business development opportunities for us. Read more in the case study.

Berner's offering to the forest industry now consists of

Chemigate's starch products and specialty chemicals, the magnesium products of the other group company Berner Chemicals Ltd, the basic chemicals of Berner Industries, and the laboratory equipment of Berner's MedLab business unit.

Strong demand for Chemigate's products

The demand for Chemigate Ltd's products was strong throughout the year. New customer accounts acquired in 2020 supported sales growth in 2021. The strong demand for all products combined with the poor harvest affected the availability of many raw materials during the year. The poor harvest also led to an unprecedented increase in the price of grain starches and will have the same effect on potato starch. In spite of the challenges related to raw materials, the company operated at full scale throughout the year.

Chemigate invested EUR 7 million in a new polysaccharide refining line in Lapua. Construction began in the summer. The investment enables Chemigate to expand its production activities and range of raw materials to include a new category.

Berner Chemicals – towards the circular economy

Our subsidiary Berner Chemicals Ltd produces magnesium chemicals in Kokemäki for industrial use and for the purification of air and water. The innovative processes developed by the company enable the industrial use of side streams that contain minerals.

Since Berner Chemicals first started its operations three years ago, we have invested heavily in research, product development and the development of production technology. In 2018, we started a research project related to the circular economy for magnesium, supported by Business Finland. The project was completed during the year under review with positive results: raw materials for the production of magnesium chemicals can be refined from the side streams of Finnish mines.

China dominates the global production of magnesium, which made the sourcing of raw materials very challenging in 2021 due to rising prices and logistical challenges. Developing Berner Chemicals' own domestic circular economy raw material is a very high priority for us.

The production technology of our Kokemäki factory is highly unique and largely developed by our company. The production method yields an end product with a very high degree of purity. During the year under review, we obtained food contact approval for magnesium sulphate, which is increasingly a requirement among customers in the pulp industry. We also implemented a new filtration technology that enabled us to increase production capacity, improve the reliability of production and ensure product quality.

The magnesium sulphate we manufacture established its position in the pulp industry, although its use requires

CASE

THE ACQUISITION OF A MAJORITY STAKE IN CHEMIGATE EXPANDS BERNER'S OFFERING TO THE FOREST INDUSTRY

In June, Berner Ltd acquired a majority stake in Chemigate Ltd, a manufacturer of modified starch-based binders, adhesives and speciality chemicals. The acquisition significantly expanded Berner Group's offering to the forest industry. In addition to the previously offered basic chemicals, magnesium products, and analytical and quality management solutions, the range of products and services was expanded to include Chemigate's modified starches and speciality chemicals. The forest industry has always played an important role in Finland and, through this acquisition, we are strengthening our long-term commitment to serving the paper and board industry in Finland and the surrounding areas.

Chemigate's turnover in 2021 amounted to EUR 73.9 million, and it employs 72 people. The company has factories in Lapua, Kaipainen and Mietoinen. The raw materials used in Chemigate's products largely consist of ecologically sustainable barley and potato starch derived from Finnish nature.

Chemigate's customer focus, agility, innovation and continuous business development were major factors in the acquisition. Chemigate has performed well in a market that has changed significantly in recent years: paper production has declined sharply and, at the same time, forest industry companies have invested heavily in paperboard production.

investments from the customers. Pulp mills made investment decisions that will be implemented when the pandemic eases. Activity in the construction industry was high, and deliveries of magnesium sulphate to the construction industry nearly doubled.

We commissioned a production line for a new product, magnesium hydroxide, at the end of 2020. Unlike many other alkaline chemicals, magnesium hydroxide is completely safe and unclassified. It replaces other, corrosive chemicals. The implementation of a new chemical product requires test runs and testing in customers' processes. These types of tests were carried out in 2021 among customers in the mining and metal industries, as well as by power plants and water utilities. We signed our first delivery agreements with thermal power stations.

Magnesium hydroxide is referred to as a green chemical. This reflects not only its safety but also its important role in the development of the circular economy. Using magnesium hydroxide to neutralise acidic side streams from the metal industry or mines, for example, creates magnesium sulphate, which can be used for further purposes. This also prevents the accumulation of lime sludge and helps minimise sulphate emissions into waterways. Sulphate emissions are the subject of increasing scrutiny in the processing of environmental permits for industrial operators and mines.

Environmental chemistry is becoming an increasingly important field of application for Berner Chemicals' products, and we invested heavily in this area during the year under review.



AGRICULTURAL TRADE

We continued to develop our agricultural trade business area in line with our strategy and achieved growth by providing increasingly comprehensive services to our customers.

Finland – Berner acquired Belor Agro, sales grew in spite of market challenges

The Farmer's Berner business unit continues the cooperation on plant production inputs and grain trade that began in 2018 with Avena Nordic Grain Ltd. The organisation bears the name Farmer's Avena Berner. We offer Finnish farms solution-oriented service, as well as products and advice on their use. We invest in the expertise of our specialists and our customer service to ensure that using our services is smooth and easy. During the two years of the pandemic, digital operating practices have proved to be quite effective in our interaction with our farmer customers.

Finnish agriculture had a highly exceptional year in 2021. Weather during the cultivation season was very challenging for plant production, which led to the Finnish grain harvest being the weakest in nearly 30 years. Sowing operations in the spring were delayed in many places by extended periods of rain. This was followed by a long period of hot and dry weather, which dramatically reduced harvest potential. The weak grain harvest in Finland and around the world led to sharp increases in the

prices of grains and oilseed plants in the early autumn, and this trend continued almost until Christmas, with prices reaching record-high levels. Combined with the high price of grains, the poor harvest presented significant cost challenges, especially with regard to animal feed for livestock. We delivered fresh sugar beet pulp from the Sucros sugar production facility to farms during the production season. This significantly helped many cattle farms manage feed costs, while also making the animal feed tasty and improving the consistency of its quality.

Fertilisers took on a very central role in our agricultural trade business in 2021, when Berner Ltd acquired the Kouvola-based fertiliser company Belor Agro Ltd. The acquisition was completed in May, and Belor Agro's products were added to the Farmer's Avena Berner selection. The acquisition expands our range of fertilisers, enabling us to offer increasingly diverse fertiliser solutions for the needs of Finnish agriculture. Read more in the case study.

Fertilisers were a big topic during the year, not only because of the acquisition, but also due to the dramatic changes in market conditions. Global demand for the main nutrients used

in fertilisers saw strong growth starting from the beginning of the year, which also increased fertiliser prices in Europe. During the Finnish fertiliser season in the summer, prices were more than one-third higher than in the previous year, and continued to rise further almost throughout the autumn. In addition to price increases, the strong demand caused occasional availability challenges in the autumn in fertilisers and also in certain pesticides.

In spite of the dramatic changes in the market, our sales developed favourably in 2021 in all product groups, including open field cultivation, garden cultivation, the professional lawn segment and landscaping. We strengthened our sales organisation in several municipalities and opened a new operating location in Kalajoki.

viljelijanavenaberner.fi



CASE

THE ACQUISITION OF BELOR AGRO BRINGS MORE DIVERSE FERTILISER SOLUTIONS TO THE NEEDS OF AGRICULTURAL OPERATORS

Berner Ltd acquired the fertiliser company Belor Agro Ltd in May 2021. The acquisition further strengthened Berner's role in agribusiness in line with the company's strategy. Berner's objective is to be a strong player in agricultural production inputs, including fertilisers. The acquisition expanded our range of fertilisers, enabling us to offer increasingly diverse fertiliser solutions to the needs of Finnish agriculture.

Founded in 2007, Belor Agro develops fertilisers and fertiliser programmes for Finnish farmers. The company's products are known for their high quality and positive experiences among farmers. Belor Agro has invested heavily in product development throughout its history and is a pioneer of split fertilisation in Finland. The company has an efficient production and logistics centre in Kouvola. Belor Agro's turnover was EUR 38.6 million in 2021.

Combining Belor Agro's strong production capabilities with Farmer's Berner's expertise in plant nutrients has enabled us to introduce new solutions for Finnish farmers. New micronutrient-containing fertilisers for the cultivation of garden crops and potatoes have proved to be particularly suitable for our customers in terms of their nutrient ratios. In addition, we launched polysulphate as a new type of versatile special fertiliser in autumn 2021, and the early experiences of the users have been excellent.

Sweden – successful customer service in difficult market conditions

In Sweden, the cultivation conditions during the 2021 growing season were favourable, and harvests were generally good. The year was characterised by significant increases in the price of agricultural products and production inputs. With the help of its expert organisation, Gullviks continued to focus on direct-to-farm sales of pesticides, fertilisers, seeds, foliar fertilisers and forestry products. Gullvik's products and solutions helped our customers achieve good harvests while the price of grains developed favourably. Global supply chain challenges led to increased prices and problems with the availability of certain products. Nevertheless, Gullviks' employees were successful in serving customers effectively in spite of the difficult circumstances. gullviks.se

Baltics – we began building our local organisation

Our operations in the Baltics continued through our Finnish organisation, and we managed to increase our sales. We worked purposefully to develop our product range and created new opportunities for expanding our operations in the Baltics. In late 2021, we began to build a local organisation to improve our services to our customers in the Estonian, Latvian and Lithuanian markets.

Sustainability



Highlights and development areas in sustainability 2021



We were awarded a Gold-level rating in our first EcoVadis sustainability assessment. EcoVadis comprehensively evaluates the company's entire responsibility management system, depending on the industry, in a maximum of 21 different areas related to environmental issues, labour and human rights, ethical principles and responsible sourcing.



We joined the Science Based Targets climate initiative, which will see us set science-based emission reduction targets for our operations and value chain in line with the 1.5°C target stipulated by the Paris Agreement.

-90%

We switched to Neste MY Renewable Diesel for transport operations between our production facilities in Heinävesi and our logistics centre in Vantaa's Viinikkala district. The calculated greenhouse gas emissions will be reduced by an estimated 170 tonnes per year, corresponding to a reduction of approximately 90% of the total emissions on the route in question.

The leadership index for Berner Ltd's supervisors of Finnish operations was

82.1

The Finnish supervisor index average is 78.2.

99.9–100%

The products in our factories in Heinävesi are manufactured with 99.9 to 100 percent renewable energy.



We started manufacturing Cosmos-certified natural cosmetics in our Heinävesi factory.



-3,000 kg

Reduced amount of virgin plastic by reducing the weight of packaging of own Heinävesi production.

-5,000 kg



The amount of reduced virgin plastics in GreenCare packaging. Between 2019 and 2021, a total of 50,000 kg of virgin plastic has been reduced.



We launched the principles of leadership. They aim at harmonizing our leadership practices in order to ensure a consistent leadership experience for everyone at Berner.

Continuing our development work

- The continuation and development of Scope 3 emissions reporting as part of our Science Based Targets commitment
- Including biodiversity in our sustainability work and reporting
- Continued development of ensuring the responsibility of our supply chain.
- The expansion of sustainability principles, targets and reporting to cover the entire Berner Group to support the development of our sustainability.

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 strategy. Sustainability is also a key element of our 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.

Sustainability programme guides the development of sustainability

Our "Our shared responsibilities" sustainability programme 2020–2022 brings all of our areas of sustainability and the relevant targets under one programme and guides us in the daily development of sustainability.

We will update the programme and targets in 2022 and expand its scope to cover the entire growing Berner Group. We will also use an online survey to engage our stakeholders in the process of updating our sustainability programme. In our 2019 survey and stakeholder interviews, our stakeholders identified as key themes for our sustainability responsible purchasing, product quality and safety, as well as occupational safety and well-being. In the interviews, we also assessed our stakeholders' views on our sustainability successes and development areas.

The development of our sustainability efforts is guided by our sustainability steering group, which meets approximately once a month. Four of the nine steering group members are members of

Berner's Executive Board. The activities of the steering group are coordinated by the Communications and Sustainability Manager. Matters related to sustainability are also discussed regularly by Berner's Board of Directors.

Sustainability principles, policies and certificates

Our sustainability efforts are based on a number of policies and principles, such as our environmental policy, quality policy and HR principles. 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 WhistleB reporting channel enables our employees and external stakeholders to anonymously report any observed shortcomings and violations related to our operating principles and legislation.



Since 2018, Berner Ltd has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment, and anti-corruption.



We participate in Responsible Care, an international sustainability programme in the chemical industry.



