

# ANNUAL REPORT 2020

**BERNER**



# CONTENTS

## THIS IS BERNER ..... 3

Berner in brief .....	4
Group key figures .....	5
CEO's review .....	6
Highlights of the year .....	8
Protecting Tomorrow .....	10
Megatrends .....	13

## BUSINESS AREAS ..... 14

Consumer goods .....	16
Leisure goods .....	20
Berner Industries .....	22
Pro .....	23
Agriculture .....	26
Machines .....	28

## SUSTAINABILITY ..... 29

Sustainability at Berner .....	32
We operate ethically and communicate in an open manner .....	34
We take care of our personnel's well-being .....	37
We ensure the responsibility of our products .....	44
We reduce our climate and environmental impacts .....	52
We create value for our stakeholders .....	58

## FINANCIAL STATEMENTS ..... 61

Key indicators .....	63
Income statement .....	64
Balance sheet .....	67
Board of Directors .....	71
Executive Board .....	73

## GRI ..... 74

GRI-index .....	74
Reporting principles .....	79



# This is Berner



# BERNER IN BRIEF

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

Our operations include in-house product development and production, import operations, sales and marketing as well as efficient services for product management and supply chain management. Our six business areas are Consumer goods, Leisure goods, Berner Industries, Pro, Agricultural trade and Machines.

In 2020, the Berner Group that includes three additional companies had 536 employees on average. Berner Chemicals Ltd is a producer of magnesium chemicals in Kokemäki for industrial use and for the purification of air and water. BioA Ltd in Kotka manufactures agricultural fertilisers from raw materials sourced from the circular economy. Suomen Medituote Ltd serves professionals in the field of healthcare, care and cleanliness.

Domestic product development and production are among our key strengths. We began the production of our own products in the 1950s with the XZ oil care hair product. We develop our products at the laboratory of our company headquarters in Helsinki and manufacture them at Heinävesi, where we are the

biggest private employer in the municipality with our 60 employees.

Berner has a long track record of operating responsibly, and sustainability is at the heart of everything we do. We want to build a better tomorrow and work to ensure well-being and good living for all of us – also 100 years from now. The new “our shared responsibilities” sustainability program and its targets steer our responsible operations.



\*Group company

# GROUP KEY FIGURES



Turnover, meur

**324.3**



Operating profit, meur

**17.6**



Operating profit, %

**5.4%**



Equity ratio, %

**70.7**



Return on invested capital, %

**12.4**



Personnel (average)

**536**



# CEO'S REVIEW

The COVID-19 pandemic and its effects set the tone for 2020. All things considered and thanks to the diversity of our operations, we had a good year and increased our operating profit. In Heinävesi, we multiplied the production of disinfectants and further reinforced our domestic production by investing in a new production line. We also sought growth through acquisitions. We focused on the development of leadership with the Aalto EE Growth management programme aimed at middle management.

## **Diversity shielded us against the COVID-19 pandemic**

The COVID-19 pandemic hit the world with full force, and Berner was unable to escape its impacts. Over our six quite diverse business units, the negative effects of COVID-19 exceeded the positive ones all in all, but once again, our diversity protected us as a company, just like it has throughout Berner's history since 1883. Last year, Group's operating profit increased by 13.1% to EUR 17.6 million and our turnover increased to EUR 324.3 million by 6.7 per cent.

The demand for disinfectants and daily consumer goods, such as soaps and hair care products, increased strongly in the coronavirus year 2020. In addition to COVID-19, strikes at the beginning of the year also had an impact on the decreased

demand for industrial raw materials and equipment. Our agricultural operations in Finland and Sweden, on the other hand, suffered little from the impacts of the COVID-19 pandemic. We were especially happy to see that consumers were focusing their purchases on domestic products.

## **We prioritised the production of disinfectant products for healthcare**

We noticed the first impacts of the COVID-19 pandemic at the beginning of the year as the demand for disinfectants increased rapidly. We hired more staff at our Heinävesi plant and work was done in three shifts, day and night. In addition to the adequacy of the production capacity, the availability issues of ethanol and packaging materials caused problems as their global demand



exploded. During the spring, we manufactured almost ten times as many disinfectants than in a normal year. We also continuously prioritised the production of disinfectants for healthcare.

Our new enterprise resource planning system was also launched at the beginning of March. This was quite a challenging time for such a launch, but thanks to our thorough preparations, it was successful.

## New production line to respond to the increased demand

The entire capacity of our Heinävesi 1-plant has been in use over the past 1.5 years due to the substantial increase in the demand for hair and skin care products. We opened a new production line at the plant in November that doubles the factory's bottle manufacturing capacity. We are also planning significant further investments within the next couple of years to increase the level of automation and to increase the efficiency of production as well as ergonomics.

These investments seek to improve and maintain the competitiveness and production efficiency of our Heinävesi plant now and in the future. The demand for Finnish domestic products has increased further during the COVID-19 pandemic and we have faith that sustainable domestic production will continue to be successful. We take pride in our Finnish production.

## Energy in the work community better than ever

The transition to remote work was a radical change in the nature of work for most of our employees. Our teams worked in excellent cooperation throughout the year and the shared spirit of Berner grew even stronger. According to the occupational well-being

survey conducted in our Finnish locations in the autumn, energy in the work community continued to increase year-on-year. People also find their work meaningful: as many as 97 per cent of Berner employees find that the work they do is meaningful. We are extremely happy with these results but will continue our work to improve job satisfaction.

Last year also focused strongly on the development of leadership. We launched a growth program focused on leadership and business development in cooperation with Aalto Executive Education for more than 40 Berner employees working in middle management.

## More growth through acquisitions

In line with our strategy, we also pursue growth through acquisitions in addition to organic growth. Last year, we acquired the majority of Suomen MediTuote Ltd, whose product range is a good supplement to the product and service offering of our Berner Pro business unit. Berner group now also includes BioA Ltd, a manufacturer of agricultural fertilisers from circular economy raw materials. Farmer's Avena Berner sells BioA's products to its customers. The acquisition of 8 per cent of Apetit Plc, a listed company, reinforces our commitment to Finnish food production and our current cooperation with Apetit.

## More focus increasing customer value

Customer focus and its development was another strong theme of last year. Listening to the customer carefully is the core of our operations as the world, the local operating environment, values and consumer behaviour are changing. We will make increasing customer value an even more prioritised aspect of our six strategic focus areas.

### 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 Korpinen, CEO

The first COVID-19 year, a highly exceptional year for all of us, is now in the past. I wish to thank all our cooperation partners for good cooperation and trust in 2020 as well. In particular, I wish to thank each and every Berner employee in all the countries where we operate – Finland, Sweden, Norway, Estonia, Latvia and Lithuania. The year was packed with hard work, innovation in the new situation, challenges, successes, flexibility and also a new way of working.

Berner is confident about the future and will continue working in accordance with our strategy. I hope that 2021 will bring better news with respect to the COVID-19 pandemic and allow us to return to more normal lives, both at work and in our free time.

Antti Korpinen  
CEO  
Berner Ltd

# HIGHLIGHTS OF THE YEAR

## JANUARY

### **Norwegian subsidiary Søren Berner A/S**

We establish a subsidiary in Norway, going back to the roots of Berner, which was founded in 1883 by Norwegian Søren Berner. The operations begin with the laboratory business and deliveries of chemical raw materials to the industry.

### **Berner starts supporting a HelsinkiMissio project**

Announcement of HelsinkiMissio's 3-year project to help young people. Berner supports this project with three Finnish foundations and one family company. This funding makes it possible to offer easily available counselling to young people as well as volunteer support persons.

### **Growth management programme with Aalto EE**

We start a coaching programme supporting our growth strategy in cooperation with Aalto Executive Education for our entire Executive Board and 40 participants from Berner's middle management.

## FEBRUARY



### **Demand for disinfection products begins to grow**

Starting in February already, the COVID-19 pandemic causes an exponential growth in demand for our disinfectant products manufactured in Heinävesi. We prioritise the production of disinfectant products for hospitals and healthcare facilities throughout the spring.

## MARCH

### **Launching of Berner's new ERP**

We launch our enterprise resource planning system in the middle of the intensifying COVID-19 pandemic. Despite that, the launch was a success, thanks to the very careful preparation.

### **Acquisition of the majority of Suomen MediTuote Ltd**

We acquire 90% of Suomen MediTuote Ltd. With the acquisition, we seek to build an efficient and well-functioning supply channel for healthcare and care products and expand our ability to offer even better service to both private and public healthcare and care customers.

## MAY



### **Acquisition of 8% of the shares of Apetit Plc**

Berner acquires approximately 8% of the shares of Apetit Plc, a listed company. The purpose of the acquisition is to further strengthen our commitment to Finnish food production and the existing cooperation with Apetit Plc's Avena Nordic Grain Oy in the sales of grain and production inputs.



## AUGUST

### **Berner acquires the fertiliser business of Nutriforte Ltd**

With the acquisition, Farmer's Avena Berner starts to sell the water-based fertilisers of Haifa Chemicals.

### **BioA Ltd becomes part of the Berner Group**

Berner Group includes now also BioA Ltd, a company producing fertilisers from industry side-streams. BioA fertilisers are sold to customers by Farmer's Avena Berner.

## SEPTEMBER



### **Expanded cooperation with Tikalan Ltd – a new product line in Saarijärvi**

Tikalan Ltd, a company that mainly produces our GreenCare product line in Saarijärvi, opens a new production line. This is made possible by our tight cooperation. The new line is 30% more energy-efficient and doubles the production volume.

### **Our Baltic Sea commitment to promote a sustainable food system**

Learning from the improvement of the harvestability of soil and carbon sequestration as well as communicating the lessons learned are at the core of our second Baltic Sea commitment. We also participate in the Carbon Action company platform.

## OCTOBER

### **GreenCare and Oy Husqvarna AB start cooperation in sales**

The two horticultural businesses join forces and begin cooperation in sales. Our GreenCare is Finland's leading manufacturer of turf products, fertilisers and substrates. Gardena, on the other hand, is Europe's leading brand manufacturing high-quality gardening equipment.

## NOVEMBER



### **A new production line in the Heinävesi factory**

We respond to the increased demand for Finnish haircare and skincare products by opening a new production line. This investment and the investments within the next couple of years seek to improve and maintain the competitiveness and production efficiency of our Heinävesi plant now and in the future.

# 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.



# OUR STRATEGIC FOCUS AREAS 2020–2023



## INCREASING CUSTOMER VALUE STEERS ALL OUR OPERATIONS

### DIGITALISATION

- Increased automation
- E-commerce development
- Open culture of experimentation

### MANAGEMENT AND JOB SATISFACTION

- Continuous development of leadership and managerial work
- Project management and administration
- Development of an incentive system

### COST COMPETITIVENESS

- Knowledge-based management
- Improving efficiency
- Renovation of production facilities and development of the supply chain

### SUSTAINABILITY

- Sustainability work at the highest level in the industry
- Achieving sustainability goals and communicating them

### FOCUSING OPERATIONS, GROWTH, MERGERS AND ACQUISITIONS

- Encouraging bold decision-making
- Strategy for seeking growth

### INTERNATIONALISATION

- Further detailing of the internationalisation strategy
- Management of and resources for internalisation

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

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



# THE MEGATRENDS THAT INFLUENCE OUR OPERATIONS

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

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

The COVID-19 pandemic turned the whole world around in 2020, placing societies, companies and people in a completely new situation. The COVID-19 pandemic also strengthened the megatrends affecting us by, for example, further increasing the appreciation of domestic production in Finland. People wanted to favour domestically produced goods in their purchases even more than before and play their part under the exceptional circumstances in order to promote employment in Finland. The restrictions caused by the pandemic forced people to stay at home, which led to the increase of online trade in many product groups and further strengthening the development of digitalisation.

Responsible consumers and consumption	Climate change and dwindling natural resources	Technology and the digital transformation
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.	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.	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:		
<ul style="list-style-type: none"> <li>• Domestic production and local tax footprint</li> <li>• Sustainability program and its targets</li> <li>• Developing the transparency of the supply chain through Amfori BSCI membership, for example</li> <li>• Biodegradable and vegan products, circular economy products and Nordic Swan Ecolabel products</li> </ul>	<ul style="list-style-type: none"> <li>• Green wind power in Finland</li> <li>• Domestic production and short transport distances</li> <li>• Circular economy solutions in fertilizer products</li> <li>• Making use of industrial side streams</li> <li>• Sustainable packaging materials</li> <li>• Increased use of renewable raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• B2B and B2C online stores</li> <li>• Process automation with the help of software robotics and integration</li> <li>• Continuous development of systems and tools</li> <li>• Data-driven management</li> <li>• Increasing consumer insight and communications that are relevant to consumers</li> </ul>





# Business areas



# BUSINESS AREAS



## CONSUMER GOODS

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



## LEISURE GOODS

We manufacture and market products for consumers' leisure needs and hobbies. Our product selection consists of leading brands and products for car care, gardening and outdoor recreation. While we invest particularly in Finnish design, product development and production, we also operate in close cooperation with our international partner network. Our leisure goods business is heavily linked to seasons and weather conditions, and these factors have a significant effect on both market development and our sales performance.