We were awarded a Gold-level rating in our first EcoVadis sustainability assessment.

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 healthcare equipment. Our laboratories in Herttoniemi and Heinävesi are GLP certified by the Finnish Medicines Agency. In Sweden, the Berner Medical unit has an ISO 9001 quality management certificate, as do our Group companies Chemigate Ltd and Suomen MediTuote Ltd.

Our commitments and memberships

We are committed to the UN Global Compact sustainability initiative. Our sustainability report is also used as the Global Compact's Communication on Progress report. We also participate in Responsible Care, an international sustainability programme in the chemical industry that is coordinated in Finland by the Chemical Industry Federation of Finland.

Since 2020, we have been a member in the amfori BSCI organization, which seeks to ensure and develop the social sustainability performance of global supply chains. In late 2021, we also joined the amfori BEPI, which focuses on developing and ensuring environmental responsibility in global supply chains.

The UN Sustainable Development Goals (SDG) and Berner

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 sustainability programme, 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.

Gold-level rating in the comprehensive EcoVadis sustainability assessment

We were awarded a Gold-level rating in our first EcoVadis sustainability assessment. Our score was only one point short of the highest rating of Platinum. EcoVadis comprehensively evaluates the company's entire responsibility management system, depending on the industry, in a maximum of 21 different areas related to environmental issues, labour and human rights, ethical principles and responsible sourcing. The assessment is made on the basis of policies and principles, practical measures and results.

EcoVadis is the only international body that conducts sustainability assessments, and their supplier assessments are widely used, especially in the B2B sector. EcoVadis has evaluated more than 75,000 companies in 160 countries and 200 different industries. Each EcoVadis assessment is valid for one year.



Our operations have most effect on the above 5 UN Sustainable Development Goals out of the total 17 goals.

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

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.

All of our employees, including the personnel of our subsidiaries, are required to complete mandatory training on the Code of Conduct once every two years. In 2021, 100% of the employees due to take the course completed it. New employees are also required to complete the course at the start of their employment.

All of our 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

Objective 2020 – 2022	Results in 2021
100% of our employees in all of our operating countries complete online training on our Code of Conduct every two years.	100% of the employees due to take the course completed it.
We will add sustainability section to the websites of our own brands in 2020.	Sustainability has become part of brand strategies.

can do it via the WhistleB reporting channel. The channel also allows our external stakeholders to report potential suspicions concerning conduct that violates the law and our Code of Conduct. In 2021, we received one report through the channel regarding a challenge related to cooperation and one report regarding the organisation of internal events. The reports led to detailed discussions and the clarification of internal instructions.

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

Aiming for 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.

We monitor the development of our reputation and awareness of the Berner brand among the general public by means of T-Media's Trust and Reputation survey and Dentsu's Brand Tracking survey, which is conducted several times per year.

During the year, we received media coverage particularly in connection with acquisitions. In addition to issuing releases, we communicated on our operations on our website, on our social media channels Twitter and Facebook, as well as on Instagram, which is the latest addition to our corporate communication channels. Our business units and brands also have websites and social media channels of their own.

We developed our internal communication by launching a new modern intranet, which was well received. As usual, we also surveyed our employees' satisfaction with our internal communication channels and topics.

As a company with four business areas, we have a significant number of stakeholders. Naturally, there are substantial differences in the wishes, expectations and priorities of our various stakeholders. In 2021, the COVID-19 pandemic and its impacts remained an important theme in our stakeholder communications. All our stakeholders find sustainability an interesting theme, and its importance is increasing every year. With regard to sustainability, our sustainability report is our most important communications channel. We shared information on our sustainability in various channels during the year.

The ways in which we listen to the wishes and expectations of our stakeholders include, for example, day-to-day interaction, meetings, events, and separate surveys and questionnaires that our business units carried out during the year.

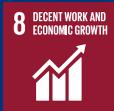
Our employees' most significant memberships of associations and organisations related to sustainability include memberships of the Nordic Swan Ecolabel's Environmental Labeling Committee, the Chemical Industry Federation of Finland's Innovation Committee and the Bio and Circular Economy Committee.

Stakeholder group	Interaction themes in 2021
Employees	The COVID-19 pandemic, its impacts, coping with remote work, development of the management of remote work, strategy and results, acquisitions
B2B customers	Security of supply, sustainability in general, sustainable supply chain, circular economy, domestic production, audits in exceptional circumstances
Consumers	Sustainability in general, sustainability of packaging, domestic production, sustainability of raw materials
Principals	Security of supply, sustainable supply chain
Suppliers of goods and services	Security of supply, sustainable supply chain, strengthening and intensifying of supplier cooperation with selected partners
Media	Acquisitions, domestic production
Authorities, NGOs	Sustainable supply chain
Owners	Impacts of the COVID-19 pandemic, further development of sustainability, social sustainability through UNICEF and HelsinkiMissio projects

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 most important UN Sustainable Development Goals that we promote



WE TAKE CARE OF OUR PERSONNEL'S WELL-BEING

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 organisation and as individual employees.

Occupational safety and well-being at work

As the COVID-19 pandemic and remote work recommendations continued, we maintained the practices we had developed in 2020 regarding absences and occupational safety, and updated these practices as necessary. Berner's COVID-19 preparedness group continued to meet regularly throughout the year. We also

Target 2020–2022	Results in 2021*
Zero accidents and occupational illnesses.	2 commuting accidents and 18 occupational accidents. Of the occupational accidents, 8 led to a brief sickness-related absence. No accidents were recorded in the other companies.
The sickness absence rate remains under 3%. In production and logistics, the sickness absence rate is at most 5.5% Reduction in absences related to musculoskeletal symptoms.	Berner Oy Finland all 3.19%, production 8.38%, logistics 5.81%. The number of absences related to musculoskeletal symptoms increased. The figures for the other companies are reported on page 50.
No new cases of occupational diseases or work-related illnesses.	No occupational diseases or work-related illnesses.
An average score of more than 3.5 in all areas of the occupational well-being survey.	No results for 2021. The next occupational well-being survey will be conducted in early 2022. In Sweden, the average score of the occupational well-being survey was 3.49 (on a scale of 1–4, 2020: 3.44).

* The results include the figures for the companies that were owned by Berner Ltd 100% for the full year, 1 January–31 December 2021.

specified our plans concerning the return to the office, although we only had the opportunity to test our hybrid model of remote and in-office work for a brief period of time in the autumn.

When the remote work recommendation is lifted, we will implement a hybrid model. We engaged our employees in planning the hybrid work model by means of a comprehensive survey on their preferred and proven remote work practices. The survey showed that most of our employees recognise the value of in-office work after a long period of remote work. In particular, the employees highlighted idea generation, creative work and maintaining team spirit as activities that require physical presence. The advantages of remote work identified by the respondents included better performance in tasks requiring a high level of concentration and the positive impact on well-being at work of having more free time due to reduced business travel.

Safety and personal protection measures related to COVID-19 were updated as necessary at our production facilities in Heinävesi and our logistics centre in Vantaa's Viinikkala district. The measures have included face masks, as well as instructions concerning safe distances and break procedures. We have also continuously updated our guidelines concerning illness, COVID-19 infections and exposures.

Towards the end of the year, as rapid COVID-19 testing became an increasingly important part of the testing strategy, we distributed rapid COVID-19 tests to our employees for use in work-related situations. The FlowFlex tests in our own product range facilitated work arrangements in situations that required in-person meetings.

We conduct a "Healthy at work" workplace survey in each unit at three-year intervals. The survey includes a risk assessment, health examinations and a development plan. In 2021, the

workplace surveys were conducted as scheduled in three units.

The next well-being at work survey will be conducted in Finland in early 2022. In Sweden, the average score of the occupational well-being survey was 3.49 (on a scale of 1–4, 2020:3.44).

The strengths highlighted in the survey included the strong organisational culture and the balance between responsibility and autonomy.

At our Heinävesi production facilities, renovations and investments in new production lines have improved plant ergonomics and employee satisfaction. Early in the year, the manual closing of screw tops presented ergonomic challenges, which were relieved by the new, more automated production line. We used investment support from our accident insurance company for the production line in question. We also conducted a comprehensive ergonomics review of our production plants in 2021 in cooperation with our occupational healthcare provider. The improvement suggestions highlighted in the review were used in development efforts in 2021. Ergonomics issues related to product manufacturers were highlighted as an area requiring a more detailed assessment, and cooperation will continue on this front in the next stage.

The goal for the next few years is to focus on promoting occupational safety, for example, by developing the documentation of near miss incidents. The number of accidents increased from the previous year, but the accidents do not appear to be related. Documenting near miss incidents helps establish a better overall understanding of occupational safety, which improves the prevention of accidents. There were no accidents in our subsidiaries in Sweden, Norway and the Baltic countries.

Updating the early support model

We re-evaluated our early support practices in 2021. We consequently updated our early support model and the substance abuse prevention programme it includes. The updated early support model emphasises the fact that maintaining work ability is a matter of cooperation between the employee and the employer. The roles and responsibilities of the various parties influencing work ability were clarified in the early support model. Berner's employment pension company and occupational healthcare provider were closely involved in the development effort. We also clarified the instructions for supervisors regarding the practical implementation of the early support model. Supervisor training on the updated model was organised by business unit, and themes related to disability management are highlighted in a dedicated section in the online learning materials for supervisors.

In 2020, we launched a growth management programme in collaboration with Aalto EE. The programme participants included all the members of our Executive Board and most of the managers of our business areas. The training was aimed at the development of business operations and management, and its purpose was to harmonise the shared practices supporting growth and reinforce the competitive advantage of the business units. Furthermore, the training programme aimed at the development of, among other things, our change and renewal management capabilities, which have received feedback in both the 360-degree surveys and in the energy in the workplace survey. The growth management programme continued in 2021. Based on the impact goals identified in the growth management programme, six principles of leadership were formulated for Berner and subsequently launched in an event for employees in November 2021.

Developing management and job satisfaction is one of Berner's strategic priorities. Our common goal is to make our management practices more consistent so that we can ensure a consistent management experience for every Berner employee.

Our principles of leadership stem from this goal. The principles are designed to support our strategic goals and values and to stand the test of time. The principles of leadership support managers in their daily work and long-term goals related to the management of human resources and business. In addition to managerial work, principles of leadership apply to all Berner employees. They provide the basis for self-management and day-to-day decision-making. The principles also support project management.

Six videos were created on the principles of leadership, in cooperation with the futurist and non-fiction author Perttu Pölönen, featuring Pölönen interviewing members of Berner's Executive Board regarding the significance of the principles of leadership at Berner. At the event organised to launch the principles of leadership, Perttu Pölönen also delivered an inspiring speech on change and potential obstacles to change.

PRINCIPLES OF LEADERSHIP



WORK

INTEGRITY

HUMANITY

Equality and diversity

Target 2020–2022	Results in 2021
Men and women receive the same pay for the same job categories.	A wage comparison was conducted in Berner Ltd's Finnish businesses in late 2021. The wage equality report was reviewed together with unit managers in connection with HR planning for 2022. This helped establish unit-level understanding of the current situation. Certain observations were highlighted for more detailed assessment and monitoring.
No harassment or discrimination cases.	No harassment or discrimination cases in any of the companies.

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. There were no such cases reported in any of the companies during the year.

In 2021, the employees of the head office, the sales organisation and Suomen MediTuote refreshed their knowledge of Berner's Code of Conduct. Mandatory online training on the Code of Conduct was introduced in 2019, and the course needs to be retaken once every two years.

In August 2021, we organised a briefing for supervisors regarding diversity in recruitment. The briefing called attention to the significance of a systematic and high-quality recruitment process in achieving diversity and equality. The briefing also addressed how supervisors can identify and process their subconscious biases and prejudices.

The development of consistent management practices has been identified in previous occupational well-being surveys as a key element of the perception of equality among Berner employees, which is why special efforts were directed to this theme during the year under review. A more detailed description of the new management principles and supervisor training materials is provided under Leadership development.

Competence development

Target 2020–2022	Results in 2021*
HR plans have been prepared for each business area, including a concrete plan for competence development.	HR plans were created for each business unit in 2021 (Berner Ltd, Finland).
100% of our employees are covered by annual performance reviews and development discussions.	Finland 90.8%, Sweden 100%, Estonia 0%, Latvia and Lithuania 100%.

* The results include the figures for the companies that were owned by Berner Ltd 100% for the full year, 1 January–31 December 2021.

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. 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. Our remuneration practices are based on the targets set for work. We measure the targets and their achievement regularly during the operating year, and we document these one-to-one discussions in our HR system.

In 2021, the online orientation for all new employees included Berner's employment relationship training, the Code of Conduct course and ICT orientation. GDPR orientation will be added to the orientation package in 2022. Unit-specific online orientation is used at the production facilities in Heinävesi, in Berner MedLab and in the Berner MedLab maintenance team. The development of unit-specific online orientation activities will continue in the coming years.

Our online training platform JaakOppi is developing and, in late 2021, we started collecting training materials on Master Data Management online. Our goal in the coming years is to collect instructions on systems and processes from various archival locations into the JaakOppi platform. Online learning facilitates the orientation of new employees and the platform provides effective centralised storage for common guidelines.

Company-level competence development programmes were organised on the themes of supervisory work and leadership. The growth management programme that began in collaboration with Aalto EE in 2020 was completed in early 2021. We offered employees in marketing positions the opportunity to deepen their competence in different areas of marketing in cooperation with Marketing Finland. Marketing Finland's entire course offering was available for this package comprising one hundred training courses.



Leadership development

Target 2020–2022	Results in 2021
The leadership index will be at least equal to the Finnish supervisor index average (78.2) and the Executive Board’s leadership index score will be at least 75.	The leadership index for Berner Ltd’s supervisors of Finnish operations was 82.1. The Executive Board’s leadership index was 82.0.
All new supervisors have been provided with the necessary skills for managerial work.	In 2021, all new supervisors participated in orientation training for new supervisors, and we introduced online orientation training for supervisors (Berner Ltd, Finland).
Employee turnover is not attributable to the quality of supervisory work.	The exit interviews held in 2021 did not indicate that the quality of supervisory work was a factor in departing employees’ decisions to leave the company (Berner Ltd, Finland).

We carried out a 360-degree evaluation of supervisory work throughout the company in February. By incorporating multiple perspectives, the evaluation helps supervisors establish an understanding of the current quality of their leadership skills, their strengths and the areas in which they should improve.

The results indicate that the quality of leadership at Berner has improved since the previous evaluation. Last time, the result was under the Finnish leadership index average. This time, the result exceeded it. The combined leadership index score for all of Berner’s operations in Finland was 82.1. The Finnish supervisor index average is 78.2. In the previous evaluation conducted in 2018, among all of the evaluator groups (subordinates, colleagues and supervisors), subordinates were the most critical of leadership. This time, subordinates gave the most positive assessments, which means that subordinates’ perceptions of leadership have improved in particular.

As in previous surveys, our strengths included appropriate conduct in every situation, a high standard of ethics and morals, and a dialogue-oriented leadership culture. New strengths highlighted in the survey conducted in the year under review included the promotion of cooperation between different parts of the organisation and the promotion of the implementation of decisions, which were among the weakest aspects of leadership based on the feedback received in the previous survey.

Development areas highlighted at the company level included setting clear goals and active leadership towards achieving the goals. The feedback indicated that strategic communication has developed favourably and become more participatory and active. The openness of communication was also singled out as an area requiring improvement.

Consistent leadership practices – online training for supervisors

To support the promotion and implementation of consistent leadership practices, we launched a six-part online training programme called “Being a supervisor at Berner” in connection with the implementation of our leadership principles. The online training material covers all of the key leadership processes and situations that supervisors come across in their work.

The purpose of the material is to collect information on our consistent leadership practices in a single programme, in order to ensure a consistent leadership experience for everyone at Berner. The online training also supports the practical implementation of our six principles of leadership. The principles of leadership are the starting point for the material. During the online training, the participants reflect on how the principles are evident in our day-to-day leadership practices.

We require all of our supervisors to complete the training in spring 2022. The training programme will also be incorporated into the orientation training for new supervisors. In 2021, we held two 15-minute HR sessions for supervisors on current topics. The briefings focused on mental health challenges from the perspective of disability management and diversity in recruitment. The 15-minute HR sessions for supervisors will continue in 2022.



Berner Group employment figures 31.1.2021

Number of employees

	31.12.2021	31.12.2020
Finland*	536	402
Sweden and Norway	70	57
Baltics	66	71
Finland**	113	45
Total	785	575

Number of employees and employment

	Finland*	Sweden and Norway	Baltics	Finland**
Permanent				
*Men	257	51	10	82
*Women	257	19	56	22
Temporary				
*Men	4	0	0	5
*Women	18	0	1	2
Non-guaranteed hours employees				
*Men	0	0	0	1
*Women	0	0	0	1
Full-time				
*Men	251	50	8	87
*Women	259	17	53	23
Part-time				
*Men	11	0	2	1
*Women	16	2	3	2

*Berner Ltd and 100% owned subsidiaries **Subsidiaries with ownership less than 100%

New employee hires: gender and age groups by region

	Men	Women
Finland*		
Under 30 years old	17	16
30–50 years old	22	23
Over 51 years old	8	6
Total	47	45

Sweden and Norway

Under 30 years old	0	0
30–50 years old	7	2
Over 51 years old	1	0
Total	8	2

Baltics

Under 30 years old	1	1
30–50 years old	2	9
Over 51 years old	1	4
Total	4	14

Finland**

Under 30 years old	5	1
30–50 years old	0	3
Over 51 years old	1	0
Total	6	4

Employee turnover: gender and age groups by region

	Men	Women
Finland*		
Under 30 years old	19	15
30–50 years old	30	29
Over 51 years old	21	16
Total	70	60

Sweden and Norway

Under 30 years old	0	1
30–50 years old	2	7
Over 51 years old	5	3
Total	7	11

Baltics

Under 30 years old	1	2
30–50 years old	2	8
Over 51 years old	1	4
Total	4	14

Finland**

Under 30 years old	6	0
30–50 years old	1	1
Over 51 years old	0	1
Total	7	2

Employee gender and age groups, all companies

Gender and age	Board of Directors (Bernier Ltd)	Executive Board (Bernier Ltd)	Clerical	Workers
Men	4 (80%)	8 (80%)	226 (28.8%)	187 (23.8%)
Women	1 (20%)	2 (20%)	284 (36.2%)	88 (11.2%)
Under 30 years old	0 (0%)	0 (0%)	43 (5.5%)	46 (5.9%)
30–50 years old	1 (20%)	7 (70%)	285 (36.3%)	155 (19.7%)
Over 51 years old	4 (80%)	3 (30%)	177 (22.6%)	79 (10%)

The ratio of the highest annual compensation to average compensation

	2021
Finland (Bernier Ltd)	12.6 (*5.4)
Sweden and Norway	12
Estonia	28.7
Lithuania	33.1
Finland (Bernier Chemicals Ltd)	3.3
Finland (Chemigate Ltd)	3.8
Finland (Suomen MediTuote Ltd)	2.7

The ratio shows how many times the annual compensation of the CEO of Bernier, including performance bonuses, is higher than the average annual salary (excluding the highest annual salary). In the case of Finnish subsidiaries, the annual compensation of the CEO of the subsidiary is used. In addition to salary, the total salary figure includes performance-based pay, incentive schemes, etc.

* Excluding performance pay and bonus

Average training hours / employees

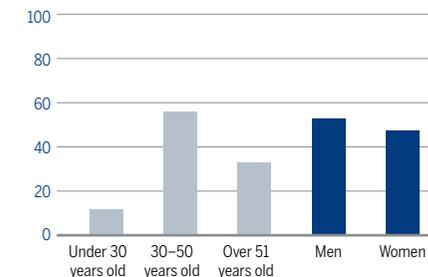
	2021	2020
Finland (Bernier Ltd)	5.7	9.75
Finland (Naviter Ltd)	12.75	
Sweden and Norway	20	40
Estonia (Ordior Eeesti)	28	25
Estonia (Bernier Eeesti)	0	0
Finland (Bernier Chemicals Ltd)	9	12
Finland (Chemigate Ltd)	2.4	
Finland (Suomen MediTuote Ltd)	12	

Training hours have not yet been followed systematically in Latvia and Lithuania.

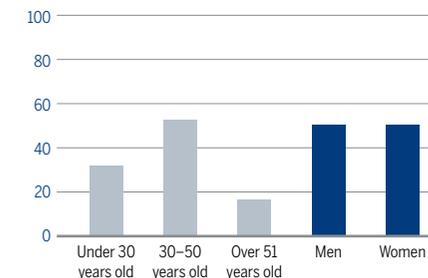
Share of employees covered by collective bargaining agreements

Finland	100%
Sweden and Norway	100%
Baltics	0%
Finland (Suomen MediTuote Ltd)	95.45%

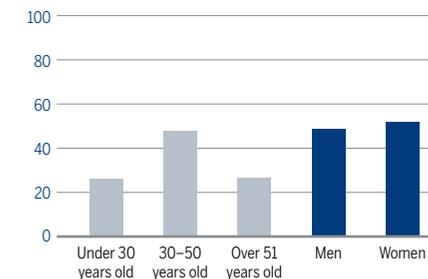
Gender and age division %, Bernier Group



New employee hires %, Bernier Group



Employee turnover %, Bernier Group



Number of injuries, short absence

	2021	2020	2019
Finland (Berner Ltd)	18	1	5
Finland (Haltija Group Ltd)	8		
Finland (Naviter Ltd)	0		
Sweden and Norway	0	0	0
Baltics	0	0	0
Finland (Berner Chemicals Ltd)	0	0	2
Finland (Chemigate Ltd)	0		
Finland (Suomen MediTuote Ltd)	1		

Lost-time incident rate (number / working hours x million working hours)

	2021
Finland (Berner Ltd)	11.48
Finland (Naviter Ltd)	0
Sweden and Norway	0
Lithuania and Latvia	0
Baltics	0
Finland (Berner Chemicals Ltd)	0
Finland (Chemigate Ltd)	0
Finland (Suomen MediTuote Ltd)	25.1

Sick-leave absence rate, %

	2021	2020	2019
Finland (Berner Ltd)	3.19	1.80	2.66
Sweden and Norway	0.19	0.77	0.60
Lithuania and Latvia	2.90	12.20	2.76
Estonia	0.14		
Finland (Berner Chemicals Ltd)	13.00	6.30	4.00
Finland (Chemigate Ltd)	1.28		
Finland (Suomen MediTuote Ltd)	1.80		

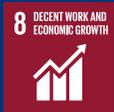
Target and performance evaluation discussions, % of personnel

	2021	2020
Finland (Berner Ltd)	90.8	83
Sweden and Norway	100	100
Lithuania and Latvia	100	70
Estonia	0	0
Finland (Berner Chemicals Ltd)	56	50
Finland (Chemigate Ltd)	100	
Finland (Suomen MediTuote Ltd)	100	

PRODUCT QUALITY AND SAFETY

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 most important UN Sustainable Development Goals that we promote



PRODUCT QUALITY AND SAFETY

Target 2020–2022	Results in 2021
Zero recalls of products manufactured by Berner.	No recalls of products manufactured by Berner.

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 the 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. As 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 7-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 Product and Supply Chain Director, the Quality and Environmental Manager, laboratory managers, product development managers and product development chemists.

16.2 million individual products were produced in Heinävesi

We expected our production volume to grow by approximately 7% from 2020 to 2021. The decreased demand for disinfection products took us by surprise, but demand also declined in certain hygiene product categories compared to 2020. Our total annual production volume was approximately 8.2% lower than in 2020, but still 9% above the corresponding figure for 2019. We produced approximately 16.2 individual products in 2021, compared to 17.7 million in 2020.

During the year, we faced challenges related to the availability of certain raw materials, and we estimate that unforeseen and sudden shortages had a negative impact of approximately 1–2% on production volumes. We expect even more significant availability challenges in 2022 due to the current crisis in Europe.

There were no recalls of products manufactured by Berner in 2021, and we did not receive any complaints from the authorities.

Evaluation of products and raw materials

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. We organised a company-wide workshop on sustainable product development to discuss greenwashing, the cornerstones of raw material sustainability and the most significant challenges involved. We ensure that we choose product and production alternatives that minimise the negative impacts on the environment and maximise the safety of processes and users.

We made several acquisitions in 2021 that further expand our product portfolio. In 2022, we will establish a quality control and product safety cooperation model in our new business functions.