## BERNER INDUSTRIES

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



## PRO

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



## AGRICULTURAL TRADE

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



## MACHINES

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

# CONSUMER GOODS

The consumer goods business area had a good year in 2020 in spite of the Covid-19 pandemic. The year started with good sales, but the beginning of the pandemic in the spring caused problems with demand and the availability of products in many categories. The year was divided in terms of sales, with a manifold increase in the demand for hand disinfectants and soap on the one hand, and a significant drop in the demand for colour cosmetics on the other. We responded to the changes in the market rapidly, however, and were able to maintain a strong result.

We suffered from major delivery challenges during the year due to the scarcity of raw materials and materials caused by global spikes in demand. For the most part, however, availability was restored towards the end of the year. Our extensive investments in our production in Heinävesi improve our ability to meet the increased demand for domestic hygiene products in the future.

We responded to consumer trends by launching new product concepts that were received well by customers and consumers alike. The increased appreciation of domestic products has further increased the demand for our products.

Our new organisation with a strong customer focus was taken into use at the beginning 2020. We also invested heavily in information management systems and methods during the year. We are well positioned for 2021 and seek strong, profitable growth in Consumer goods.

## Hygiene

The year 2020 was a successful one for the Hygiene category. Our goal-oriented and strong cooperation with stakeholders produced good results, and our domestic hygiene products continued their strong growth.

The trend of “less chemicals” is growing strongly and consumers are paying more and more attention to their choices. The LV concept, “less is just right”, answers to these very expectations. The colourant and fragrance-free LV products grew faster than the market.

In Europe, the number of biodegradable product launches increased by 47% in 2020 compared to the previous year. In the skin care category, 53–65% of consumers have reduced their purchases of non-biodegradable products. We launched unique biodegradable products under the Herbina, LV and XZ brands in 2020, and we have also switched to using RSPO-certified palm oil in many of our products.

In spite of the availability challenges, the XZ products maintained their strong position in 2020 as well, and the brand was able to increase its market share towards the end of the year. Interesting new product launches, such as the XZ liquorice shampoo and the new silicon-free XZ hair masks introduced a new perspective into the hair care category. The appearance of the XZ shampoo and conditioner bottles was renewed during the year. XZ was also selected as the Trusted Brand of shampoos in Finland for the ninth time already (Reader’s Digest Trusted Brand survey in Finland).

The first natural cosmetics face care line, Eco by Herbina, was launched under the Herbina brand. This vegan line has Ecocert Cosmos Organic certification with a guarantee on for example responsible use of natural resources. In the future, Herbina’s natural style will also be reflected in the other categories.

## Food, cleaning and household

The impacts of the coronavirus pandemic were two-fold. The pandemic had a very strong negative impact on business with the restaurant sector, whereas strong growth was seen in the consumer sector, both in food, soaps, laundry and domestic cleaning products. Domestic origin and sustainability were a strong focus in this category throughout the year.

Kikkoman had the best year ever in 2020, and our work has paid off: people now know how to use Kikkoman products in all cooking, not only in Asian food. The umami flavour of the soy sauce brings out the flavour of all ingredients and gives just the right amount of salt for the food.

Rajamäki broke new ground with the organic liquid condiments that give excellent, authentic taste, are easy to use and offer a long shelf-life. In the HETI household product line based on the Rajamäki spirits vinegar, we launched a 2in1 stain remover and a 2in1 machine detergent. Both new products immediately found a dedicated fan base. The majority of the HETI products are biodegradable and vegan, and the product packaging is made of recycled plastic.

Many consumers appreciate the fact that the LV products are free from fragrances and that they are developed in cooperation with the Allergy, Skin and Asthma Federation. The Covid-19 pandemic further increased the demand for LV's surface disinfectant for households.

## Wellness & childcare

Well-being is a continuously growing trend. We continued our close cooperation with the Finnish Heart Association and the Finnish Brain Association, seeking to improve awareness of the risks associated with hypertension 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. There was a strong increase in the global demand for blood pressure monitors and thermometers in 2020, which caused major availability challenges for these products. We trust that Omron's sales will return to growth as the availability issues are remedied.

Oxygenol's tooth pastes for children are the market leader of their segment. The new look of tooth pastes for children launched at the end of the year received a positive welcome in the market. A new marketing concept focusing strongly on domestic origin was created for tooth pastes for adults and will be launched in 2021. We will continue to produce the Oxygenol tooth pastes in Heinävesi at our production facility.

The packaging and communications concept reform of the Ainu brand developed in cooperation with consumers has had an excellent success in the childcare product category. The brand is growing strongly, and in particular the demand for the new biodegradable, vegan and fragrance-free Ainu skincare products launched at the beginning of 2020 has exceeded all expectations. We ended our long-standing cooperation as the importer of Medela products at the end of the year. We expect the growth of the Ainu brand and MAM products to continue and gain a larger market share in 2021 as well.

## Daily Accessories

As a result of the coronavirus pandemic, people worked from home more than usual and purchased accessories from convenience goods stores, but special retailers and wholesalers suffered from the pandemic.

The skin hair removal category decreased somewhat due to the pandemic, but we gained more market shares with our BIC

products that offer an excellent price-quality ratio. Our most important launches were in the growing subcategory of products for sensitive skin. In fire-making products, the global fluctuations in demand caused challenges in terms of availability, but the sales of multi-purpose lighters in particular was strong during the important year-end season.

We did well in daily consumer goods in 2020 as well with increased growth in calendar sales in particular, and we managed to expand our distribution especially among medium-sized customers. We implemented a complete overhaul of our MEC brand and in the future, we will focus on crafting supplies with a strong, distinct brand look. This renewal will be more strongly visible in the retailers at the beginning of 2021.

## Beauty

Following a good start of the year, the reduced customer volumes in the spring due to the coronavirus pandemic, especially in warehouses, was reflected clearly in the sales of cosmetics. The sales of cosmetics started to pick up again in the summer, and some sections of our category even exceeded last-year levels. The sales of selective cosmetics and skin care continued strongly at the end of the year as well.

Selective skincare is a strategic focus areas of our business. The expertise based on Sensai's superior scientific competence and position in the ultra-premium skin care grew stronger in spite of the market situation, and we managed to increase the number of dedicated loyal customers in our digital VIP club.

Vegetable origin and sustainability are current consumer trends. The French Clarins brand has responded to these trends for a long time already, and in the future, this the family business represented by us will focus on sustainable

development even more. In the autumn, the French Nuxe brand launched a certified organic cosmetics line Nuxe Bio Organic. The products are developed in France and have Ecocert certification that is based on the very strict Cosmebio or Cosmos requirements.

Sustainability, responsibility and veganism are an essential part of the Clean Beauty trend, and the colour cosmetics brands of our portfolio match this trend well. The renewed ideology of the Swedish market leader IsaDora continues with a strong focus on product safety. The Danish brand Gosh Copenhagen launched the first makeup products containing recycled Ocean Waste Plastic on the Finnish market in the spring of 2020, and the brand continues to focus strongly on the development of an allergy-certified product line. Once again, the Swiss Mavala brand brought delightful trend colours that spice up the daily life with its vegan mini nail polishes.

Anne Saurio, an esteemed cosmetics specialist who was working as a communications specialist in Beauty, retired from a fabulous 40-year career in autumn 2020. The profitable PR work in Beauty became even more important during the exceptional year. We concentrated on producing inspiring content for different channels, developing new kinds of cooperation in influencer marketing, among other things, and strengthening our digital marketing. The year ended with excellent media coverage with many of our cosmetics products receiving awards in industry publications.

Our subsidiary Berner Baltic is the distributor of several international cosmetics brands in Lithuania, Latvia and Estonia. The more than 20 brands it represents include Lumene, IsaDora, Avene, A-Derma, Weleda and Collistar, among others. Despite of the COVID-19 challenges, 2020 was a fruitful year for

Berner Baltic. We managed to achieve our target result and are representing Sebamed now also in Estonia.

Online stores increased their share of sales drastically due the pandemic and physical retailers tried their best to fight back with big promotions. We are currently revising our focus areas in order to reach the best trade results in the future. Sustainability is increasing year-by-year in importance for the consumers in the Baltic countries



## The renewal of our classic Tummeli brand

In skin care, the year 2020 marked the renewal of our classic Tummeli udder cream brand. Many still think of Tummeli as the red plastic jar with a white lid on the window sill of grandma's dairy farm. The classic cream underwent a renewal that respected its long traditions. The aim of the renewal was to reinforce the picture of the brand's long history both visually and by means of packaging communications.

We launched new skin care products in the Tummeli line: an emulsion containing wood resin extract and a foot cream. To gain momentum for the launch, we worked with influencer Antti Holma, which generated a great aura for the products and increased the interest for Tummeli in a new user group. We also launched three new hygiene products for pets under the Tummeli PET product line: a shampoo for pets, a tooth paste and a paw cream. Tummeli has been traditionally used in animal care, which makes Tummeli PET a natural expansion of the Tummeli brand. All the Tummeli products are manufactured at our plant in Heinävesi, Finland.

# LEISURE GOODS

The year 2020 marked a strong growth in the leisure product groups. After the initial shock caused by the COVID-19 pandemic in the spring, the sales of our brands increased strongly in the different segments as a result of our strong brands and the fact that people were spending more time at home and outdoors due to the pandemic. The favourable market development of our brands continued and increased among domestic customers.

## Footwear and clothing

The exceptional COVID-19 year of 2020 caused a significant drop in the sales of footwear in physical retail locations with a decrease of EUR 108 million or 15.9% in footwear sales. The digital leap of fashion trade was smaller than expected as consumers only replaced a part of the sales of physical retail locations with online shopping. The market share of online trade in clothing and footwear purchases increased from 12.2% to 17.6%. There was a positive trend of buying more products from Finland, and domestic online trade increased by as much as 92.9%, whereas online sales from other countries only grew by 8.7%. (Source: Muoti- ja urheilukauppa ry.)

Nokian Footwear and Hai were an exception from the general market development, and the brands had a very successful year in terms of both sales and profitability. The first half of the year was very challenging due to the COVID-19 pandemic, but the latter half of the year brought success for Berner's rubber boot brands. People spent significantly more time in nature and

at cottages, and the berry harvest was excellent. We also had successful brand marketing campaigns with cooperation with Lauri Tähkä and Kontio boots, for example, as well as customer marketing.

We increased our sales both in wholesale and in the physical retail sales and online sales of our customers. The sales of our own online store, [Haicolours](#), also grew significantly faster than the overall market. All in all, we did very well in the market competition. We increased our market share substantially and grew our sales in spite of the decrease in the overall market. Nokian Footwear is still the most popular and trusted rubber boot brand among Finns by a clear margin.

Contracts with the Finnish Defence Forces are very significant for the Footwear category. We delivered a significant amount of summer and winter boots of the contract period for the Finnish Defence Forces in 2020. Swedish Defence Forces also rely on Nokian Footwear, and in 2020, we put a lot of focus on the preparation of the boot deliveries for 2021.

The year 2020 also marked powerful enhancements in our operations through the development of inventory management. The operational focus areas in 2021 for Nokian Footwear and Hai consist of strengthening of sales and distribution as well as developing the online sales. We invest in digital solutions, new delivery solutions and expand the sales in the German Amazon that was started 2020. With regard to the Kontio brand, we will continue our amazing cooperation with Lauri Tähkä. We aim to encourage Finns to go out into the nature and communicate the health and stress reduction benefits of nature.

## Car care

The sales of the KORREK car care products continued to grow in 2020. The lockdowns due to the coronavirus kept people at home at the beginning of the year, and people did more themselves, which was reflected positively in the car care product group as well. We launched the KORREK Pro Foaming Pre-wash in the spring to meet the strongly growing washing trend of





foaming. The product was well received by the market. KORREK Pro Ceramic TFC™ installation network grew with five new installation locations, and the cooperation with car dealerships was enhanced further.

The coronavirus pandemic brought challenges for the export of KORREK products. In spite of this, we started sales in Germany and in Austria with a network of more than one hundred locations. The stores in Austria and Germany were, however, forced to close their doors for almost the entire main spring season.

The overall windshield washer fluids market decreased both due to the warm weather and the significantly reduced traffic volumes due to the COVID-19 pandemic. In terms of windshield washer fluids, the global market prices of raw materials and

challenges in availability were significant. In spite of the challenges, Lasol exceeded the overall market development and kept its excellent position in the distribution channels.