SUSTAINABLE SUPPLY CHAIN

Our responsible procurement principles

Berner's commitment to maintaining and developing sustainable business practices extends throughout the supply chain. We have a duty and an obligation to ensure that our subcontracted products, the products we distribute on behalf of our principals, and the raw materials and packaging materials we purchase are manufactured in a socially and environmentally sustainable manner. Ensuring sustainability throughout the global supply chain concerns both our existing suppliers and potential new suppliers.

At the end of the year, we joined amfori BEPI, which seeks to develop and ensure the environmental responsibility of global supply chains. We are committed to the continuous development of our sustainable procurement and to increasing transparency.

Our key tools for ensuring and developing responsible procurement are as follows:

- Supplier Code of Conduct
- Supplier self-assessment form
- Third-party audits

Target 2020–2022	Results in 2021
The social responsibility of products manufactured in high-risk countries is ensured by third-party audits.	58% of suppliers in amfori BSCI risk countries have a social responsibility audit or certification. We have not yet received a response from all suppliers about the current situation.
We take social and environmental responsibility into account in the selection of new suppliers.	Our supplier sustainability self-assessment form was used in the new supplier selection process. New suppliers located in BSCI risk countries were required to present approved social sustainability audit results or certification.
100% of our suppliers have signed the Supplier Code of Conduct.	In 2021, 13% of all the suppliers supplying our Finnish companies had signed the Supplier Code of Conduct.
We continuously develop our risk management related to sustainable purchasing.	We joined amfori BEPI, which focuses on the assurance and development of environmental responsibility in global supply chains.

Supplier Code of Conduct as the foundation

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 labour and forced labour. We require our suppliers to commit to compliance with our Code of Conduct by signing it. Our target is to have 100% of our suppliers sign the Supplier Code of Conduct by the end of 2022. At the end of the year under review, 13% of the suppliers of Berner Ltd in Finland had signed the Supplier Code of Conduct. We will also implement a Code of Conduct in our group companies

Supplier risk assessment is based on the amfori BSCI list of risk countries

We are a member of amfori BSCI, which seeks to ensure and develop the social sustainability performance of global supply chains. In our supplier risk assessments, we use the annual amfori BSCI list of high-risk countries, which is based on the six Worldwide Governance indicators published by the World Bank. The indicators define the country-specific levels of governance-related risks, including topics such as anti-corruption, political stability and freedom of speech.

New suppliers located in high-risk countries were required to present approved social sustainability audit results or certification. In addition to amfori BSCI, we also accept other audits and certifications, such as Sedex and SA8000. In amfori BSCI audits, a third-party auditor conducts a supplier audit that covers 13 topics, including pay, working hours, non-discrimination, child labour, forced labour and environmental responsibility.

Assessment of suppliers in high-risk countries by means of a self-assessment form and audits

At the end of 2021, we had approximately 55 active suppliers in amfori BSCI risk countries i.e. countries with higher risks regard to human rights and workers' rights. The largest number of suppliers was in China.

We use a supplier self-assessment form to evaluate the current level of social and environmental responsibility among existing and potential new suppliers in risk countries and, based on the responses, we conduct amfori BSCI audits where necessary. The questions on the supplier self-assessment form are based on our Supplier Code of Conduct. Some of our suppliers in risk countries have not yet completed the self-assessment form.

Last year, we started conducting amfori BSCI audits, and we will continue to conduct audits of those suppliers that do not have an approved social responsibility audit or certificate.

Of our active risk country suppliers, 25 have an amfori bsci audit, 3 have an international ICTI Ethical Toy certification in the toy industry, 8 have Sedex and 1 has SA8000.

Last year, 15 of our suppliers had an amfori BSCI audit performed either by other amfori BSCI members or by us. One supplier received the best A-grade, 10 suppliers received a C-grade and 4 suppliers received a D-grade. Suppliers with a C, D or E rating need to be re-evaluated within the year for development issues that have come to light. For a large number of suppliers, developments and shortcomings were related to the social responsibility management system or compliance with working time regulations.

11,7 % of goods imported or contract manufactured by Consumer goods of MedLab business units, or own production

raw materials or packaging materials originated in BSCI risk countries. We continued our efforts to investigate and ensure the sustainability of the primary production of raw materials from high-risk countries used in our own production activities.

The active Chinese contract manufacturers for Nokian Footwear and Hai have been BSCI audited for a long time now. In the case of a few suppliers, re-audits have been postponed due to the exceptional circumstances created by the COVID-19 pandemic. The Chinese contract manufacturers of Ainu stuffed animals have the toy industry's international ICTI Ethical Toy Certification.

The MedLab business unit imports COVID-19 home test kits, face masks and disposable gloves from China, with all of the manufacturers having completed amfori BSCI audits.

Some of the raw materials and chemicals imported by Berner Industries are manufactured or produced in BSCI high-risk countries, such as Russia, which is also the country of origin for some of the fertiliser raw materials used by the Farmer's Berner subsidiary Belor Agro. After Russia attacked Ukraine in February 2022, we announced our intention to stop importing raw materials of Russian origin as soon as possible, while nevertheless giving due consideration to industries that are critical to Finland's security of supply and the need to ensure the functional capacity of Finnish industry during the crisis. Examples of such industries include the agriculture, food and animal feed industries, energy production and municipal wastewater treatment. We announced that we will look for alternative suppliers in countries other than Russia to replace raw materials previously purchased from Russia.

SUSTAINABLE PACKAGING

Sustainability is an important part of our packaging development efforts, and we want to introduce packaging that is as environmentally friendly as possible. We aim to use recyclable materials in our packaging, increase the use of recycled materials and materials that replace plastic, and reduce the amount of packaging materials used. We actively research, seek and test new types of packaging materials. Our packaging development efforts are guided by EU and national legislation, as well as our sustainability programme. The Packaging Development Manager is in charge of the development of packaging for our products manufactured in-house.

We participate in projects that promote the circular economy

We also develop the sustainability of packaging by actively participating in projects that promote the circular economy. We participate in the Plast2Recycle research project carried out by VTT Technical Research Centre of Finland and Metropolia University of Applied Sciences. The goal of the project is to develop an integrated piloting platform and innovation ecosystem for producing higher-quality recycled plastic. A further goal is to provide industry experts with the latest information on plastic recycling.

We also participate in the 4everPack research project

Target 2021–2025	Results in 2021
All of the plastic packaging in our own production will be recyclable by 2025.	90% mono-material (PE, PP or PET) at the end of 2021.
50% of the packaging materials (kg) used in in-house production are made from recycled plastic	At the end of 2021, packaging materials made from recycled plastic accounted for 3% of the total.
We will reduce the amount of plastic used in the packaging of our products manufactured in-house by 10% by 2025, compared to 2019.	Decrease plastic use by 6% (kg/pcs) compared to 2019
10% of the products we manufacture in-house will use packaging that reduces the use of fossil-based virgin plastic by 2025.	We have actively sought, tested and evaluated packaging solutions that are renewable and reduce or replace the use of virgin plastic. We have also created a plan for implementing packaging solutions that are renewable and reduce or replace the use of virgin plastic. However, we have yet to find new materials – besides recycled plastic – that would offer optimal functionality in product packaging.

funded by Business Finland and started by VTT Technical Research Centre of Finland and the University of Vaasa. The project studies the reuse of consumer packaging from the perspective of reducing the environmental impacts of packaging. The 4everPack project evaluates various ways of implementing the reuse of packaging. The project also produces objective scientific data on the potential advantages and disadvantages of reuse. The project develops solutions for reusing packaging in cooperation with companies. Solutions are sought in the areas of packaging materials, the monitoring of packaging, digital tools and the development of logistics models.

90% of packaging can be recycled

Our goal for 2025 is that all of the packaging materials used in our products manufactured in-house are recyclable. All of the cardboard, metal and glass packaging of our products manufactured in Heinävesi is already recyclable. Of the plastic packaging used in 2021, 90% was made of mono-materials (PE, PP or PET) and therefore recyclable. Some 10% of our plastic packaging consists of multiple plastics or materials, however, which means that it cannot be recycled in mechanical plastic recycling. Tubes, pumps and bags are examples of such packaging that can, nevertheless, be recovered as energy. All of our plastic packaging can be sorted as plastic waste.

We have created a brand-specific plan for achieving our recycling target. In 2021, we began replacing labels with materials that match the bottle for those PE bottles and canisters that still had labels made from a different material. We also started a project to improve the recyclability of PET bottles by reducing the size of their labels. We also tested

monomaterial bags and tubes and scheduled the replacement of tube caps with removable ones. We have continued to add recycling instructions to our packaging to make it easier for consumers to sort the packaging.

Growing use of recycled plastic in packaging

Our goal is also to increase the amount of recycled plastic in our packaging so that 50% of the packaging material mass (kg) used in our in-house production will be recycled plastic at the end of 2025. At the end of 2021, packaging made from recycled material accounted for 3% of the total. In connection with the launch of Eco by Herbina Rose Floral Water shampoo and conditioner, we replaced the other Herbina 250ml shampoo bottles with 100% recycled plastic bottles. The bottles used for our LV Oat products and the new products in the Heti Koti range are made from 100% recycled PET plastic. We have confirmed the suitability of recycled PET plastic for KORREK products and will start using 100% recycled PET plastic bottles for KORREK products in 2022.

Consumption of virgin plastic reduced by 3,000 kg by making packaging lighter

We aim to further optimise the amount of packaging material in existing packaging and reduce the amount of material in new packaging. We reduced the weight of packaging for several products in 2021. For XZ Natura, we started using domestically produced bottles and reduced their weight by 30%. We replaced five-litre canisters with new ones that are 9% lighter and switched the packaging for Herbina's deep moisturising conditioner from a bottle to a tube, reducing the weight of the packaging by 27%.

These changes enabled us to reduce our consumption of virgin plastic by approximately 3,000 kg per year.

In autumn 2021, we launched products in the LV Oat range in a completely new type of lightweight bag that requires approximately 50% less plastic than the corresponding tube packaging. We also increased our range of refill packs by launching 1.2-litre refill packs for LV dishwashing liquid and LV biodegradable liquid soap alongside the bottled products.

In 2021, we also optimised the amount of material used in corrugated cardboard point-of-sale boxes. For several boxes, we were able to reduce the amount of material used by approximately 20%, and the optimisation of materials used in point-of-sale materials and boxes will continue through spring 2022.

GreenCare packaging reduced virgin plastic consumption by 50,000 kg in 2019–2021

GreenCare started using recycled plastic in packaging in 2019. Over the past three years, increasing the amount of recycled plastic and optimising the amount of packaging material has reduced the consumption of virgin plastic by an impressive 50,000 kg. Finnish recycled plastic for gardening products comes from the Fortum plastic sorting plant in Riihimäki. 90% of GreenCare products are produced by the contract manufacturer Tikalan in Saarijärvi.

SUSTAINABLE RAW MATERIALS

Raw material roadmap guides raw material choices

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 or manufactured from side streams. We seek to introduce new biodegradable raw materials in our production and to replace existing raw materials with biodegradable alternatives. In 2021, we started using four biodegradable raw materials, which replaced non-biodegradable ones. We apply specific restrictions to UV protectants, preservatives and fragrances, taking into consideration health and environmental impacts, among other things.

We aim to prioritise raw materials manufactured in Finland, the Nordic region and Europe. We list the domestic raw materials of our products on the websites of our brands.

We have created a raw material roadmap that guides our choices of raw materials. The roadmap outlines our targets until 2025. The roadmap contains the selection criteria for raw materials. In addition, we monitor any reclassification of raw materials and act according to them. The raw material roadmap also guides us in respect of the sustainability of raw materials. We will more carefully determine the countries of manufacture of raw materials and the countries of origin of their components. We will seek raw materials produced in a

Target 2020–2022	Results in 2021
We will transition to using 100% certified Mass Balance RSPO palm oil products, or corresponding products, in our own production activities.	The share of Mass Balance RSPO palm oil was 84% (2020: 81%). We replaced 10 raw materials with MB quality materials.
We will increase the proportion of renewable raw materials to 30% in our Nordic Swan Ecolabel certified products manufactured in-house.	The proportion of renewable raw materials in our Nordic Swan Ecolabel certified products was 36% at the end of 2021.
We emphasise biodegradability in new raw materials used in our in-house manufacturing, and we will increase the number of biodegradable raw materials each year.	We started using four new biodegradable raw materials, which replaced existing non-biodegradable ones.
We aim to increase the number of in-house manufactured environmentally certified products by six.	We launched three new Nordic Swan Ecolabel certified products. A total of 35 Nordic Swan Ecolabel certified, in-house manufactured products in 2021.
We aim to reduce the use of peat by approximately 10% per year, with the aim of fully replacing peat in GreenCare substrates at the beginning of the 2030s.	In autumn 2021, we launched clay pebbles, a peat-free product, and compost soil, which contains 50% less peat.
Recycled side streams amount to approximately 220,000 metric tons.	Recycled side streams amounted to 67,000 metric tons.

more environmentally friendly manner, such as raw materials that have a lower carbon footprint and are made from more sustainable renewable materials.

Our environmental certification requirements guide the raw material choices for our environmentally certified products. In 2021, we had 35 in-house manufactured products on sale that are Nordic Swan Ecolabel certified.

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

84% of palm oil was Mass Balance RSPO-certified

Palm oil is used in the manufacturing of certain raw materials. 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 RSPO Mass Balance palm oil products or corresponding products. Mass Balance means that some of the palm oil used for the production of the raw material is not certified. Unfortunately, the majority of these raw materials are not yet available in Identity Preserved form, which means that 100% traceable and certified palm oil is used for the production of the raw material.

In 2020, the share of Mass Balance RSPO palm oil was 84% (2020: 81%). We replaced 10 raw materials with MB quality materials, the most significant of which were lauric and stearic acid. The change was made in the autumn, which means it will be

fully reflected in the figures for 2022, provided that we are able to continue to source MB quality materials in the challenging market situation.

Increasing the circular economy

The circular economy is of growing importance in Berner's operations. In 2020, recycled side streams totaled more than

67,000 metric tons. Berner's circular economy target for 2023 is 220,000 metric tons. By-products are generated in the feed and mining industries, for example, and are used in fertilizers and animal feed, among other things.

CASE

GREENCARE REPLACES PEAT IN SUBSTRATES

Peat is the world's most widely used material in substrates. It is the basic raw material for approximately 80% of substrates in Finland and Europe. Peat has excellent properties as substrate. However, peat regenerates very slowly, and its significance as a carbon sequestering ecosystem is invaluable. For ecological reasons, the aim is to reduce the use of peat, and alternatives to it have been sought globally for a long time now. However, very few feasible alternatives have been available.

GreenCare is committed to sustainable development and participates in the search for solutions for the after-use of peatlands and their environmentally sound use. A peat hackathon helped GreenCare identify new raw materials and methods that are now being developed for use in substrates.

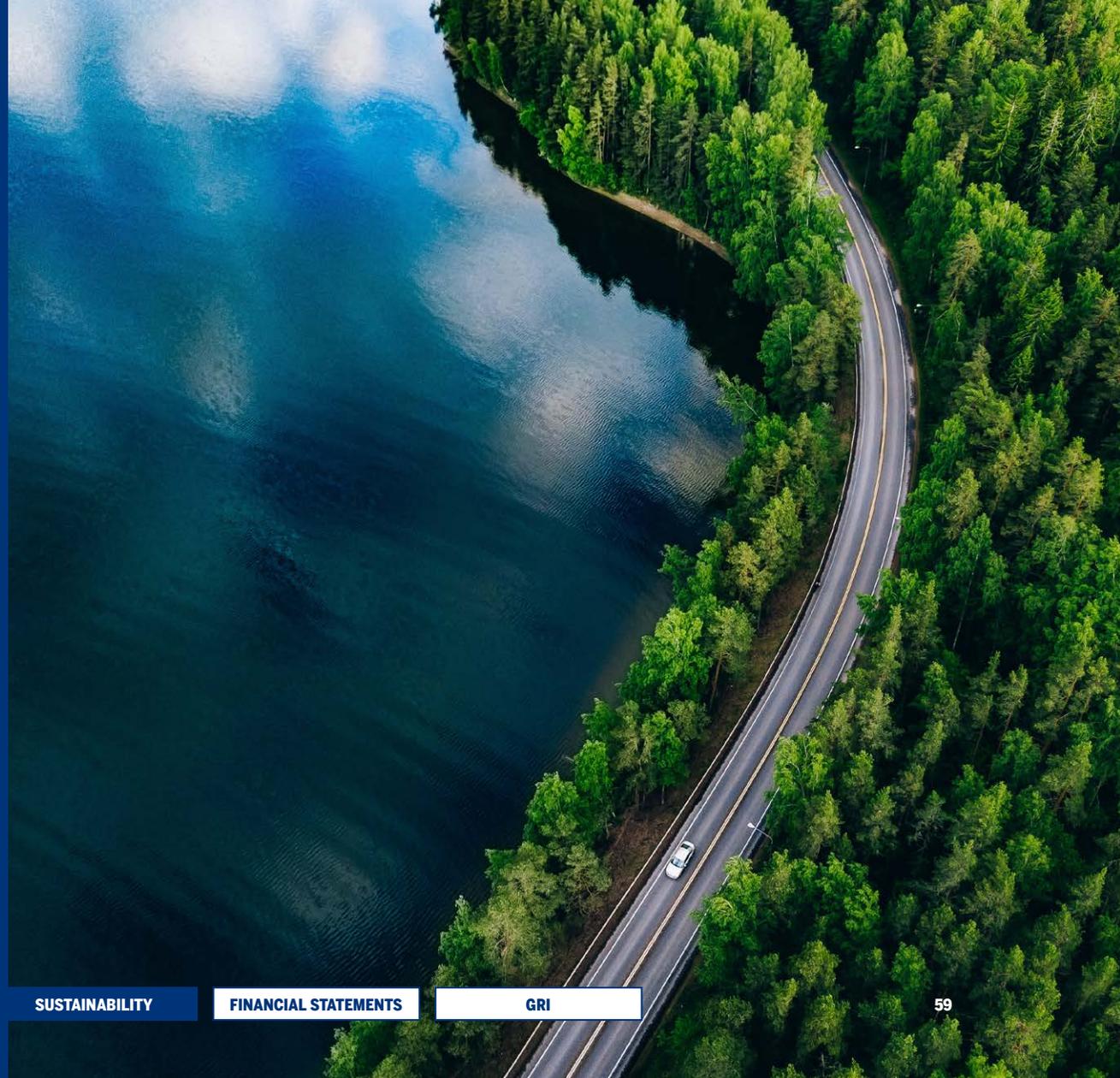
Peat will be replaced gradually as progress is made with product development. The first new products based on the peat hackathon, which have lower concentrations of peat, will be launched in spring 2022. Launched in autumn 2021, Maatilan Aito compost soil was inspired by the peat hackathon. The product comes from Welfare Quality (WQ) certified Finnish dairy farms and has 50% less peat.

GreenCare aims to discontinue the use of peat in gardening products at the beginning of the 2030s. Side streams have been assessed for several years now. If faster progress is made with product development, we may be able to discontinue the use of peat in substrates at an earlier time.

WE REDUCE OUR CLIMATE AND ENVIRONMENTAL IMPACTS

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

The most important UN Sustainable Development Goals that we promote



ENERGY EFFICIENCY AND EMISSIONS

Energy efficiency and emissions

Target 2020–2022	Results in 2021
The Heinävesi plants run completely on renewable energy.	The share of renewable energy in the total energy consumption of the Heinävesi plants is 100% at the H1 plant, which produces cosmetics and hygiene products, and 99.9% at the H2 plant, which produces ethanol-based products, as well as at the H3 vinegar production plant.
We will begin using biofuels in our transport operations between the Heinävesi plants and our logistics centre in Vantaa’s Viinikkala district.	We switched to renewable fuel in our domestic transport operations between the Heinävesi plants and our logistics centre in Vantaa. The calculated greenhouse gas emissions will be reduced by an estimated 170 tonnes per year, corresponding to a reduction of approximately 90% of the total emissions on the route in question. We began an assessment of the logistics of our contract-manufactured products in 2021.
We will reduce our direct and indirect greenhouse gas emissions.	Late in the year, we made a commitment to the Science Based Targets climate initiative, which involves preparing a scheduled roadmap and actions for reducing emissions in accordance with the 1.5°C target stipulated by the Paris Agreement by the end of 2023.
We will increase our energy efficiency. We will join the Motiva energy efficiency agreement in 2020.	We joined the energy efficiency agreement in 2020, and we have improved our reporting on our energy consumption. We continued to upgrade the lighting of our business premises in 2021.

Our efforts to improve energy efficiency and reduce emissions are primarily guided by our environmental policy. Our operations are certified under the ISO 14001 environmental management standard. The individuals in charge of managing energy efficiency are the Head of Supply Chain, the Plant Manager for the Heinävesi plants, the Head of Logistics, and the Quality and Environmental Manager.

Finnish wind power and reduced electricity consumption

The year 2021 was our third full year of using green electricity generated by wind power in our Finnish operations (the Heinävesi plants, our logistics centre in Vantaa’s Viinikkala district and our company headquarters in Helsinki). Our transition to wind power at the end of 2018 reduces our annual CO2 emissions by approximately 200 tonnes (CO2 equivalent). In 2021, we switched from EU wind power to Finnish wind power. Our electricity consumption has decreased: our production volumes last year were on a par with 2019, but electricity consumption was lower.

The consumption of district heating is high, especially in Heinävesi, due to the cold weather conditions. The district heating at our Heinävesi plants is generated by wood chips. At Viinikkala and Helsinki, we use regular district heating. We operate on leased business premises, which means that switching to renewable district heating is only possible if the property company signs an agreement on renewable district heating.

Up to 100% of our production in Heinävesi is powered by renewable energy

In recent years, we have been able to substantially increase the share of renewable energy sources at our Heinävesi plants. For several years now, the energy consumption of the H2 plant producing ethanol-based products and of the attached H3 vinegar production plant has been derived almost entirely – 99.9% – from renewable sources. The fuel oil used for auxiliary power is still non-renewable.

We have found effective solutions for increasing the share of renewable energy used by the H1 plant, which produces cosmetics and hygiene products, to 100%. We decided to change our heating method in 2021 and achieved the target of 100% renewable energy in the latter part of the year. Renewable energy accounted for 74.7% of the energy consumption in Heinävesi, Viinikkala and Helsinki in 2021. Our goal is to further increase that percentage during the monitoring period.

We use renewable fuels to transport our products from Heinävesi

In 2021, we switched to renewable fuel in transporting products manufactured in our in-house production operations between the Heinävesi plants and our logistics centre in Vantaa's Viinikkala district. The calculated greenhouse gas emissions are reduced by an estimated 170 tonnes per year, corresponding to a reduction of approximately 90% of the total emissions on the route in question. This estimate is based on a Well-to-Wheels (WtW) calculation that takes into account the full life-cycle greenhouse gas emissions of fuel. We have also used renewable fuel for

our minor transport operations in the capital region since the beginning of October 2021. We held negotiations concerning the transport of contract-manufactured products to assess various options for using biofuels in our product transport operations.

We are further developing our Scope 3 reporting

We have improved and will further improve our reporting on our indirect Scope 3 emissions. Late in the year, we made a commitment to the Science Based Targets climate initiative, which involves preparing a scheduled roadmap and actions for reducing emissions in accordance with the 1.5°C target stipulated by the Paris Agreement by the end of 2023. Berner's SBTi commitment applies to Berner's wholly-owned subsidiaries in Finland, Sweden, Norway and the Baltics. This also includes the new subsidiaries acquired in 2021: Belor Agro Ltd, Naviter Ltd, Haltija Ltd, and Dolema AB in Sweden. The environmental indicators of our new subsidiaries will be reported in next year's report. A large part of our total emissions consist of Scope 3 emissions from the value chain, such as raw materials and logistics.

Berner Ltd has 96 leased cars in Finland. Of these, 47% run on diesel, 44% run on gasoline, and 9% are hybrid cars. We report on the development of the car fleet and the consumption of renewable and non-renewable fuel.