## Garden Care and pest control

Berner's gardening products for consumers succeeded in a growing market in 2020, and our domestic contract manufacturing volume grew from the previous year. The results for the year 2020 were good and our sales volume grew particularly in substrates and woodchip mulch products. Our Berner gardening category includes our own leading brands as well as contract manufacturing for private label soil and woodchip mulch products.

GreenCare's production capacity was increased in 2020 by our contract producer, Tikalan in Saarijärvi, taking sustainability into account. The new production line opened in September produces products with more than 30% better energy efficiency. The new production line also makes it possible to recycle and utilise materials even better than before.

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

We started using recycled plastics in our packaging in 2019. In 2020, we were able to reduce the use of plastic by another 10,000 kilograms. We are developing our packaging and seeking for new raw materials for packaging materials that allow a further reduction of the volume of plastic in gardening products.

GreenCare started a peat innovation competition in cooperation with business incubator BioPaavo (JAMK) and KasvuOpen, aiming to find alternatives to replace peat in the production of substrates. Garden peat is not going to disappear from substrate production any time soon, but the termination of peat recovery for combustion will also impact the availability of garden peat in the long run. We are committed to promoting sustainable development in all our operations, which includes finding functional and sustainable alternatives for peat.

In marketing, we started cooperation with MTV3 channel's Kotoisa interior decoration show, and this cooperation will also continue in 2021.

Berner's rodent control products are the market leader in rodent control products. Our sales continue to grow, and we were able to add even more distribution channels in 2020. We provide rodent control assistance for consumer through our website, [www.jyrsijantorjunta.fi](http://www.jyrsijantorjunta.fi), that underwent a complete makeover last year. We help consumers choose the right rodent control products through the website and by providing in-store materials. The regulations issued by the authorities have led to increased demand for mechanical traps. The Giljotti traps, which are made in Finland and marketed by Berner, have achieved widespread popularity among consumers.

# BERNER INDUSTRIES

Strike waves and the COVID-19 pandemic had a significant impact on our operations in 2020. We did well at the end of the year, however, and were able to keep our market shares as a reliable partner to the industry. We also started several significant new partnerships.

2020 was challenging in many ways for Berner Industries and our customers. The year started with a wave of strikes in the paper and forest industries that had both direct and indirect negative impacts on us. The beginning of the year was very warm as well, keeping the demand for anti-slippery products lower than usual. The COVID-19 that started in the spring resulted in challenges for many sectors and made it difficult to obtain many products. We managed to find new suppliers for products suffering from poor availability and thereby helped our customers keep their production running.

As a long-standing reliable operator in the market, we were able to retain our market shares well. The launching of new products, on the other hand, was very challenging. The end of the year was very good for us, but we were not able to achieve the growth targets for the entire year.

We started several new and significant cooperation agreements during the year and renewed contracts with our

long-term partners. We continued to expand our Scandinavian warehouse network by opening a warehouse in Denmark in order to provide even better service for our Danish customers. Thanks to the new cooperation agreements, we see growth opportunities for 2021 even though the market situation and outlook will remain very uncertain due to the COVID-19 pandemic.

We changed the name of our business unit last year since Agency, our previous name, no longer described our current operations in the best possible way. With the new name, Berner Industries, we aim to describe the very core of our operations: trading in raw materials and the related services for different industries. We have also opened a new website at [www.bernerindustries.fi](http://www.bernerindustries.fi) to communicate our operations and reach our customers and cooperation partners even better than before.



# PRO

The COVID-19 pandemic increased the demand for our disinfectant products manufactured in Heinävesi, Finland, many times over. We prioritised the production of disinfectant products for hospitals and healthcare facilities throughout the spring. Our laboratory business also made record sales. We were able to adapt to the new working methods well and respond to the changing needs of our customers.

## Healthcare

In terms of public procurements, 2020 was a very busy year, especially due to the explosion in the demand for hand disinfectants and protective equipment. COVID-19 also challenged our customer service with thousands of new contacts from customers.

The pandemic multiplied the demand for our disinfectant products, which was challenging in terms of the production capacity of our Heinävesi plant and the availability of raw materials and packaging materials especially in the spring. Read more in the case study.

The availability of protective equipment was challenging due to the unparalleled global demand. The availability of nitrile gloves was especially challenging. Until the end of November, we worked with Ansell, which suffered from the challenges caused by the pandemic just like the other suppliers. Our long-standing

cooperation with Ansell ended when the company decided to start using another supplier for the distribution of its products.

Due to the exceptional circumstances, it was very challenging to launch new health technology products to the market. We did, however, manage to successively launch the DeSoutter drill/saw system in our surgical portfolio for the Finnish market.

Berner also acquired 90% of the share capital of Suomen MediTuote Ltd. With the acquisition, we seek to build an efficient and well-functioning supply channel for healthcare and care products and expand our ability to offer even better service to both private and public healthcare and care customers.

## Cleanliness

The year of the pandemic was challenging for our kitchen hygiene and professional cleaning customers. The year started with a positive tone, but the lockdowns due to COVID-19 practically

ended the operation of professional kitchens and, at the same time, the demand for our products. Remote work and the pronounced decrease in travel decreased the workload of our professional cleaning customers with the demand for office and hotel cleaning, for example, dropping to a minimum. A slight recovery was observed in the summer and early autumn, but the final months of the year were poor in terms of demand again. The demand for disinfectants, however, also increased in this customer group.

## The needs of the healthcare sector were prioritised in Berner's disinfectant production

The demand for disinfectants multiplied rapidly at the beginning of the year due to the COVID-19 pandemic. In the spring, our factory in Heinävesi, Finland, produced several times more disinfectants than in the previous year. Our production capacity was not though able to fully meet the powerful demand.

We managed to ensure the availability of disinfectants for the healthcare sector quite rapidly, however, and were able to supply products for our healthcare customers almost as usual after the first month. After the outburst of the pandemic, we prioritised our production to produce the most critical products to meet the demands of healthcare and hospital. Berner's disinfectant range includes, among other things, lines for professional use, such as LV, Dilutus and Desinfektol, and LV Käsideseinfointi for consumer use, the most widely tested hand sanitiser for consumer in Finland. In addition to the disinfection of hands and skin, our products are used for the disinfection of medical devices and surfaces.

We responded to the increased demand by hiring new employees and adding work shifts in our plant. Besides the challenges related to production capacity, we also experienced challenges in the availability of ethanol, our basic raw material, as well as packaging materials due to the increased global demand. Our product development already started to take a new look at our recipes when purchasing ethanol started to get more difficult. Thanks to good cooperation with our ethanol supplier, however, we were able to overcome this obstacle.

The COVID-19 year 2020 was a complete exception in terms of the demand for disinfectants. Responding to the demand in terms of production as well as the challenges in the availability of raw materials and packaging materials required strong cooperation, creative ideas and searching for new solutions by everyone at Berner. The coronavirus year also clearly demonstrated the vital importance of the security of domestic supply.



## Animal welfare

Hill's strengthened its position in the grain-free cat and dog food market with the new No Grain products in its Vet Essentials product line. Therapeutic foods focused strongly on products intended for the diabetes care of cats and dogs.

## Laboratories

2020 was a very good year for laboratory equipment sales, and the turnover reached a new record. Our performance was especially strong in chromatography and mass spectrometry products as well as total carbon analysers. During the year, we delivered the first healthcare analytics equipment that is charged based on the use. In addition, we made record sales in the analysers for the oil industry, temperature regulation devices and thermostats.

Beckman Coulter sales increased significantly in all the product groups. Furthermore, we expanded our automation portfolio with the addition of the acoustic Echo liquid handlers.

We were a significant and reliable device supplier and partner for the food industry. Many of our products have a strong position in their segment. The new FOSS analysers received a positive welcome in the market, and we expect that they will achieve a similar strong position in the coming years as well.

We developed our laboratory equipment maintenance organisation and the maintenance agreement management system actively. In spite of the challenging COVID-19 period, our maintenance organisation also had a record year in the sales of its services.

## Berner Medical, Sweden

The year started with a positive tone with our excellent success in public tenders with our Ansell portfolio. The pandemic, however, caused regrettable challenges for deliveries. The total sales for the year turned out to be reasonably good due to the deliveries of hand disinfectants to various hospital districts.

Cooperation with Ansell ended at the end of the year in Sweden as well. We will continue to grow our Swedish healthcare business by introducing new brands and products into the market and possibly also by seeking opportunities for company acquisitions.

## Søren Berner, Norway

We started our Norwegian laboratory business in May with PAC's oil analytics. The COVID-19 pandemic was a challenge for our first year since we were only able to meet our customers in conjunction with device maintenance, and few new investments were initiated. The coming year looks a lot brighter already, and customers are starting to show a willingness to invest. We also started working with new producers, which allows us to increase our product portfolio for our target customers.

## Ordior Eesti, Estonia

The sales of laboratory equipment got off to a good start at the beginning of the year. The pandemic caused a momentary slow-down in investments, but the latter part of the year went well and we were able to meet our targets. The analysers of both Shimadzu and FOSS did well in the market.

## Berner Eesti, Estonia

The turnover of our microbiology portfolio remained at the previous year's level in 2020. We were able to increase the turnover by selling disinfectant products to various channels. LV Käsihuuhe is well-liked and found to have a good quality in the Estonian market, and customer feedback during the coronavirus pandemic was very positive as well.



# AGRICULTURE

Our business is based on competent personnel and has shown its strength in challenging and changing conditions.

## Finland

Concentrating our plant production inputs and grain trade into the Farmer's Avena Berner organisation resulted in another improvement of our comprehensive service to agricultural customers in 2020. Our Farmer's Berner business unit and Avena Nordic Grain Ltd started working together as Farmer's Avena Berner in 2018.

The restrictions due to the COVID-19 pandemic that started in March reinforced the importance of telephonic and digital connections in customer contacts as well as in the training of our sales force. The coronavirus had otherwise rather minor impacts on our business and mainly restricted the organisation of physical meetings with customers.

The spring and early summer of 2020 were exceptionally warm and dry in Finland, making the start of growth more difficult and weakening the crop potential. The rains in July caused lots of adventitious shooting of grains, causing challenges for the quality of crops and harvesting. In spite of the challenging conditions, our pesticide and foliar fertilizer sales improved positively.





## We promote new circular economy solutions in agriculture

Farmer's Berner continued to develop circular economy solutions for agriculture in 2020 in line with our strategy. Our work in circular economy fertilisers in cooperation of BioA Ltd, now a group company, continued in the development of new calcifying FinFerti fertilisers. BioA's recycled fertilisers use side streams that cannot be utilised by the industry. The new recycled fertilisers preserve energy and natural resources, nourish the soil and help plants to benefit from the nutrients already in the soil even better.

Our circular economy solution range expanded as we started as the Finnish reseller of Soilfood's advanced lime products manufactured from industrial side streams of lime. This cooperation allows us to offer our customers the best possible solutions for improving the harvestability of soil and the production of crops.

We also concluded an agreement with Sucros Ltd in 2020 for the distribution of sugar beet pulp, a side product of sugar production, as a feed component for cattle farms. The cooperation with Sucros aims at promoting Finnish sugar beet production and providing Finnish cattle farms with a valuable feed component in a direct and cost-effective manner.

The travel restrictions imposed on foreign seasonal workforce due to the pandemic caused challenges for horticultural farms, which led to decreased areas under cultivation of some vegetables as well. The profitability of horticultural production was good, however.

Our sales of production inputs, such as plant protection products, seeds, fertilisers and packaging supplies, developed positively in spite of the difficult circumstances. The fertiliser business of Nutriforte Ltd was acquired by Berner in August. Berner started representing the water-based fertilisers of Haifa Chemicals, which reinforces our offering for horticultural customers. The sales developed positively with our sports field and landscaping customers as well.

We strengthened both our marketing and our sales organisation in 2020. We opened new offices in Jalasjärvi and Pirkkala. The development of our product range and the strengthening of our sales organisation support the growth targets in line with our strategy in the future.

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

## Sweden

Gullviks celebrated the centennial anniversary of its operations, but due to the COVID-19 pandemic, we were not able to celebrate with our customers as planned. Gullviks continued to focus on the sale of plant protection agents, nutrients, seeds, foliage nutrients and products used in forestry that are sold directly to farms. The seed product range was expanded in 2020 with the new cooperation with Barenbrug as the distributor of their forage grass and leguminous plant seeds.

Gullviks' strong partnership with farmers and suppliers in Sweden continued to strengthen. We were able to reach our

sales targets in spite of the pandemic and the dry early summer. The successful autumn sowing supported the positive sales development. Our organisation has undergone renewals in 2020 due to retirements and the successful recruitments following them. Our employer image and work satisfaction remain strong. [www.gullviks.se](http://www.gullviks.se)

## Baltics

Our operations in the Baltics continued through the Finnish organisation and a limited product range. We have been able to maintain our good customer relationship in the Estonian, Latvian and Lithuanian markets, which creates good preconditions for our future operations as well. We aim to expand our selection in the Baltics in order to continue to develop our cooperation with customers.