Energy consumption (MWh), Berner Ltd

	2021	2020	2019	2018
Electricity	2,367.2	2,660.4	2,502.3	2,286.9
District heating	5,643.3	5,584.4	5,660.6	5,493.2
Fuel oil	175.0	166.0	189.0	109.0
Total MWh	8,186.5	8,420.8	8,162.9	7,780.1

Energy consumption MWh (% of renewables), Berner Chemicals Ltd group company

	2021	2020
Electricity	1,079 (11%)	934 (11%)
District heating	3,068 (100%)	2,860 (100%)
Total MWh	4,148 (76.8%)	3,793 (78.1%)

Energy consumption MWh (% of renewables), Chemigate Ltd group company

	2021	2020
Electricity	1,079 (88%)	934 (0%)
District heating	3,068 (0%)	2860 (0%)
Total MWh	39,996 (32.1%)	39,252 (0%)

Energy consumption MWh (% of renewables), Belor Agro Ltd

	2021
Electricity	229 (28.1%)

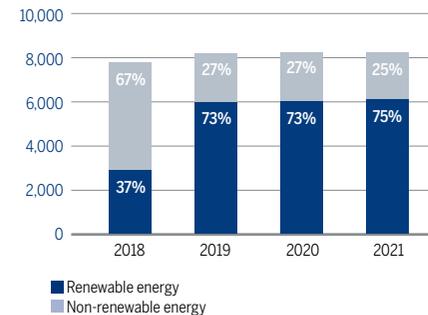
Electricity consumption (MWh), wholly-owned subsidiaries outside Finland

	2021	2020	2019	2018
Sweden (Bröderna Berner)	547.3	541.8	526.6	518.5
Baltics	216.8	177.4		

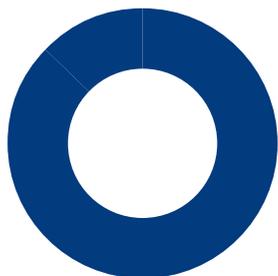
Renewable and non-renewable energy (MWh) Berner Ltd, operations in Finland

	2021	2020	2019	2018
Renewable energy	6,115.5 (74.7%)	6,020.4 (73%)	5,936 (72.7%)	2,892.2 (37.2%)
Non-renewable energy	2,071 (25.3%)	2,224.3 (27%)	2,226.8 (27.3%)	4,887.9 (62.8%)

Renewable and non-renewable energy (MWh) Berner Ltd, operations in Finland

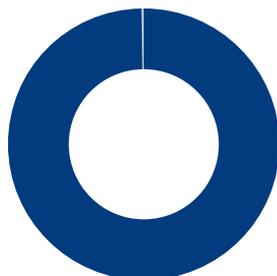


Shares of renewable and non-renewable energy at the Heinävesi plants, H1 plant



■ Renewable energy 100%
■ Non-renewable energy 0%

Shares of renewable and non-renewable energy at the Heinävesi plants, H2 and H3 plants



■ Renewable energy 99.9%
■ Non-renewable energy 0.1%*

*Trial use of auxiliary power

Direct and indirect greenhouse gas emissions (Scope 1 and 2, metric tons of CO₂ eq.), Berner Ltd, operations in Finland

	2021	2020	2019	2018
Scope 1	71.6*	69.4*	34.0	35.6
Scope 2	540.1	395.4	376.7	745.3
CO ₂ savings	210 **	629.9	661.3	333.2

*¹⁾ VOC, NO_x included, multipliers in accordance with GWP100 IPCC AR5.

**²⁾ The drop in emissions is largely due to wind power; Motiva has adopted the energy method for the calculation of the specific emission value.

Scope 1 emissions arise from in-house energy production at the H1 plant and fugitive VOC emissions. Scope 2 emissions arise from purchased electricity and district heating. The purchased electricity in all the company's operations in Finland was 100% renewable wind power with zero CO₂ emissions. The district heating at the Heinävesi plants is generated by wood chips with zero CO₂ emissions. Scope 2 emissions have increased for three reasons: the district heating emission factor has risen, especially for the head office, the calculation method for district heating emissions has been clarified, and district heating consumption has been higher than in the previous year due to cold weather.

Direct and indirect greenhouse gas emissions (Scope 1 and 2, metric tons of CO₂ eq.), Berner Chemicals Ltd

	2021	2020
Scope 1	0	0
Scope 2	128	222

Direct and indirect greenhouse gas emissions (Scope 1 and 2, metric tons of CO₂ eq.), Chemigate Ltd

	2021	2020
Scope 1	5,753	5,753
Scope 2	562	2,623

The emissions and energy consumption of leased cars, MWh (Scope 3), Finland*

	2021	2020
tCO ₂ e	396.66	478.04
Renewable energy*	21.5%	22.4%
Non-renewable energy*	78.5%	77.6%

Vehicle fleet, Berner Ltd, operations in Finland

Fuel type	2021	2020
Diesel	47%	49%
Petrol	44%	47%
Hybrid	9%	3%

The shares of cargo related to our in-house production at Heinävesi (Scope 3)

	2021	2020
Renewable energy	100%	12%
Non-renewable energy	0%	88%

According to Statistics Finland's fuel classification.

MATERIAL EFFICIENCY

Target 2020–2022	Results in 2021
<p>We will reduce the material waste resulting from our own production by improving our material efficiency and by reviewing our processes.</p>	<p>We conducted a material audit in accordance with the Motiva model at the H1 plant in Heinävesi, which manufactures hygiene and cosmetics products. An audit was conducted in 2020 at the H2 plant, which manufactures ethanol-based products.</p>
<p>We will enhance the use of washing water by adopting new washing practices and reducing the volume of wastewater, as well as the amount of waste sent to the hazardous waste treatment plant.</p>	<p>Late in the year, we invested in a washing system with the aim of reducing the volume of washing water at the H1 plant, which produces cosmetics and hygiene products. The unit production volume of the H1 plant has increased and the volume of washing water has decreased.</p>
<p>We will explore opportunities to reuse ethanol-based products.</p>	<p>We recycled 8,000 kg of waste ethanol for use as raw material for technical products in 2021.</p>

Our material efficiency is guided by our environmental policy. Our goal is to continuously improve our material efficiency. We aim to avoid material waste by evaluating our material balances more effectively than before. This is facilitated by material audits conducted at the H1 and H2 plants in accordance with the Motiva model. The projects have been completed for the most part at the H2 plant, and the development measures at the H1 plant will begin in 2022. The Head of Supply Chain and the Quality and Environmental Manager are responsible for the management of material efficiency.

We produced some 16.2 million products in Heinävesi last year, which is a decrease of approximately 10% compared to 2020. The production volume of our hand disinfectants declined substantially in 2021, which is also reflected in several other indicators of material efficiency. Numerous problems with the availability of materials have had an adverse impact on production, and efficient production planning in particular. We have had to reduce batch sizes and increase the washing of equipment due to the imbalances caused by the pandemic. These imbalances will be extended and exacerbated in 2022 due to the crisis in Ukraine.

A defensive victory in wastewater volumes

Water and wastewater are our main indicators of material efficiency. Most of our water intake is used for production. With

the H2 plant producing a smaller quantity of alcohol-containing disinfectants and a larger quantity of cleaning agents that consist mostly of water, water consumption relative to production volume increased. Water is also used for washing production lines, containers and pipe systems and, in small amounts, for cooling. The amount of wastewater released into the sewer network relative to production volume has decreased in spite of the fact that the number of product changes was higher than planned due to problems associated with the availability of raw materials.

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 both the company and the municipality. Our production facilities in Heinävesi are not located in a groundwater area.

The recycling of waste ethanol for use in products was successful

In connection with product changes, the production line needs to be washed and subsequently disinfected with an ethanol solution. Our goal was to determine whether this ethanol used for sanitisation purposes could be used in selected technical products. We found a suitable recycling solution and, in 2021, we used 8,291 kg of ethanol solution as raw material for products instead of it going to waste, as it previously did.

We did not, however, realise our plans concerning washing at the H2 plant. The reduced production of hand disinfectant led to more changes on the production lines, and we also produced larger quantities of water-based cleaning agents, for which the washing water needs to be sent to a hazardous waste treatment plant. Consequently, the amount of hazardous waste increased significantly, by as much as 34%. We are planning to deploy a CIP washing system in 2022, and the amount of hazardous waste generated should decrease as a result. The amount of other waste is declining. We improved our plastic sorting at the plant during the year under review. We now collect different types of plastic separately to increase the reuse of materials.

Possibilities for significant waste reductions in the development areas identified in the material audit

A material audit based on Motiva's model was conducted at the H2 plant in 2020, with 15 development areas identified in the audit. It was estimated that savings of 34,000 kg of raw material would be achieved as a result of these measures. Accordingly, we would produce 26,200 kg less waste annually. Some of the development measures have already been completed, while some are still under way. A material audit was conducted at the H1 plant in late 2021. The audit identified a number of minor improvements that have a cost saving potential of approximately EUR 74,000 and that also improve the flow-through of materials at the plant. In addition, a raw-material saving potential of approximately 43,000 kg was identified in the audit.

Water consumption and wastewater (m³), Heinävesi production plants

Water consumption	2021	2020	2019	2018
H1 plant	11,668	12,369	11,221	7,979
H2 and H3 plants	7,619	6,504	7,869	7,143
Total	19,287	18,873	19,090	15,122
Waste water				
H1 plant	3,278	4,043	1,354	1,158
H2 and H3 plants	1,902	2,108	2,205	1,889
Total	5,180	6,151	3,559	3,047

Water consumption relative to production volume, Heinävesi plants

	2021	2020	2019	2018
H1 plant	4.03	4.18	3.75	2.9
H2 and H3 plants	1.02	0.85	0.93	1.01

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 anomalous effluent emissions in 2021.

Wastewater volume relative to production volume, Heinävesi plants

	2021	2020	2019	2018
H1 plant	1.13	1.37	0.45	0.45
H2 and H3 plants	0.26	0.27	0.26	0.27

Waste, metric tons, Berner Ltd, operations in Finland

	2021	2020	2019
Amount of normal waste, t	108.7	142.6	89.1
Amount of hazardous waste, t	516	385.3*	418.7
Total amount of waste, t	624.7	510.19	507.7
Waste recovery rate (%)			
Material recovery	10.7	14.2	9.4
Energy recovery	88.2	83.0	88.0
Reuse	1.1	2.8	2.6

*Shipments were missing from the waste report for 2020; the figures have been restated

Raw materials, kg, Heinävesi plants

Renewable virgin	2021**	2020*	2019	2018
H1 plant	521,425	694,154	148,093	95,950
H2 and H3 plants	1,676,541	1,806,079	604,742	578,011
Total	2,197,966	2,500,233	752,835	673,961
Non-renewable virgin				
H1 plant	869,642	567,687	750,752	69,708
H2 and H3 plants	1,550,241	1,477,029	2,968,742	2,112,380
Total	2,419,883	2,044,716	3,719,494	2,182,088
Own side streams	8,192			
External recycled	20,102			

Percentage share of renewable raw materials, Heinävesi plants

	2021	2020*	2019	2018
Renewable	47.3	55.0	16.8	23.6
Non-renewable	52.1	45.0	83.2	76.4
Own side streams	0.2			
External recycled	0.4			

* We changed our reporting in 2020. A change in our ERP system allowed us to report the renewable and non-renewable raw materials at the component level. As a result, the 2020 figures are not comparable with those for 2019 and 2018.

The decrease in the amount of renewable raw material is due to the challenges associated with the availability of ethanol during the COVID-19 pandemic. It has been necessary to replace the grain-based ethanol that is normally used in products with synthetic alcohol in technical products.

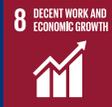
Material efficiency figures, Berner Chemicals Ltd and Chemigate Ltd

	Berner Chemicals Ltd (one plant)	Chemigate Ltd (three plants)
Water consumption, m³	21	121
Waste, total amount, t	15.5	610.8
Non-hazardous waste	15.5	569.2
Hazardous waste	0	41.6
Waste recovery, t		
Material recovery	0	0
Energy recovery	15.1	350.4 (biogas plant)
Reuse	0.4	0
Raw materials, t		
Renewable		120,247 (88.4%)
Non-renewable	2,604 (41.3%)	15,814 (11.6%)
Non-renewable, another company's side stream	3,700 (58.7%)	
Packaging materials, t/unit		
Renewable, t	26	
Number of units, including pallets, sacks, cardboard, etc.		49,740

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 most important UN Sustainable Development Goals that we promote



WE CREATE VALUE FOR OUR STAKEHOLDERS

Target 2020 - 2022

Our goal is to uphold a steady and sustainable increase in our turnover and profit.

Results in 2021

The Group's operating profit increased in 2021 31.7% to EUR 23.2 million. Our net sales increased by 28.8% to EUR 417.7 million.

Solvency and profitable growth

As a Finnish family company, Berner strives for stable and long-term operations as well as sustainable growth through organic and strategic acquisitions. Strong solvency and profitable growth enable long-term commitment to staff well-being and social welfare through taxes, among other things.

Last year, our operating profit increased by 31.7 percent to EUR 23.2 million, while our net sales also increased to EUR 417.7 million (28.8 percent). A stronger growth in net sales and operating profit compared to previous years was driven by a number of strategic acquisitions in addition to organic growth. We succeeded in acquisitions exceptionally extensively in 2021.



The acquisitions were mainly financed with a long-term bank loan. As a result of acquisitions and new long-term loans, the Group's equity ratio decreased to 47.4 percent. The company's solvency and liquidity will remain at a strong level.

Local tax footprint

Berner's operations generate economic well-being for several stakeholders. It is a matter of honour 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	261,451	421,290
Suppliers: Materials and services	172,165	297,110
Other partners: Other operating expenses and investments	102,095	100,685
Staff: Salaries and fees	23,057	34,558
Shareholders and financiers: Dividends and financial costs	7,413	7,377
Society: Income taxes, value added taxes, other taxes, pensions and social security costs	44,277	70,724

Berner Group now has domestic production operations in seven municipalities

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 municipalities. At the end of 2021, products of Berner Group companies were manufactured in seven Finnish municipalities: Heinävesi, Helsinki, Kouvola, Kokemäki, Lapua, Kaipiainen and Mietoinen.

Berner Ltd's production facilities in Heinävesi in eastern Finland manufacture cosmetics and hygiene products, car care 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. Berner has been operating in Heinävesi since 2001, following the acquisition of the H1 plant and the transfer of water-based hygiene products from our Herttoniemi, Helsinki plant to Heinävesi. In 2014, we opened two new plants in Heinävesi: H2 producing ethanol-based products and the H3 vinegar plant. With 60 employees at the Heinävesi plant, we are the municipality's biggest private employer. Last year, the factories produced 16.2 million individual products in total. Product development for the products manufactured in Heinävesi takes place at our headquarters in Helsinki's Herttoniemi district.

Naviter Ltd, which was acquired by Berner in December 2021, develops and manufactures innovative skin and hair care products in Herttoniemi with a team of 30 people. The fertiliser company Belor Agro Ltd operates in Kotka, where it has a highly functional production and logistics centre with 15 employees. The Belor Agro acquisition was announced in May 2021.

Our subsidiary Berner Chemicals Ltd, which started its operations in Kokemäki in 2018, manufactures magnesium

products and employs 17 people. Chemigate Ltd manufactures and sells modified starch-based binders and adhesives for technical use. With factories in Lapua, Kaipiainen and Mietoinen, the company employs 72 employees. We announced the acquisition of a majority stake in Chemigate in June 2021.

HelsinkiMissio, UNICEF and BSAG

In 2020, we announced a new cooperation project with HelsinkiMissio to support the well-being of young people. Berner participates in the three-year project with Veikko Laine Ltd, the Päivikki and Sakari Sohlberg Foundation and the Eva Ahlström Foundation. The objective of the cooperation is to find a solution to provide young people with easy access to counselling at an early stage.

In 2021, HelsinkiMissio worked hard to help young people, and the number of encounters in youth services increased by 28% from the previous year. New social media channels have been opened to make it easier to contact counsellors, and a chat service provides young people with quick and anonymous access to professional assistance. Cooperation between HelsinkiMissio and the City of Helsinki has also been developed to make it possible to refer young people from the city's services, such as youth stations and school healthcare services, to HelsinkiMissio. The feedback received from the target audience indicates that the work done by HelsinkiMissio is very valuable. The development of the activities will continue in 2022. Loneliness is a problem that is best tackled together!

Progress was made in our cooperation with the BF&HAPPY families (Berner, Fazer, Hartwall, Ahlström and Paulig) and the three-year UNICEF project in Rwanda funded by the group in spite of the second year of the COVID-19 pandemic. The project

aims to reduce infant mortality by improving the quality and availability of healthcare for mothers and newborns.

The competence of nursing staff is one of the key factors in maternal and infant mortality. Through the project, we help provide high-quality training for nursing staff related to infant healthcare in 10 provinces. During the reporting period February 2020–April 2021, support from the BF&HAPPY group helped improve the healthcare personnel’s ability to prevent, diagnose and treat complications in newborns, as well as childbirth-related complications in mothers. The participating units also adopted monthly hospital-specific development plans. A further goal of the project is to ensure that healthcare units and hospitals have sufficient availability of equipment essential for infant survival. During the reporting period, the group’s support has enabled healthcare units to acquire essential equipment for treating newborn children, such as bag valve masks. In addition, the group joined forces with local operators to acquire incubators for premature infants in 10 hospitals. The UNICEF project funded by the BF&HAPPY families will continue until the end of 2022.

Berner has signed a commitment with the Baltic Sea Action Group regarding cooperation focused on the development of gardening products that sequester carbon. In addition, a proportion of the sales of GreenCare Ympäristön Ystävä fertiliser is donated to support the protection of the Baltic Sea. Our Farmer’s Berner business unit participates in the Carbon Action project, which seeks to develop carbon-neutral farming through soil improvement.

On several occasions, we have also donated the money reserved for Christmas cards and gifts to support BSAG.

©UNICEF/Kanobana





Financial Statements

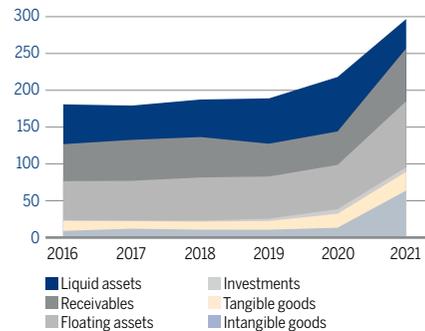
FINANCIAL STATEMENTS

The year 2021 turned out to be an exceptional year of restructuring for Berner Ltd.

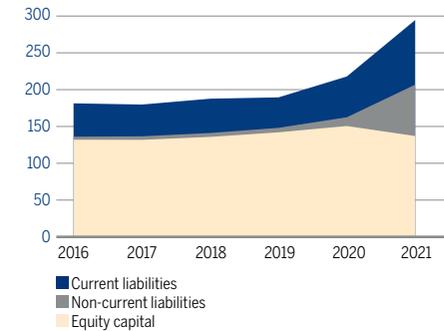
We sold our Machines business unit and strengthened all of our other business units during 2021 through several acquisitions. At the same time, we managed to increase both sales and earnings organically. Our operating profit increased by 31.7 percent to EUR 23.2 million, while our net sales increased to EUR 417.7 million (28.8%).

As a Finnish family company, Berner strives for stable and long-term operations and sustainable growth. The acquisitions in 2021 were largely carried out with a long-term bank loan, which affects the Group's equity ratio. The Group's solvency and liquidity will continue to be strong in 2021, with an equity ratio of 47.4 percent. The return on investment was 11.3 percent (12.4 percent in 2020).

Structure of holdings, meur

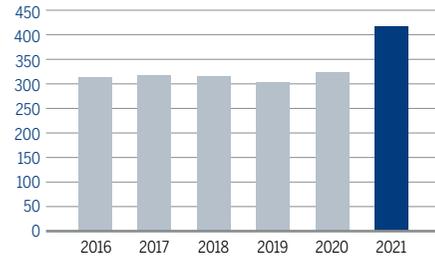


Structure of capital, meur

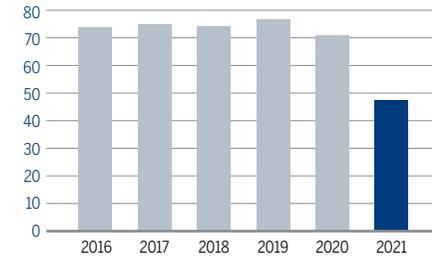


Key Indicators

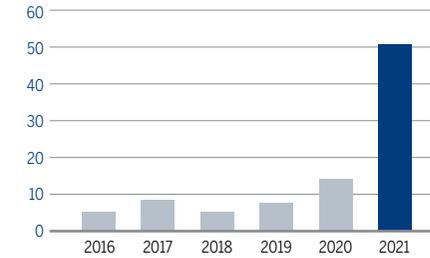
Turnover, meur



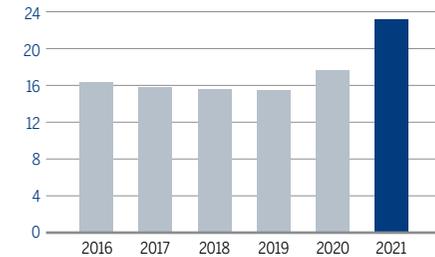
Equity ratio, %



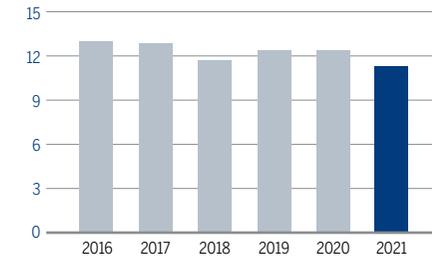
Investments, meur



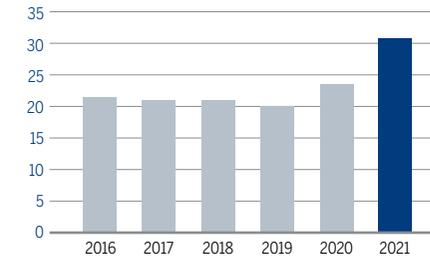
Operating profit, meur



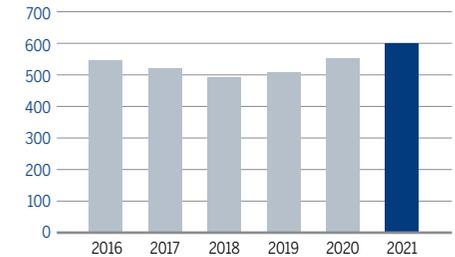
Return on invested capital, %



EBITDA, meur



Personnel (on average)



Income statement

	GROUP		PARENT COMPANY	
	1.1. - 31.12.2021	1.1. - 31.12.2020	1.1. - 31.12.2021	1.1. - 31.12.2020
Turnover	417,694,534.49	324,310,085.05	244,018,565.77	224,016,821.30
Variation in stocks of finished and semifinished goods	851,492.78	1,055,217.82	1,354,353.32	1,055,217.82
Other operating income	2,737,142.14	1,518,628.58	2,815,946.18	756,776.46
Materials and services				
Raw materials and consumables				
Purchases during the financial year	-310,983,520.97	-229,996,938.05	-176,837,157.89	-154,408,970.63
Variation in stocks	15,716,717.69	1,264,001.61	4,403,416.49	928,469.36
External services	-2,694,984.66	-1,722,431.85	-1,085,876.03	-825,358.28
	-297,961,787.94	-230,455,368.29	-173,519,617.43	-154,305,859.55
Employee expenses				
Wages and salaries	-34,558,281.55	-29,436,279.45	-23,057,381.28	-22,791,448.03
Social security costs				
Pension costs	-6,393,524.27	-4,587,900.25	-4,014,702.06	-3,507,708.12
Other social security costs	-2,307,466.61	-2,295,975.31	-859,236.69	-834,227.03
	-43,259,272.43	-36,320,155.01	-27,931,320.03	-27,133,383.18
Depreciation, amortization and impairment				
Depreciation according to plan	-7,322,661.76	-5,585,573.63	-4,067,054.06	-4,176,221.84
Other operating expenses	-49,555,578.77	-36,926,098.27	-36,340,217.44	-29,483,375.74