# MACHINES

The total forklift truck and property maintenance machine market decreased in 2020 due to the COVID-19 pandemic. Thanks to our good order book and the nature of our customer portfolio, Berner Machines managed to increase its profit, just like the year before.

We launched the environmentally friendly CNG road sweeper in the Dulevo cleaning and sweeper machine product range. The Mitsubishi electric counterbalance forklifts manufactured in Järvenpää were successful in the market again last year, and the share of electric forklifts of new machine sales continued to increase. The forklifts are environmentally friendly and contribute positively to well-being at the workplace. They also help improve the user experience and work ergonomics.

We were able to make the machine deliveries for the order book of early 2020 in spite of the global challenges caused by the coronavirus pandemic. We have had high customer loyalty over the years, which is reflected in the purchases of new forklifts by our old customers. Our success is based on the sales of comprehensive solutions based on the needs of the customers.







# Sustainability

# Highlights and development areas in sustainability

## 4.1

The average result for energy in the work community in the well-being survey covering our employees in Finland (1–5). Increase 0.4 points.

We joined the Motiva's energy efficiency contract.

Learning from the improvement of the harvestability of soil and carbon sequestration as well as communicating the lessons learned are at the core of our second Baltic Sea commitment. We also participate in the Carbon Action company platform.

## 99.9%

The products in our factories in Heinävesi are manufactured with 87.3 to 99.9 percent renewable energy.

We joined the Amfori BSCI organisation that seeks to ensure and develop the social responsibility performance in global supply chains.

We launched the Ecocert Cosmos Organic certified Eco by Herbina natural cosmetics line.

Remote management coaching for managers.

## 100%

The second year of using green electricity generated by wind power in our Finnish operations.

Announcement of Helsinki-Missio's 3-year project to help young people. Berner supports this project with three Finnish foundations and one family company.

Growth management programme with Aalto EE for the Executive Board and 40 participants from Berner's middle management. The programme also developed our change and renewal management competences.

## 10,000 kg

The amount of reduced plastics in GreenCare packaging. Continuation of the previous year's reduction of 35,000 kilos.

### Development areas:

- Developing the Scope 3 emissions reporting further and setting a carbon neutrality target.
- Continued development of ensuring the responsibility of our supply chain.
- The expansion of target 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 and sustainability towards our stakeholders is an integral part of our company's values, operating methods and management. Sustainability is also a key element of our new purpose statement "Protecting tomorrow", which reflects our commitment to operating in such a way that, 100 years from now, the world will still be a good place to live for all of us.

Our new "Our shared responsibilities" sustainability programme 2020–2022 brings all of the areas of our sustainability and the relevant targets under one programme and guides us in the daily development of sustainability. We will develop and update our sustainability programme annually and expand it to cover the entire Berner Group even more comprehensively.

One important aspect of the development of our new sustainability programme was a sustainability survey and interviews with our internal and external stakeholders in the summer of 2019. Taking the responses of all stakeholder groups into consideration, the key sustainability priorities highlighted by the participants were responsible supply chain, product quality and safety as well as occupational safety and well-being. There were some differences in the relative importance assigned to the priorities between different stakeholders and countries.

In the interviews, the respondents highlighted our responsibility for personnel and organizational culture as areas we have been successful in, along with our open and long-term

cooperation with our stakeholders. Our domestic production was also widely appreciated. One of the most important development areas that were highlighted by the participants was ensuring responsibility in global supply chains. Following the sustainability survey, we conducted an internal assessment of the significance of the impacts of the material aspects in accordance with the Global Reporting Initiative (GRI) guidelines on materiality analyses.

## The principles guiding our sustainability

Our sustainability efforts in our day-to-day work are guided by a number of policies and principles, such as our environmental policy, quality policy and HR principles. 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.

**WE SUPPORT**





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. Defined by the OECD, GLP (Good Laboratory Practice) is intended to produce reliable and sufficiently high-quality laboratory testing for purposes such as use by the public authorities.

We are committed to the UN Global Compact sustainability initiative. Our sustainability report is also used as the Global Compact's Communication on Progress report. We are also committed to the chemical industry's international Responsible Care sustainability programme. Responsible Care is an international sustainability programme coordinated in Finland by the Chemical Industry Federation of Finland. In 2020, we joined the Amfori BSCI organisation that seeks to ensure and develop the social responsibility performance in global supply chains.

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.

## 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. Our goal is to report the connection between our sustainability goals and the SDGs in our report next year.



# 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.

86 per cent of the employees of our Heinävesi factory, Viinikkala central warehouse and our Swedish, Norwegian and Baltic subsidiaries completed the mandatory online training on our Code of Conduct in 2020 and in the beginning of 2021. The training was launched at the end of 2019 and first completed by our headquarters staff and sales personnel working elsewhere in Finland. A new training will be implemented in 2021.

All 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

Target 2020–2022	Results in 2020
100% of our employees in all of our operating countries complete online training on our Code of Conduct every two years.	86% of the employees of the Heinävesi factory and Viinikkala central warehouse in Finland and employees in our other operating countries completed the training.
We will add sustainability section to the websites of our own brands in 2020.	Sustainability sections have been added in 2020 or will be added by the end of April 2021.

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 2020, we received reports through this channel concerning our vehicle policy, the fluency of cooperation and vacations, but none of these were an actual violation of our Code of Conduct or the applicable legislation.

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

## Aiming at 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.

During the spring, we were interviewed numerous times by national and local media about the exponential growth in demand for the disinfectant products produced at our Heinävesi factory as a result of the COVID-19 pandemic. Our investment on a new product line in November was also noted comprehensively by various media.

The COVID-19 pandemic and the remote work recommendations resulting from it emphasised the role of internal communications. At the beginning of March, we founded an internal COVID-19 team that convened every week during the spring and gave regular announcements of recommendations and regulations related to the COVID-19 pandemic. Brief video communications from our CEO were published to the entire staff almost every week throughout the year. In order to develop our internal communications even further, we launched a new Berner News newsletter to our employees in all our countries of operation. In the internal communications satisfaction

survey conducted in Finland, satisfaction with the different channels increased by 0.3 points to 3.7 (on a scale of 0–5). The biggest increase in satisfaction concerned communications by the executive management, and this was also the internal communications channel that got the best satisfaction rating. 82% of the respondents were very satisfied or satisfied with our internal communications.

As a company with six business units, we have a significant number of stakeholders. Naturally, there are substantial differences in the wishes, expectations and priorities of our various stakeholders. In 2020, COVID-19 pandemic and its impacts were, however, an extensive shared theme in communications with the stakeholders. 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 added an extensive section on sustainability on the websites of almost all of our own brands or expanded an existing one in 2020 and the beginning of 2021. We also increased communications on sustainability in the other communications channels of our brands.

The ways in which we listen to the wishes and expectations of our stakeholders include day-to-day interaction, meetings and events as well as separate surveys and questionnaires, among other things, that our business units performed during the year. Due to the COVID-19 pandemic, meetings with shareholders largely took place online in 2020. Our Ainu brand, for example, quickly organised its own, successful Child Fair on Facebook after the Child Fair was cancelled. Also the Berner Christmas Tales event for our stakeholders was a successful online event.

Stakeholder	Interaction themes 2020
Employees	The COVID-19 pandemic, its impacts, coping with remote work, development of the management of remote work, strategy and results
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	Increased domestic production of disinfectants, investments in 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

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

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

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

The 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 organization and as individual employees.

The COVID-19 pandemic had a significant impact on the management of occupational safety and well-being in 2020. We responded quickly to the threat caused by the coronavirus and set up a COVID-19 preparedness group at the beginning of March to determine policies and instruct employees on safe working methods. The COVID-19 preparedness group met on a weekly basis in 2020 and almost daily in the spring. We

## Occupational safety and well-being at work

Target 2020–2022	Results in 2020
Zero accidents and occupational illnesses.	In Finland, there was one accident that led to short-term absence. No accidents were recorded in the other locations.
The sickness absence rate stays under 3%. In production and logistics, the sickness absence rate is at most 5.5% Reduction in absences related to musculoskeletal symptoms.	The sickness absence rate decreased to 1.8% (2.6%) in Finland, and in production and logistics, it decreased to 3.9% (4.2%). Absences related to musculoskeletal symptoms decreased by 5.6%. The figures for the other companies and countries are reported in the table on p. 43.
No new cases of occupational diseases or work-related illnesses.	There were no occupational diseases or work-related illnesses in 2020.
An average score of more than 3.5 in all areas of the occupational well-being survey.	The overall average score of the different areas of the occupational well-being survey conducted in Finland was 4.1 (on a scale of 1–5). In Sweden, the average score of the occupational well-being survey was 3.4 (on a scale of 1–4).

In the results, Finland refers to Berner Ltd in Finland. Berner has subsidiaries in Sweden, Norway and the Baltics. The results for Sweden also include Norway due to the small number of employees in Norway. The results are also reported for the group company, Berner Chemicals Ltd.

Average number per country, 2020, Berner Group	
Finland	392
Sweden and Norway	55
Estonia, Latvia, Lithuania	71
Group companies in Finland	35
<b>Total</b>	<b>536</b>

provided information to employees actively and responded quickly to the safety measures recommended by the government. Almost all the employees of our headquarters started working remotely in March, and the remote work recommendation continued throughout the year. In production and logistics, safety was enhanced by, among other things, increasing the use of protective equipment and following good hygiene as well as by minimising contacts. Breaks were taken in phases and work rotation was suspended.

We also attempted to take different kinds of communication actions to respond to the tiredness and worry caused by the exceptional situation. Mental coping and fluent remote work were recurring themes in our communications to employees. We organised a “Compliment a colleague” campaign in Finland in the autumn with the purpose of reminding each other about the support of the work community even though we were not working in the same place anymore. The campaign resulted in 274 compliments that were forwarded to recipients. A summary of the compliments was also published in our intranet.

We responded to the sudden increase in demand for disinfectants by increasing shifts in our Heinävesi plant and switching over to three-shift working. All the employees had an occupational night work health check before the night shifts were implemented.

We conduct a “Healthy at work” workplace survey in each unit in three-year intervals. The survey includes a risk assessment, health examinations and a development plan. In 2020, the workplace surveys were conducted as scheduled in three units in Finland.

## Key results of the occupational well-being survey

In 2020, we conducted the “Työvire” energy in the work community survey in cooperation with pension insurance company Ilmarinen covering all our Finnish employees. The Työvire survey was a condensed version of the occupational well-being survey conducted in 2019. In 2020, the average score for energy in the work community at Berner was 4.1 (on a scale of 1–5), a significant increase from the score of 3.7 in 2019. The response rate was 77%.

Based on the result, Berner’s group-level strengths include health as an enabler of working, finding the work meaningful and the awareness of the expectations set by the work.

- 97% per cent of the respondents agreed fully or to some degree with the statement that Berner’s work is significant.
- 95% per cent agreed fully or to some degree with the statement that they know what is expected of them in their work.
- 91% per cent agreed fully or to some degree with the statement that they would, as far as their health is concerned, be able to continue working in their position in two years’ time.

The following statements were identified as development areas, on the other hand: “I receive regular feedback on my work”, “My employer is genuinely interested in my well-being” and “I am encouraged to develop in my work”.

- 23 per cent of the respondents disagreed fully or to some degree with regard to the statement concerning regular feedback.
- 18% per cent disagreed fully or to some degree with the statement that the employer was genuinely interested in the employee’s well-being.
- The questions about encouragement to develop in work, on

the other hand, received lots of neutral responses “Do not agree or disagree”, whereas 16 per cent disagreed fully or to some degree with the statement that Berner encourages its employees to develop.

The survey also included a section for determining our eNPS score, which reveals how likely Berner employees are to recommend their employer to others. In 2020, our score was 32, showing an increase from the 2019 score of 19 (on a scale of -100 – +100).

In Sweden, the average score of the occupational well-being survey was 3.44 (on a scale of 1–4). We have drawn up a plan of actions to bring the score over 3.5. The respondent rate was 87% of all the employees.

## Equality and diversity

Target 2020–2022	Results in 2020
Men and women receive the same pay for the same job categories.	The determination of the current status in Finland will begin in 2021.
No harassment or discrimination cases.	No harassment or discrimination cases. We updated our policies concerning harassment and discrimination as well as the employee and manager instructions on how to act in case harassment or discrimination is observed in Finland.

In the results, Finland refers to Berner Ltd in Finland. Berner has subsidiaries in Sweden, Norway and the Baltics. The results for Sweden also include Norway due to the small number of employees in Norway. The results are also reported for the group company, Berner Chemicals Ltd.

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

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

In addition to the Code of Conduct launched in 2019, a mandatory online course for all employees became a permanent part of the orientation training of new employees in 2020. The Code of Conduct and the online course were also included in the personnel practices of our Swedish and Baltic subsidiaries.