	GROUP		PARENT COMPANY	
	1.1. - 31.12.2021	1.1. - 31.12.2020	1.1. - 31.12.2021	1.1. - 31.12.2020
Operating profit	23,183,868.51	17,596,736.25	6,330,656.31	10,729,975.27
Financial income and expenses				
Income from other investments of non-current assets				
From Group companies			13,564,440.58	7,989,205.56
From others	256,747.67	225,090.39	256,373.50	224,850.15
Other interest and financial income				
From Group companies			442,220.69	284,611.49
From others	599,934.83	1,302,533.66	351,019.24	1,038,447.47
Impairment of investments held as current assets	2,140.29	-66,101.42	2,140.29	-66,101.42
Interest and other financing expenses				
To Group companies			0.00	0.00
To others	-879,148.29	-815,858.51	-465,053.71	-537,480.18
	-20,325.50	645,664.12	14,151,140.59	8,933,533.07

	GROUP		PARENT COMPANY	
	1.1. - 31.12.2021	1.1. - 31.12.2020	1.1. - 31.12.2021	1.1. - 31.12.2020
Profit before appropriations and taxes	23,163,543.01	18,242,400.37	20,481,796.90	19,663,508.34
Appropriations				
Difference between depreciation according to plan and depreciation in taxation			136,639.99	-187,352.55
Group contribution			-80,000.00	0.00
Income taxes				
For the financial year	-5,660,211.09	-4,728,773.56	-2,429,401.28	-2,336,152.79
For previous financial years	1,326.00	0.00	0.00	0.00
Deferred taxes	-298,352.63	-303,825.62		
	-5,957,237.72	-5,032,599.18	-2,429,401.28	-2,336,152.79
Profit for the financial year	17,206,305.29	13,209,801.19	18,189,035.61	17,140,003.00
Minority share of the profit	281,471.96	542,579.65		
Consolidated profit in the financial year	17,487,777.25	13,752,380.84		

Balance sheet

	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
ASSETS				
Non-current assets				
Intangible assets				
Research and development expenses	137,233.59	570,723.99		
Intangible rights	754,981.81	1,313,015.43	754,981.81	921,342.63
Goodwill	53,317,811.16	4,295,508.55	1,220,335.59	2,433,766.94
Other long-term expenditures	8,234,039.54	6,618,997.53	6,030,963.39	6,508,414.93
Advance payments	1,160,110.48	735,644.68	463,569.50	67,221.95
	63,604,176.58	13,533,890.18	8,469,850.29	9,930,746.45
Tangible assets				
Land and waters	10,491.00	0.00	0.00	0.00
Buildings and structures	5,228,092.34	1,953,090.59	1,770,705.20	1,953,090.59
Machinery and equipment	18,626,920.37	16,691,289.25	8,335,001.85	7,818,531.25
Advance payments	1,480,255.89	268,096.77	0.00	211,108.24
	25,345,759.60	18,912,476.61	10,105,707.05	9,982,730.08
Investments				
Shares in Group companies			69,862,923.54	11,948,559.07
Shares in associated companies	5,045.64	5,045.64	5,045.64	5,045.64
Other shares	6,156,201.46	6,156,201.46	6,156,201.46	6,156,201.46
	6,161,247.10	6,161,247.10	76,024,170.64	18,109,806.17

	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
CURRENT ASSETS				
Inventories				
Raw materials and consumables	12,245,596.96	5,956,803.38	4,442,078.12	5,513,346.73
Semifinished products	510,558.07	815,262.41	482,560.58	544,178.26
Finished goods	76,328,625.79	52,951,092.96	40,669,498.34	33,778,842.24
	89,084,780.82	59,723,158.75	45,594,137.04	39,836,367.23
Receivables				
Long-term				
Receivables from Group companies			4,274,793.44	2,553,573.83
Other receivables	48,703.94	26,341.00	0.00	0.00
Loan receivables	842,451.05	200,000.00	200,000.00	200,000.00
	891,154.99	226,341.00	4,474,793.44	2,753,573.83
Short-term				
Accounts receivables	62,869,747.99	40,702,939.98	21,870,507.09	19,222,532.88
Receivables from Group companies			19,096,615.39	2,144,258.35
Loan receivables	141,118.44		140,000.00	0.00
Other receivables	5,168,457.51	1,884,452.15	4,393,065.30	1,542,212.71
Accrued income	2,290,903.77	2,339,592.05	1,942,316.72	1,160,139.48
	70,470,227.71	44,926,984.18	47,442,504.50	24,069,143.42
Investments				
Other investments	900,000.00	24,231,901.50	900,000.00	24,231,901.50
Cash and cash equivalents	39,057,696.68	49,511,554.35	18,990,293.94	36,954,290.99
	295,515,043.48	217,227,553.67	212,001,456.90	165,868,559.67

	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
EQUITY AND LIABILITIES				
Equity				
Share capital	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Legal reserve	363,846.06	209,329.43	168,187.93	168,187.93
Retained earnings	117,235,457.41	134,690,784.68	70,146,824.11	83,493,594.59
Profit for the financial year	17,487,777.25	13,752,380.84	18,109,035.61	17,140,003.00
	136,087,080.72	149,652,494.95	89,424,047.65	101,801,785.52
Appropriations				
Depreciation reserve			6,313,685.30	6,450,325.27
Minority share of the profit	2,263,029.54	573,762.05		

	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Liabilities				
Long-term				
Capital loans	510,000.00	390,000.00	0.00	0.00
Loans from financial institutions	64,209,873.77	6,583,994.34	61,500,000.00	0.00
Deferred tax liability	4,684,769.55	4,384,203.11	0.00	0.00
Advances received	131,998.23	0.00	0.00	0.00
Other payables	1,488.00	372,000.00	0.00	0.00
	69,538,129.55	11,730,197.45	61,500,000.00	0.00
Short-term				
Loans from financial institutions	3,294,990.93	591,358.01	2,500,000.00	0.00
Advance payments	3,574,509.07	4,810,616.90	3,467,848.03	4,440,116.90
Accounts payables	41,188,764.75	28,930,605.34	21,173,475.90	18,784,911.27
Liabilities to Group companies			6,325,348.51	19,602,806.55
Other payables	13,035,849.61	7,606,322.72	5,672,351.70	5,675,759.47
Accruals and deferred income	26,532,689.31	13,332,196.25	15,624,699.81	9,112,854.69
	87,626,803.67	55,271,099.22	54,763,723.95	57,616,448.88
	295,515,043.48	217,227,553.67	212,001,456.90	165,868,559.67

Auditor

Ernst & Young Oy Authorised Public Accountants
Anders Svennas KHT

Board of Directors



In the back row from the left

Hannes Berner, Chairman of the Board, b. 1953, Master of Economics

Antti Korpiemi, CEO, b. 1961, MS Agriculture and Forestry, BS Agriculture, eMBA

Christina Harmia, Member of the Board, b. 1965, Master of Economics

In the front row from the left

Ove Uljas, Member of the Board, b. 1966, Master of Economics

Edward Björkenheim, Member of the Board, b. 1970, Master of Economics

Nicolas Berner, Member of the Board, b. 1972, LLB

Executive Board



Standing from the left

Ove Uljas, Senior Vice President, b. 1966, Master of Economics

Satu Laakso, Marketing Director, b. 1972, Master of Economics

Mika Pirhonen, Director, Business Unit Berner Industries,
b. 1970, Master of Engineering

Nicolas Berner, CFO, b. 1972, LLB

Kalle Erkkola, Director, Business Unit Farmer's Berner, b. 1974,
MS Agriculture and Forestry, BS Agriculture

Pauliina Bovellán, Director, Business Unit MedLab, b. 1973,
Master of Social Sciences

Antti Tapionlinna, Director, Business Unit Consumer Goods,
Master of Engineering

Sitting from the left

Toni Virtanen, Chief Analytics Officer, b. 1982, Master of Economics

Antti Korpiniemi, CEO, b. 1961, MS Agriculture and Forestry,
BS Agriculture, eMBA

Juha Starck, Supply Chain Director, b. 1975, MBA

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Reporting practice				
102-45	Entities included in the consolidated financial statements		Berner Ltd, Bröderna Berner Ltd, Berner Eesti, Ordior Eesti, Berner Lietuva subsidiary, Berner Chemicals Ltd, Suomen Medituote Ltd, Chemigate Ltd, Naviter Ltd, Dolema Ltd	
102-46	Defining report content and topic Boundaries	32		Reported partly.
102-47	List of material topics	35		
102-48	Restatements of information	68		
102-49	Changes in reporting			No significant changes
102-50	Reporting period	89		
102-51	Date of most recent report			12.4.2021
102-52	Reporting cycle	89		
102-53	Contact point for questions regarding the report	89		
102-54	Claims of reporting in accordance with the GRI Standards	89		
102-55	GRI content index	84–88		
102-56	External assurance	89		

GRI 103: Management approach		Page	Comments / Additional information	UNGC principle
103-1	Explanation of the material topic and its Boundary	32-71		
103-2	The management approach and its components	32-71		
103-3	Evaluation of the management approach	32-71		
Economic standards				
GRI 201: Economic performance				
201-1	Direct economic value generated and distributed	73-81		
GRI 205: Anti-corruption				
205-3	Confirmed incidents of corruption and actions taken		No cases in 2021.	10
GRI 206: Anti-competitive behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practice		No cases in 2021.	10
Environmental standards				
GRI 301: Materials				
301-1	Materials used by weight or volume	66-67		7, 8
GRI 302: Energy				
302-1	Energy consumption within the organization	62	Figures reported for Berner Ltd, Belor Agro Ltd, Chemigate Ltd, Berner Chemicals Ltd	7, 8
GRI 303: Water and Effluents				
303-1	Interactions with water as a shared resource	64		8
303-2	Management of water discharge-related impacts	64-65	Reported partly.	8
303-5	Water consumption	65, 67		8
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions	63	Figures reported for Berner Ltd, Chemigate Ltd, Berner Chemicals Ltd	7
305-2	Energy indirect (Scope 2) GHG emissions	63	Figures reported for Berner Ltd, Chemigate Ltd, Berner Chemicals Ltd	7
305-5	Reduction of GHG emissions	63	Reported partly.	8
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	63		7

GRI 307: Environmental compliance		Page	Comments / Additional information	UNGC principle
307-1	Non-compliance with environmental laws and regulations		No violations in 2021.	
Social standards				
GRI 401: Employment				
401-1	New employee hires and employee turnover	48	Numbers reported.	
GRI 403: Occupational health and safety				
403-1	Occupational health and safety management system	42–43		
403-2	Hazard identification, risk assessment, and incident investigation	42–43	Reported partly.	
403-3	Occupational health services		Berner Ltd offers comprehensive occupational health services to all of its employees in Finland. This 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. Bröderna Berner in Sweden offers its employees occupational health care services. Every employee is entitled to health check every year or every second year. Employees are also provided with advice on pensionsaving investments.	
403-4	Worker participation, consultation, and communication on occupational health and safety		We conduct a "Healthy at work" survey in each unit in three-year intervals in Finland. The survey includes a risk assessment, health examinations and a development plan. In Sweden, employees have the possibility to participate in the formulation of personnel policies.	
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		Employees in Finland who receive a monthly salary are eligible for medical care provided by the company.	
403-9	Work-related injuries	50	Reported partly.	
403-10	Work-related ill health	50	No fatalities. Reported partly.	

GRI 404: Training and education		Page	Comments / Additional information	UNGC principle
404-1	Average hours of training per year per employee	49	Reported partly.	6
404-2	Programs for upgrading employee skills and transition assistance programs	45–46		6
404-3	Percentage of employees receiving regular performance and career development reviews	50	Reported partly.	6
GRI 405: Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	49		6
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken		No cases in 2021.	1, 6
GRI 416: Customer health and safety				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No violations in own production in 2021.	
GRI 417: Marketing and labelling				
417-3	Incidents of non-compliance concerning marketing communications		No cases in 2021.	
GRI 419: Socioeconomic compliance				
419-1	Non-compliance with laws and regulations in the social and economic area		No cases in 2021.	

REPORTING PRINCIPLES

This is the third 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 1.1–31.12.2021. We will report about our sustainability annually.

In environmental standards, our reporting mainly covers Berner Ltd's Finnish operations as well as figures of our manufacturing subsidiaries Berner Chemicals Ltd and Chemigate Ltd. In our social responsibility standards, we report personnel figures for our subsidiaries. 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:
Communications and Sustainability Manager, Maria Nylander,
maria.nylander@berner.fi

BERNER LTD.

Head Office

Hitsajankatu 24

00810 Helsinki

Switchboard +358 20 791 00

info@berner.fi

www.berner.fi

**Other locations in Finland and
other countries:**

www.berner.fi/en/contacts/