Throughout the year, we clarified and promoted the management policies improving equality by means of, for example, descriptions of performance reviews and development discussion and dialogue practices as well as related training. Our goal for the strategy period 2021–2023 is that all the managers are aware of the most uniform management practices and observe them. We are moving towards this goal by investing in manager coaching and designing and clarifying management processes, among other things.

We started the renewal of our non-discrimination and equality plan at the end of 2020. We aim to publish the new plan approved by personnel representatives early in 2021. The plan discusses concrete processes and actions that we implement to promote diversity and equality.

## Competence development

Target 2020–2022	Results in 2020
HR plans have been prepared for each business area, including a concrete plan for competence development.	HR plans were created for each Finnish business unit.
100% of our employees are covered by annual performance reviews and development discussions.	Finland 83%, Sweden 100%, Estonia 0%, Latvia and Lithuania 70%, Berner Chemicals 50%.

In the results, Finland refers to Berner Ltd in Finland. Berner has subsidiaries in Sweden, Norway and the Baltics. The results for Sweden also include Norway due to the small number of employees in Norway. The results are also reported for the group company, Berner Chemicals Ltd.

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 achievements regularly during the operating year, and we have also created a sheet supporting these 1 to 1 discussions in the HR system.

In 2020, we developed unit-specific online orientation training courses. The orientation course for the employees at the Heinävesi plant was launched and the development of orientation for our Pro business unit was started in the autumn. Our goal for 2021 is to expand the use of this platform for orientation in different business units.

In 2020, the online orientation for all employees included Berner's employee relationship training and the Code of Conduct course. In 2021, we will add data security and GDPR training to the online course.

The group-level competence development programmes covered managerial work and leadership themes. We offered employees in marketing positions the opportunity to deepen their competence in different areas of marketing in cooperation with Marketing Finland. Training organised in Sweden consisted mainly of product training.

## Leadership development

Target 2020–2022	Results in 2020
The leadership index will be at least equal to the Finnish supervisor index average (74.2) and the Executive Board's leadership index score will be at least 75.	We will report on this for the first time for Finland in our reporting on 2021.
All new supervisors have been provided with the necessary skills for managerial work.	All new supervisors in Finland participated in orientation training for new supervisors, and we launched online orientation for new supervisors.
Employee turnover is not attributable to the quality of supervisory work.	The exit interviews held did not indicate that the quality of supervisory work was a factor in departing employees' decision to leave the company.

In the results, Finland refers to Berner Ltd in Finland. Berner has subsidiaries in Sweden, Norway and the Baltics. The results for Sweden also include Norway due to the small number of employees in Norway. The results are also reported for the group company, Berner Chemicals Ltd.

In 2020, we launched a growth management program in collaboration with Aalto Executive Education. The program participants included all of the members of our Executive Board and most of the managers of our business areas. Read more in the case study.

In 2020, we invested in communications to supervisors by introducing 15-minute HR sessions for supervisors. The 15-minute information sessions give supervisors information about current topics in human resources management. We also continued the development of online instructions and orientation for supervisors. Our goal is to finalise and launch the “Supervisor at Berner” in 2021. Before the exceptional circumstances started, we organised a two-part supervisor training for new supervisors.

The remote work recommendation due to the COVID-19 pandemic brought new kinds of challenges to management and supervisory work, therefore we invested in the training of supervisors towards the end of 2020. A remote management training was arranged for each business area. The coaching was organised in cooperation with Arespartners. We also designed Berner’s shared remote management practices in connection with the coaching, and this work will continue in 2021.

## **Growth management programme with Aalto EE**

We launched a growth management program in collaboration with Aalto Executive Education. The program participants included all of the members of our Executive Board and most, i.e. approximately 40, of the managers of our business areas and support functions working in middle management.

The training is aimed at the development of business operations and management, and its purpose is to harmonise the shared practices supporting growth and to reinforce the competitive advantage of the business units. Furthermore, the coaching programme aimed at the development of, among other things, our change and renewal management capabilities that have received feedback in both the 360 measurements and in the energy in the workplace survey.

As a part of the growth programme, the participants worked in seven growth projects supporting Berner’s strategy. The Management Board selected the best growth-promoting project and recommended that all the growth projects be continued in 2021.



## Employee figures of Berner Group 31.12.2020

Figures reported for Finland, Sweden, Norway, Estonia, Latvia and Lithuania. Group company figures include Berner Chemicals Ltd. Our target is to report next year figures also for the new Group companies BioA Ltd and Suomen Medituote Ltd.

### Number of employees and employment

	Finland	Sweden and Norway	Baltics	Total
Number of employees 31.12.2020	419	57	71	547
Permanent				
*Men	197	43	10	250
*Women	201	11	57	269
Temporary				
*Men	6	3	0	9
*Women	15	0	4	19
Full-time				
*Men	201	38	9	248
*Women	213	10	58	281
Part-time				
*Men	3	5	1	9
*Women	2	1	7	10

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

Finland	Men	Women
Under 30 years old	24	19
30–50 years old	21	25
Over 51 years old	2	4
<b>Total</b>	<b>47</b>	<b>48</b>

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

Baltics	Men	Women
Under 30 years old	0	1
30–50 years old	1	3
Over 51 years old	3	3
<b>Total</b>	<b>4</b>	<b>7</b>

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

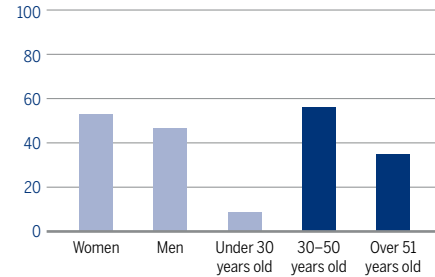
Finland	Men	Women
Under 30 years old	22	11
30–50 years old	8	11
Over 51 years old	2	4
<b>Total</b>	<b>32</b>	<b>26</b>

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

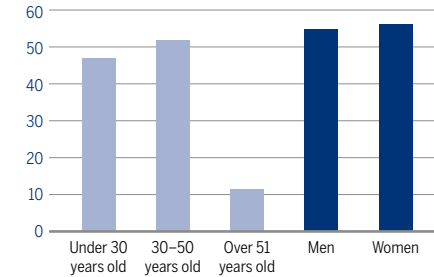
Baltics	Men	Women
Under 30 years old	0	0
30–50 years old	2	7
Over 51 years old	2	2
<b>Total</b>	<b>4</b>	<b>9</b>



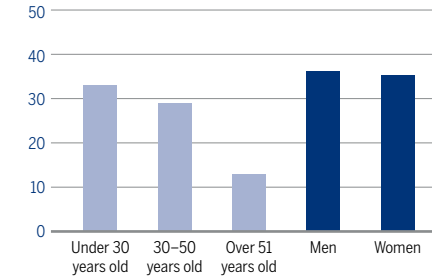
### Gender and age division %, Berner Group



### New employee hires, Berner Group



### Employee turnover, Berner Group



### Employee gender and age groups, Berner Group

Gender and age	Board of Directors	Executive Board	Clerical	Workers
Men	4	8	183	73
Women	0	2	240	48
Under 30 years old	0	0	35	15
30-50 years old	2	9	243	63
Over 51 years old	2	1	147	41

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

Finland (Berner Ltd.)	83%
Finland (Berner Chemicals Ltd.)	50%
Sweden and Norway	100%
Baltics (Berner Lithuania and Berner Latvia)	70%

### Sick leave absence rate

	2020	2019
Finland (Berner Ltd.)	1.80%	2.66%
Finland (Berner Chemicals Ltd.)	6.30%	4.00%
Sweden and Norway	0.77%	0.60%
Lithuania and Latvia	12.20%	2.76%
Estonia (Ordior Eesti)	0.44%	-
Estonia (Berner Eesti)	0%	0%

### Share of employees covered by collective bargaining agreements

Finland	100%
Sweden and Norway	100%
Baltics	0%

### Number of injuries (short absence)

	2020	2019
Finland (Berner Ltd.)	1	5
Finland (Berner Chemicals Ltd.)	0	2
Sweden	0	0
Baltics	0	0

### Average training hours / employees

Finland (Berner Ltd.)	10
Finland (Berner Chemicals Ltd.)	12
Sweden and Norway	40
Estonia (Ordior Eesti)	25

The 2019 figure for Berner Chemicals has been corrected.

# 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 2020
Zero recalls of products manufactured by Berner.	One recall related to the shelf life of bottled ethanol.

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 seven-person team responsible for quality assurance. We develop our products in accordance with customer needs. In product design, we focus particularly on the functionality and effectiveness of our products as well as environmental and safety aspects. This ensures the safety of our products during their use by the customer and during our production processes.

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

## The production volume grew by 20%

In 2020, the total production volumes of our plants increased by approximately 20% year-on-year. The demand for domestic cosmetics products grew steadily throughout the year, and the corresponding production volumes increased by more than 10%. The sudden increase in the demand caused by the COVID-19 pandemic increased the production volumes of hand disinfectants 3.5-fold.

We had to implement one recall in 2020 related to the shelf life of bottled ethanol.

We have evaluated the products and the raw materials used in them in the selection and development stages based on their environmental and safety-related attributes. The principle is to

choose product and production alternatives that minimize the negative impacts on the environment and maximize the safety of processes and users. We will develop the transparency of our operations in this respect during the coming years by adopting new performance indicators.

Due to the substantial changes in the conditions due to the COVID-19-pandemic and the slightly delayed implementation of our new ERP system, we failed to complete the development of the new complaints process as planned. We will finalize the development of this process in 2021. For the same reasons, we did not execute the delivery chain-wide recall exercise in 2020, and it will be organized in 2021 instead. We have, however, tested the operation of the recall process in the new ERP system. We did not receive any complaints from the authorities regarding products manufactured by us in 2020.

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

# RESPONSIBLE SUPPLY CHAIN

In 2020, we continued to develop processes to ensure the responsibility of purchases and increase transparency at the Berner level. We joined Amfori BSCI, prepared internal responsible purchasing principles and gave training about the requirements of the principles to employees of our business areas. We used the supplier self-assessment form to determine the current status of social and environmental responsibility of our cooperation partners, especially with regard to those located in Amfori BSCI risk countries. We will continue this development under the management of our communications and sustainability manager next year as well.

## 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. Signed Codes of Conduct of 5.5% of all our suppliers had been entered into our new M3 ERP system by the end of 2020. 36% of the purchase volume in euros was from suppliers who have signed the Supplier Code of Conduct.

Target 2020–2022	Results in 2020
The social responsibility of products manufactured in high-risk countries is ensured by third-party audits.	We joined Amfori BSCI. We used the supplier self-assessment form to determine the current responsibility status of especially those BSCI risk country suppliers who do not have BSCI audit certificates. We are continuing supplier self-assessments at the beginning of 2021 and will, based on the results, perform BSCI audits of our suppliers if necessary.
We take social and environmental responsibility into account in the selection of new suppliers.	We used the new supplier self-assessment form in the selection of a new supplier in one business area.
100% of our suppliers have signed the Supplier Code of Conduct.	5.5% of all the suppliers supplying to our Berner Ltd in Finland had signed the Supplier Code of Conduct. 36% of the purchase volume in euros was from suppliers who have signed the Supplier Code of Conduct.
We continuously develop our risk management related to responsible purchasing.	We prepared internal responsible purchasing principles and gave training on them to employees of our business areas.

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

Our WhistleB channel also allows our external stakeholders to report potential suspicions concerning conduct that violates the law and our Code of Conduct.

## We joined Amfori BSCI

In spring 2020, we joined the Amfori BSCI organisation that seeks to ensure and develop the social responsibility performance in global supply chains. As a member of Amfori BSCI, we have the opportunity to request BSCI audits and utilise the extensive BSCI database containing the details of all the BSCI audited suppliers in the world and their audit reports. Amfori BSCI's risk classification of countries relies on the Worldwide Governance Indicators from the World Bank.

Some of our own brands' products are contract manufactured in Amfori BSCI risk countries. For example, the active Chinese contract manufacturers of Nokian Footwear and Hai are all BSCI audited. The contract manufacturers of Ainu stuffed animals manufactured in China have the toy industry's international ICTI Ethical Toy Certification.

Thirteen percent of the raw materials and packaging used in our own production facilities in Heinävesi are manufactured in BSCI risk countries. Nine percent of consumer goods, leisure goods and our principal's goods imported by PRO or our own brands' goods that are contract manufactured come from BSCI risk countries such as China, Thailand and Serbia.

Some of the raw materials and chemicals imported by Berner Industries are manufactured or produced in BSCI risk countries such as Russia and Brazil. All products sold by our Machines business unit are manufactured in low-risk countries apart from one product, which is assembled in Dalian in China. Products

imported by Farmer's Berner are primarily manufactured in low-risk countries. We aim to report business-specific risk country shares in more detail in next year's report.

## We prepared responsible purchasing principles

We prepared internal responsible purchasing principles and gave training about the requirements of the principles to employees of our business areas in Finland and Sweden. According to our principles, all of our suppliers located in BSCI risk countries must either be audited by BSCI or some other social responsibility audit organisation that we approve or have responsibility certification by the end of 2022. New suppliers located in risk countries must hold an approved social responsibility audit certificate or certification.

We introduced a supplier self-assessment form that the supplier uses to assess the current status of the social and environmental responsibility of its company. The questions of the form are based on the Supplier Code of Conduct and also include detailed questions to, in particular, suppliers located in BSCI risk countries. We used the supplier self-assessment form initially to determine the current responsibility status of especially those BSCI risk country suppliers who do not have BSCI audit certificates. We also started using the self-assessment form to assess the responsibility of the raw material suppliers of some of our products produced based on a production contract in risk countries. Furthermore, we utilised the new supplier self-assessment form in the selection of a new supplier in one business area. We will continue the determination of the current responsibility status of our existing risk country suppliers during

the first half of 2021, and based on the results, we will start requesting BSCI audits, if necessary. We also seek to improve the level of detail of our responsible purchasing reporting for the next sustainability report.

During the year, we responded to two Finnwatch surveys related to ensuring the environmental sustainability of suppliers located in risk countries as well as the sustainability of soy imported from Brazil.



# SUSTAINABLE PACKAGING

We develop the sustainability of our packaging by the choice of materials. 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. 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 also develop the sustainability of packaging by actively participating in projects that promote the circular economy. In 2020, we participated in the Chemical Industry Federation of Finland's Pakkauspilotti project that examined the packaging used in the chemical industry and the possibilities to develop them according to the requirements of sustainable development. This pilot project gathered information about the packaging used for product batches of less than 1,000 kg and the materials used in them. The pilot project will continue in 2021 as well.

In addition, we used lifecycle assessment, for example, to assess the sustainability of packaging. We performed a light lifecycle assessment to some of our LV products in order to determine the environmental impacts of different packaging materials. We will use the results obtained in the development of more sustainable packaging.

Target 2020–2025	Results in 2020
All of the plastic packaging in our own production will be recyclable by 2025.	90% made of mono-material (PE, PP or PET) at the end of 2020.
50% of our products manufactured in-house will be packaged in recycled materials by 2025.	2% produced from recycled plastic at the end of 2020.
We will reduce the amount of plastic used in the packaging of our products manufactured in-house by 10% by 2025, compared to 2019.	Plan and schedule for reducing the use of plastic in packaging.
10% of the products we manufacture in-house will use packaging that reduces the use of fossil virgin plastic by 2025.	We tested several packaging solutions reducing plastic for our cosmetics products. Due to the technical characteristics of the packaging, none of these ended up being used in product packaging, but we will continue looking for new alternatives and testing them.

## 90% of packaging can be recycled

All of the cardboard, metal and glass packaging of our products manufactured in Heinävesi are already recyclable. Of the plastic packaging used in 2020, 90% were made of mono-materials (PE, PP or PET) and therefore recyclable. The slight decrease from 2019 is due to more detailed reporting and the increased demand for products with a pump. All of our plastic packaging can be sorted as plastic waste.

Some 10% of our plastic packaging consists of multiple plastics or materials, however, which means that they cannot be recycled in mechanical plastic recycling. Pumps and bags are examples of such packaging that can, nevertheless, be recovered as energy. Our goal for 2025 is that all of the packaging materials used in our products manufactured in-house are recyclable. In 2020, we created a plan on how to achieve this goal.

## Plan for increasing the use of recycled plastic and reducing the use of plastic

In 2020, packaging manufactured from recycled materials remained unchanged and accounted for 2% of our packaging. We launched one new packaging size manufactured from recycled plastic: a 200-ml bottle of Heti dishwasher cleaner. During the year, we prepared a plan for increasing the use of recycled plastic and reducing the use of plastic in plastic packaging. In addition, we added material information on the packaging and written sorting instructions in all packaging of our new products. These will be updated on a regular basis when changes are made. This work will also continue in the future.

Furthermore, we have been actively testing and investigating packaging solutions that replace and reduce the use of virgin

fossil plastic, and this work will continue actively in the future as well.

In 2020, we transferred the production of LV dishwasher liquid 500 ml, the XZ Natura 400 ml line and Heti laundry vinegar 500 ml bottles to Finland. The domestic bottles will be taken into use in the products during spring 2021. At the same time, we made slight optimisation changes to the bottle weights. This will reduce the need for virgin plastic by approximately 2 tonnes per year.

In our contract-manufactured GreenCare products, the use of recycled plastic and the optimization of packaging reduced the need for virgin plastic by approximately 35,000 kilograms in 2019. In 2020, we were able to reduce the use of plastics by another 10,000 kilograms.



# SUSTAINABLE RAW MATERIALS

## We started compiling roadmap of raw materials

In our own production, we always try to choose raw material alternatives that are better for the environment, such as raw materials with fewer environmental classifications or manufactured from side streams. 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.

We seek to introduce new biodegradable raw materials in our production and to replace existing raw materials with biodegradable alternatives. In 2020, we started using eight biodegradable raw materials, three of which were used to replace existing non-biodegradable raw materials and five were completely new biodegradable raw materials. We apply specific restrictions to UV protectants and fragrances that consider health and environmental impacts, among other things. We aim to prioritize raw materials manufactured in Finland, the Nordic region and Europe. We list the domestic raw materials of our products on our website.

We have started compiling a roadmap of raw materials to guide our choices of raw materials. The roadmap contains the selection criteria of raw materials. In addition, we monitor any reclassification of raw materials and act according to them.

Target 2020–2022	Results in 2020
We emphasize biodegradability in new raw materials used in our in-house manufacturing and we will increase the number of biodegradable raw materials each year.	We started using eight biodegradable raw materials, three of which were used to replace existing non-biodegradable raw materials and five were completely new.
We will increase the proportion of renewable raw materials to 30% in our Nordic Swan Ecolabel certified products manufactured in-house. The milestone for 2020 is 27%.	The proportion of renewable raw materials in our Nordic Swan Ecolabel certified products was 25% at the end of the year.
We aim to increase the number of in-house manufactured environmentally certified products by six.	We launched one new product certified with Nordic Swan Ecolabel. We had 32 in-house manufactured products on sale that are Nordic Swan Ecolabel certified.
We will transition to using 100% certified Mass Balance RSPO palm oil products, or corresponding products, in our own production activities. The milestone for 2020 is 90%.	The proportion of Mass Balance RSPO palm oil in our in-house production was 81%. During the year, we replaced 10 raw materials with materials of MB quality. Due to the spike in the demand for detergents due to the COVID-19 pandemic, however, the consumption of non-certified raw materials grew by so much in proportion that we were unable to increase the percentage share from 2019.
Recycled side streams amount to approximately 220,000 metric tons.	Recycled side streams amounted to 26,000 metric tons.

The raw material roadmap also guides us in respect of the sustainability of raw materials.

### **Palm-oil based raw materials from RSPO members**

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 proportion of RSPO Mass Balance palm oil in our in-house production was 81%. During the year, we replaced 10 raw materials with materials of MB quality.

Our environmental certification requirements guide the raw material choices of our environmentally certified products. The proportion of renewable raw materials in our Nordic Swan Ecolabel certified products was 25% at the end of the year. In 2020, we launched one new Nordic Ecolabel certified product, and in total, we had 32 in-house manufactured products on sale that are Nordic Swan Ecolabel certified.

Our Nokian Footwear contract-manufactured products are primarily made using natural rubber mixtures from rubber harvested from cultivated rubber trees. The natural rubber used by our contract manufacturers is sourced from Vietnam,

Sri Lanka and Malaysia. We continually strive to develop and deepen our knowledge about the origins of our raw materials and the transparency of information.

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

### **Increasing circular economy**

The circular economy is of growing importance in Berner's operations. In 2020, recycled side streams totalled more than 26,000 metric tons. Berner's circular economy target for 2023 is 220,000 metric tons. Side streams are generated in the animal feed, food and forest industries, for example, and their uses include fertilizers and biogas production. The production of GreenCare Ympäristön Ystävä fertiliser makes use of food industry side streams. The fertiliser recycles side streams back into the soil and sequesters carbon.





# WE REDUCE OUR CLIMATE AND ENVIRONMENTAL IMPACTS

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

The most important UN Sustainable Development Goals that we promote



# ENERGY EFFICIENCY AND EMISSIONS

## Energy efficiency and emissions

Target 2020–2022	Results in 2020
The Heinävesi plants run completely on renewable energy.	The share of renewable energy in the total energy consumption of the Heinävesi plants was 87.3% at the H1 plant, which produces cosmetics and hygiene products, and 99.9% at the H2 plant producing ethanol-based products as well as at the H3 vinegar production plant. We explored alternative sources of energy for process heat production at the H1 plant.
We will begin using biofuels in our transport operations between the Heinävesi plants and our central warehouse in Viinikkala, Vantaa.	We are currently researching this with our contractors. We will report the percentage of renewable fuels in 2022.
We will reduce our direct and indirect greenhouse gas emissions.	The Scope 1 emissions increased due to a change in the calculation method. The Scope 2 emissions increased slightly due to heating. We carried out preparatory work for the reporting of our CO <sub>2</sub> emissions from commuting by car, our company cars and business travel.
We will increase our energy efficiency. We will join the Motiva energy efficiency agreement in 2020. We will set a quantitative target in 2021.	We joined the energy efficiency agreement in 2020 and we have improved our reporting on our energy consumption. We renewed the lighting at the H2 plant.

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

### All of our places of business in Finland powered 100% by wind energy

The year 2020 was our second full year of using green electricity generated by wind power in our Finnish operations (the Heinävesi plants, our logistics centre in the Viinikkala, Vantaa and our company headquarters in Herttoniemi). We made the switch to wind energy in late 2018. As a result, our annual CO<sub>2</sub> emissions decreased by 661.3 tonnes (CO<sub>2</sub>-eq.) in 2019. In 2021, we will switch from EU wind energy to domestic wind energy. The district heating at our Heinävesi plants is generated by wood chips. In our other places of business, we use regular district heating. In 2021, we will explore opportunities to switch to renewable district heating in our other places of business as well.

## Up to 99.9% of our production in Heinävesi powered by renewable energy

In recent years, we have been able to substantially increase the share of renewable energy sources at our Heinävesi plants. The energy consumption of the H2 plant producing ethanol-based products and of the attached H3 vinegar production plant is derived almost entirely – 99.9% – from renewable sources. We are well on our way to reaching our target of 100%. We have also found effective solutions for increasing the share of renewable energy (now 87.3%) used by the H1 plant producing cosmetics and hygiene products. We will make a decision on a heating solution in 2021 while taking into account the possibility of heat recovery. Renewable energy accounted for 73% of the energy consumption of all our operations in Finland in 2020. Our objective is to further increase that percentage during the monitoring period.

For the time being, we use regular diesel to transport our in-house products between the Heinävesi plants and our logistics centre in Viinikkala, Vantaa. The share of renewable energy in diesel is approximately 12 vol%. We have had negotiations with our contractors on different possibilities of using biofuels in our product transport activities. We aim to report the percentage of biofuel in next year's report.

As regards direct air emissions, we are now also reporting the fugitive VOC emissions originating from our factories. VOC emissions occur when alcoholic liquids are processed at the H2 and H3 plants. The VOC emissions are not significant: of the ethanol that is passed into processing at the H3 plant, 0.9% evaporates into the environment. In addition to the change in reporting on VOC emissions, we report our emissions as carbon dioxide equivalents. This means that the emissions from volatile organic compounds and sulphur and nitrogen oxides are

converted to CO<sub>2</sub> equivalents. The CO<sub>2</sub> equivalent is calculated using GWP multipliers as required by the IPCC. As a result, we are able to set a more precise emission target level.

## We are further developing our Scope 3 reporting

We have improved and will further improve our reporting on our indirect Scope 3 emissions. We will report the method and sources of propulsion of the leased cars used in our operations in Finland and Sweden last year. We will also set a target in 2021.

Berner Ltd has 100 leased cars in Finland. Of these, 49% run on diesel, 47% run on gasoline, 3% are hybrid cars and 1% run on natural gas. Commuting is mainly done by personal cars and leased cars. Of these, 54% run on gasoline, 35% run on diesel, 5% are hybrid cars and 3% run on natural gas. In addition, the cars were powered 3% by Neste MY Renewable Diesel.

### Energy consumption (MWh) Berner Ltd, operations in Finland

	2020	2019
Electricity	2,660.4	2,502.3
District heating	5,584.4	5,660.6
Fuel oil	176.0	189.0
<b>Total MWh</b>	<b>8,420.8</b>	<b>8,162.9</b>

### Energy consumption (MWh), Sweden & Baltic countries

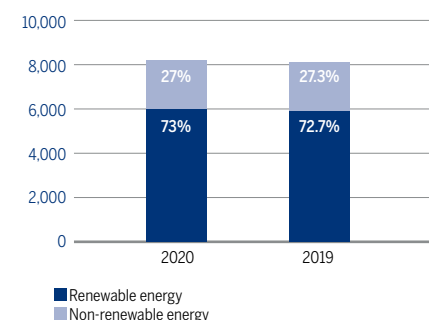
	2020	2019
Sweden	541.8	526.6
Baltic countries	177.4	

Figure for Baltic countries does not include Ordior Eesti.

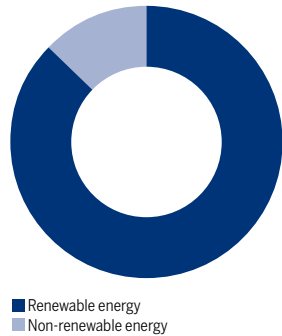
### Renewable and non-renewable energy (MWh) Berner Ltd, operations in Finland

	2020	2019
Renewable energy	6,020.4 (73%)	5,936 (72.7%)
Non-renewable energy	2,224.3 (27%)	2,226.8 (27.3%)

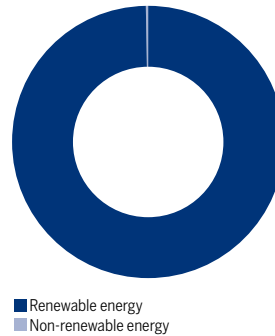
### Renewable and non-renewable energy (MWh) Berner Ltd, operations in Finland



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



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



### Direct and indirect greenhouse gas emissions (Scope 1 and 2, metric tons of CO<sub>2</sub>-eq.), Berner Ltd, all operations in Finland

	2020	2019
Scope 1	69.4*	34.0
Scope 2	395.4	376.7
CO <sub>2</sub> savings	629.9	661.3**

\*) VOC, NOx included, multipliers in accordance with GWP100 IPCC AR5.

\*\*) The drop in emissions that resulted largely from wind energy is a correction from last year's report, which had a calculation error.

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 of the company's operations in Finland was 100% renewable wind power with zero CO<sub>2</sub> emissions. The district heating at the Heinävesi plants is generated by wood chips with zero CO<sub>2</sub> emissions. We have switched to a more precise calculation method for our direct CO<sub>2</sub> emissions, which has resulted in an increase in calculated emissions despite the reduction in fuel oil use.

### The energy consumption of leased cars (MWh, Scope 3), Finland and Sweden

	2020
tCO <sub>2</sub> e	629.9
Renewable energy	14.1%
Non-renewable energy	85.9%

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

	2020
Renewable energy	12%
Non-renewable energy	88%

According to Statistics Finland's fuel classification.

# MATERIAL EFFICIENCY

Target 2020–2022	Results in 2020
We will reduce the material waste resulting from our own production by improving our material efficiency and by reviewing our processes.	We ordered a material audit from an external consultant for the H2 plant in Heinävesi which manufactures ethanol-based products. We have chosen the development areas that we aim to improve. We joined the pilot project on packaging organised by the Chemical Industry Federation of Finland. The aim of the project is to utilise reports on packaging in materials analysis.
We will enhance the use of washing water by adopting new washing practices and reducing the volume of waste water as well as the amount of waste sent to the hazardous waste treatment plant.	Late in the year, we invested in a washing system with the aim to reduce the volume of washing water at the H1 plant, which produces cosmetics and hygiene products. The investment is expected to bring results in the form of a reduced volume of waste water in 2020.
We will enhance the use of washing water by adopting new washing practices and reducing the volume of waste water as well as the amount of waste sent to the hazardous waste treatment plant.	We have examined the possibilities of utilising the side stream used, for example, in flushing the process as raw material for selected technical products.

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. We implemented a new ERP system in 2020, and we will explore ways to enhance our waste reporting in 2021.

We will establish a working group focused on the management of material efficiency in 2021. The Supply Chain Director and the Quality and Environmental Manager are responsible for the management of material efficiency.

We produced some 17.8 million products in Heinävesi last year, which is an increase of 20% compared to 2019. We also produced bulk vinegar.

**Water consumption decreased despite the increase in production volumes**

Water and waste water are our main indicators of material efficiency. Our water consumption decreased last year despite the increase in production volumes. Most of the water intake at the production plant is used for production. Water is also used for washing production lines, containers and pipe systems and, in small amounts, for cooling. The H2 plant producing ethanol-based products uses a closed circulation cooling system. The cleaning of the equipment and facilities generates waste water, which is sent to a water treatment plant operated by the municipality of Heinävesi.

The water used at our production facilities in Heinävesi is groundwater that is filtered through calcareous gravel for pH regulation and channelled through a UV filter before use. Water quality is monitored by means of samples taken by the company as well as the municipality. Our production facilities in Heinävesi are not located in a groundwater area.

**Thanks to CIP washers, the amount of waste water is expected to drop**

We aim to reduce the amount of waste water by means of CIP washers, for example. We had them installed at the H1 plant producing cosmetics and hygiene products in 2020. The number of washes, as well as the amount of waste water, increased at the H1 plant last year. We expect the amount of waste water to decrease as a result of the CIP washers in 2021.

We are also planning on installing the CIP washing system at the H2 plant in order to reduce the amount of water in hazardous waste. This way, we will be able to reduce the amount of waste as well as the environmental impact of our transport activities. Reducing the share of water will also make the waste more suitable for energy recovery. Another solution for reducing the amount of hazardous aqueous waste is to use the clean washing water as raw material in the production of suitable products, such as windshield washer fluid. Research on this is ongoing.



## 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, and 15 development areas were identified. Action was taken on six of these in 2020, and we have undertaken to address four more. We are still considering whether to undertake the last five. It is estimated that savings of 34,000 kg of raw material will be achieved as a result of these measures. Accordingly, we would produce 26,200 kg less waste annually. A material audit will be conducted at the H1 plant in 2021–2022.

## Amount of hazardous waste decreased

Even though our production volumes increased by some 20% last year, we were able to reduce the amount of hazardous waste by 12%. The rise in production volumes is reflected in increased amounts of waste (+0.5%) but we were able to increase the share of recycling by almost 5%. We conducted an assessment on more stringent plastic waste collection in 2020, and we will carry out a pilot collection project in 2021 to determine the amounts of different types of plastic waste that we produce. By means of stricter plastic waste separation, we would contribute to the circular economy.

### Water consumption and waste water (m³), Heinävesi plants

Water consumption	2020	2019
H1 plant	12,369	11,221
H2 and H3 plants	6,504	7,869
<b>Total</b>	<b>18,873</b>	<b>19,090</b>
Waste water		
H1 plant	4,043	1,354
H2 and H3 plants	2,108	2,205
<b>Total</b>	<b>6,151</b>	<b>3,559</b>

### Water consumption relative to production volume, Heinävesi plants

	2020	2019
H1 plant	4.18	3.75
H2 and H3 plants	0.85	0.93

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

### Waste water volume relative to production volume, Heinävesi plants

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

### Waste, metric tons, Berner Ltd, operations in Finland

	2020	2019
Amount of normal waste, t	142.6	89.1
Amount of hazardous waste, t	367.6	418.7
Total amount of waste, t	510.19	507.7
Waste recovery rate (%)		
Material recovery	14.2	9.4
Energy recovery	83.0	88.0
Reuse	2.8	2.6

### Raw materials, kg, Heinävesi plants

Renewable virgin	2020*	2019
H1 plant	694,154	148,093
H2 and H3 plants	1,806,079	604,742
<b>Total</b>	<b>2,500,233</b>	<b>752,835</b>
Non-renewable virgin		
H1 plant	567,687	750,752
H2 and H3 plants	1,477,029	2,968,742
<b>Total</b>	<b>2,044,716</b>	<b>3,719,494</b>

### Percentage share of renewable raw materials, Heinävesi plants

	2020*	2019
Renewable	55.0	16.8
Non-renewable	45.0	83.2

\*We made changes to our reporting between the years 2018 and 2019. In 2020, the new 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.

# 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	Results in 2020
Our goal is to uphold a steady increase in our turnover and profit. We believe that we can respond to the market demand even better in the future based on our recent investments in the development of information systems.	Consolidated turnover increased by a total of 6.7 percent to MEUR 324.3 (MEUR 303.9). Group's operating profit increased by 13.1% to EUR 17.6 million.

## Solvency and profitable growth

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

In 2020, consolidated turnover increased by a total of 6.7 percent to MEUR 324.3 (MEUR 303.9). Group's operating profit increased by 13.1% to EUR 17.6 million. The Group's solvency and liquidity remained at an excellent level in 2020.

The equity ratio was 70.7 percent (76.3 percent). Return on invested capital was 12.4 percent (12.4 percent).

## Local tax footprint

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

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

	Parent company	Group
Turnover, other operating income and financial income	234,311	327,356
Suppliers: Materials and services	153,251	229,400
Other partners: Other operating expenses and investmentst	42,736	51,201
Staff: Salaries and fees	22,791	29,436
Shareholders and financiers: Dividends and financial costs	7,482	7,760
Society: Income taxes, value added taxes, other taxes, pensions and social security costs	40,411	58,524

## Support through strategic partnerships

We launched a new project at the beginning of 2020, supporting the well-being of young people in cooperation with HelsinkiMissio. Berner is participating in a three-year project with Veikko Laine Oy, the Päivikki and Sakari Sohlberg Foundation and the Eva Ahlström Foundation. The objective of the cooperation is to find a solution for providing counselling to young people easily at an early stage.

During the first year, services offered to young people by HelsinkiMissio were developed, modified and expanded. New easily accessible ways to contact were developed and professional counselors as well as volunteers were present where young people spend time, i.e., in social media and online. The objectives set for 2020 were exceeded: all in all, the project helped 1,517 young people in 7,589 meetings with young people. Cooperation with the City of Helsinki and other organizations was also initiated.

The COVID-19 pandemic prompted lots of uncertainty and worry in 2020. It has had extensive effects on the well-being of children and young people around the world. We are happy to report that despite the pandemic, our cooperation with the BF&HAPPY families (Berner, Fazer, Hartwall, Ahlström and Paulig) and the financed project by group in Rwanda in cooperation with UNICEF proceeded almost without interruption.

The joint project of BF&HAPPY families and UNICEF will continue in 2022 with the objective to improve the quality of healthcare and its availability to newborns and their mothers. The competence of nursing staff is the most essential factor affecting the survival of newborns and their mothers. In this project, we help provide high-quality staff training on how to care for newborns in ten provinces and provide acute care equipment to healthcare units and hospitals. The three-year project was launched at the end of 2019.

In the spring, we published the “Iso kiitos” project (“Big thank you”) in Berner’s social media channels, asking for suggestions about the healthcare or first aid professionals who needed cheering up the most. We donated 1,000 gift bags with products from our Heinävesi plant to recipients who were decided by drawing lots.

GreenCare continued the cooperation between the Ympäristön Ystävä fertilizer and the Baltic Sea Action Group, with a portion of each unit sold donated to support the protection of the Baltic Sea. We also used the money reserved for Christmas cards and gifts to again support the operations of BSAG.

Last year, Clarins, whose products we import, participated in an international charity campaign of FEED and Clarins for the third time. A total of 6,500 school meals were donated to the FEED program from Finland as part of the campaign. Clarins has been partnering with the social charity FEED since 2011, playing an important role in funding more than 33 million school meals for children.

## Domestic production in Heinävesi

With 60 employees at the Heinävesi plant, we are the municipality’s biggest private employer. We have hired approximately ten new employees in Heinävesi over the past two years. At Berner, we place a high value on keeping production in Finnish hands and having the ability to employ people both directly and indirectly, also in smaller towns.

In Heinävesi, we 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.

Production volumes at Heinävesi grew by nearly 20 percent since 2019. Last year, our factories produced 17.7 million products in total. We multiplied the production volumes of our disinfectant products as a result of the COVID-19 pandemic. The demand for hand soaps, among other things, also increased substantially.

Last year, we launched about fifty new products developed by our own research and development team and produced in Heinävesi.

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 plant to Heinävesi. In 2014, we opened two new plants in Heinävesi: H2 producing ethanol-based products and the H3 vinegar plant.

## New production line in Heinävesi

At the end of the year, we opened a new production line in Heinävesi to meet the increased demand for our products. The entire capacity of our H1 plant focusing on the production of hygiene and cosmetics products has been in use over the past 1.5 years due to the substantial increase in the demand for hair and skin care products and hand soaps.

The new production line allows us to produce as many as 5 million end products annually, doubling the plant’s bottle manufacturing capacity. The new line is used for the production of the highest-volume products, including XZ, LV and Herbina. In addition to the new production line, a new 900 m<sup>2</sup> warehouse was opened at the Heinävesi plant as a result of the municipality’s investment.

These investments seek to improve and maintain the competitiveness and production efficiency of our Heinävesi plant now and in the future. The demand for Finnish domestic products has increased further during the COVID-19 pandemic and we have faith that sustainable domestic production will continue to be successful.

We are also planning significant further investments within the next couple of years to increase the level of automation and to increase the efficiency of production. We also wish to improve ergonomics and increase well-being at work even further by means of our investments. New investments help people to have faith in the future and our ability to continue as the biggest private employer in Heinävesi.



# Financial statements



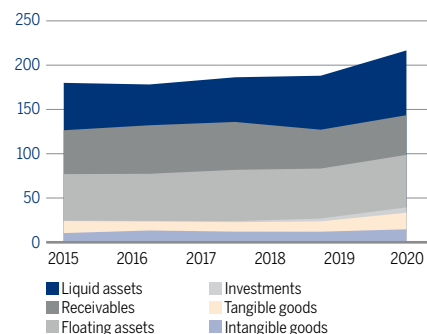
# FINANCIAL STATEMENTS

Last year, Group's operating profit increased by 13.1% to EUR 17.6 million and our turnover increased to EUR 324.3 million by 6.7 per cent.

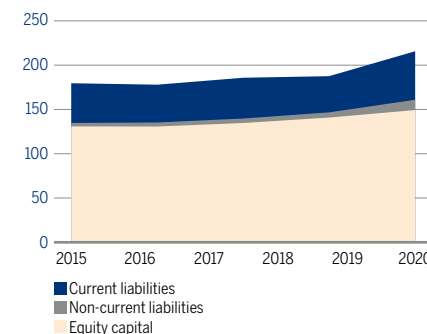
The COVID-19 pandemic hit the world with full force, and Berner was unable to escape its impacts. Over our six quite diverse business units, the negative effects of COVID-19 exceeded the positive ones all in all, but once again, our diversity protected us as a company, just like it has throughout Berner's history since 1883. Last year, Group's operating profit increased by 13.1% to EUR 17.6 million and our turnover increased to EUR 324.3 million by 6.7 per cent.

As a Finnish family company, Berner aims at balanced long-term operation and steady growth. The Group's solvency and liquidity remained at an excellent level in 2020. The equity ratio was 70.7 percent (76.3 percent in 2019). Return on invested capital was 12.4 percent (12.4 percent).

Structure of holdings, meur

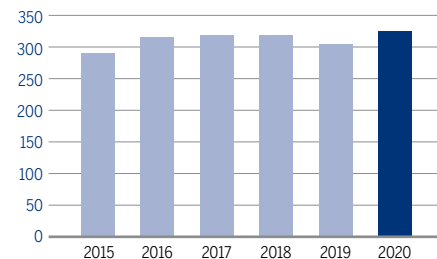


Structure of capital, meur

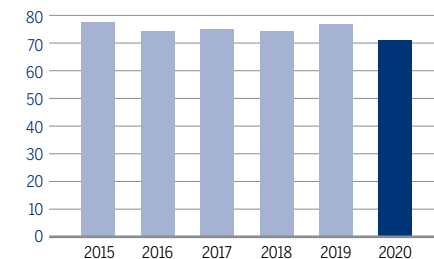


# Key indicators

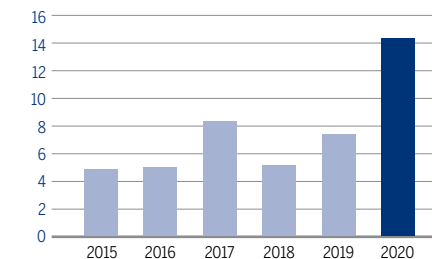
Turnover, meur



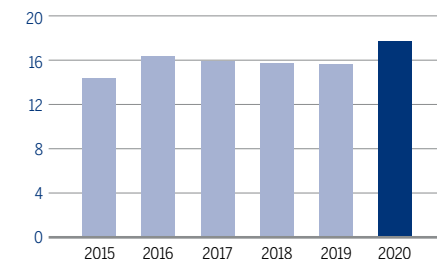
Equity ratio, %



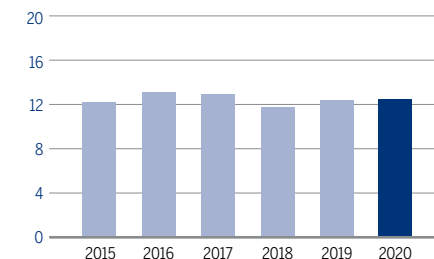
Investments, meur



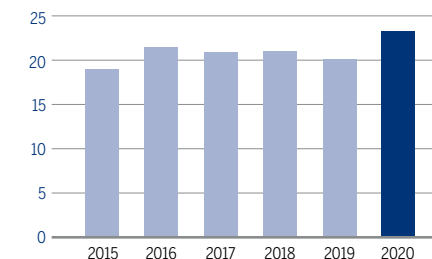
Operating profit, meur



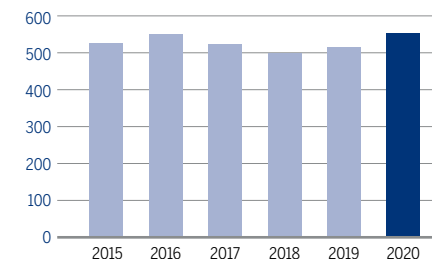
Return on invested capital, %



EBITDA, meur



Personnel



# Income statement

	GROUP		PARENT COMPANY	
	1.1.–31.12.2020	1.1.–31.12.2019	1.1.–31.12.2020	1.1.–31.12.2019
Turnover	324,310,085.05	303,909,613.55	224,016,821.30	219,274,728.72
Variation in stocks of finished and semifinished goods	1,055,217.82	325,421.82	1,055,217.82	330,021.82
Other operating income	1,518,628.58	1,705,028.21	756,776.46	1,898,346.99
Materials and services				
Raw materials and consumables				
Purchases during the financial year	-229,996,938.05	-213,929,799.97	-154,408,970.63	-151,669,497.05
Variation in stocks	1,264,001.61	-2,531,554.35	928,469.36	-1,827,606.48
External services	-1,722,431.85	-2,666,294.25	-825,358.28	-1,784,660.06
	-230,455,368.29	-219,127,648.57	-154,305,859.55	-155,281,763.59
Employee expenses				
Wages and salaries	-29,436,279.45	-25,882,365.24	-22,791,448.03	-20,376,714.60
Social security costs				
Pension costs	-4,587,900.25	-4,601,783.34	-3,507,708.12	-3,614,281.69
Other social security costs	-2,295,975.31	-2,015,648.16	-834,227.03	-628,426.48
	-36,320,155.01	-32,499,796.74	-27,133,383.18	-24,619,422.77
Depreciation, amortization and impairment				
Depreciation according to plan	-5,585,573.63	-4,498,385.84	-4,176,221.84	-4,048,791.29
Other operating expenses	-36,926,098.27	-34,262,369.90	-29,483,375.74	-29,442,378.43

	GROUP		PARENT COMPANY	
	1.1–31.12.2020	1.1.–31.12.2019	1.1.–31.12.2020	1.1.–31.12.2019
<b>Operating profit</b>	<b>17,596,736.25</b>	<b>15,551,862.53</b>	<b>10,729,975.27</b>	<b>8,110,741.45</b>
Financial income and expenses				
Income from other investments of non-current assets				
From Group companies			7,989,205.56	5,481,160.87
From others	225,090.39	0.00	224,850.15	0.00
Other interest and financial income				
From Group companies			284,611.49	202,764.95
From others	1,302,533.66	865,314.69	1,038,447.47	715,860.95
Impairment of investments held as current assets	-66,101.42	970,140.52	-66,101.42	970,140.52
Interest and other financing expenses				
To Group companies			0.00	0.00
To others	-815,858.51	-351,457.04	-537,480.18	-227,092.38
	645,664.12	1,483,998.17	8,933,533.07	7,142,834.91

	GROUP		PARENT COMPANY	
	1.1.–31.12.2020	1.1.–31.12.2019	1.1.–31.12.2020	1.1.–31.12.2019
<b>Profit before appropriations and taxes</b>	<b>18,242,400.37</b>	<b>17,035,860.70</b>	<b>19,663,508.34</b>	<b>15,253,576.36</b>
Appropriations				
Difference between depreciation according to plan and depreciation in taxation			98,620.22	134,388.47
Income taxes				
For the financial year	-4,728,773.56	-3,464,687.59	-2,336,152.79	-1,798,284.76
For previous financial years	0.00	-100.00	0.00	-100.00
Deferred taxes	-303,825.62	-69,398.96		
	-5,032,599.18	-3,534,186.55	-2,336,152.79	-1,798,384.76
<b>Profit for the financial year</b>	<b>13,209,801.19</b>	<b>13,501,674.15</b>	<b>17,140,003.00</b>	<b>13,553,811.82</b>
Minority share of the profit	542,579.65	287,752.94		
Consolidated profit in the financial year	13,752,380.84	13,789,427.09		



# Balance sheet

	GROUP		PARENT COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets				
Research and development expenses	570,723.99	0.00		
Intangible rights	1,313,015.43	307,476.00	921,342.63	307,476.00
Goodwill	4,295,508.55	3,458,713.67	2,433,766.94	3,397,150.90
Other long-term expenditures	6,618,997.53	2,768,052.25	6,508,414.93	2,646,560.59
Advance payments	735,644.68	4,266,154.05	67,221.95	3,929,409.32
	13,533,890.18	10,800,395.97	9,930,746.45	10,280,596.81
Tangible assets				
Buildings and structures	1,953,090.59	2,102,087.44	1,953,090.59	2,102,087.44
Machinery and equipment	16,691,289.25	8,751,010.23	7,818,531.25	6,569,942.06
Advance payments	268,096.77	928,541.91	211,108.24	267,629.51
	18,912,476.61	11,781,639.58	9,982,730.08	8,939,659.01
Investments				
Shares in Group companies			11,948,559.07	6,575,516.98
Shares in associated companies	5,045.64	2,005,292.07	5,045.64	2,005,292.07
Other shares	6,156,201.46	1,187,745.15	6,156,201.46	1,187,745.15
	6,161,247.10	3,193,037.22	18,109,806.17	9,768,554.20

	GROUP		PARENT COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Current assets</b>				
Inventories				
Raw materials and consumables	5,956,803.38	5,376,978.48	5,513,346.73	4,939,662.03
Semifinished products	815,262.41	439,311.85	544,178.26	439,311.85
Finished goods	52,951,092.96	51,034,534.36	33,778,842.24	32,473,706.17
	59,723,158.75	56,850,824.69	39,836,367.23	37,852,680.05
Receivables				
Long-term				
Receivables from Group companies			2,553,573.83	240,000.00
Other receivables	26,341.00	163,639.97	0.00	2,117.65
Loan receivables	200,000.00	200,000.00	200,000.00	200,000.00
	226,341.00	363,639.97	2,753,573.83	442,117.65
Short-term				
Accounts receivables	40,702,939.98	39,157,774.96	19,222,532.88	17,253,964.63
Receivables from Group companies			2,144,258.35	1,646,639.94
Loan receivables			0.00	100,000.00
Other receivables	1,884,452.15	3,291,090.48	1,542,212.71	2,077,993.04
Accrued income	2,339,592.05	1,470,425.67	1,160,139.48	800,698.02
	44,926,984.18	43,919,291.11	24,069,143.42	21,879,295.63
Investments				
Other investments	24,231,901.50	23,707,885.49	24,231,901.50	23,707,885.49
Cash and cash equivalents	49,511,554.35	37,700,053.74	36,954,290.99	22,483,570.28
	217,227,553.67	188,316,767.77	165,868,559.67	135,354,359.12

	GROUP		PARENT COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Legal reserve	209,329.43	207,755.40	168,187.93	168,187.93
Retained earnings	134,690,784.68	126,100,560.58	83,493,594.59	76,818,302.85
Profit for the financial year	13,752,380.84	13,789,427.10	17,140,003.00	13,553,811.82
	149,652,494.95	141,097,743.08	101,801,785.52	91,540,302.60
<b>Appropriations</b>				
Depreciation reserve			6,450,325.27	6,262,972.82
<b>Minority share of the profit</b>	<b>573,762.05</b>	<b>0.00</b>		

	GROUP		PARENT COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Liabilities</b>				
Long-term				
Capital loans	390,000.00	150,000.00		
Loans from financial institutions	6,583,994.34	1,711,111.10		
Deferred tax liability	372,000.00	0.00		
Other payables	4,384,203.11	4,078,567.85	0.00	0.00
	11,730,197.45	5,939,678.95	0.00	0.00
Short-term				
Loans from financial institutions	591,358.01	928,579.10		
Advance payments	4,810,616.90	3,419,105.19	4,440,116.90	3,407,667.99
Accounts payables	28,930,605.34	21,680,166.24	18,784,911.27	16,444,266.84
Liabilities to Group companies			19,602,806.55	6,531,963.10
Other payables	7,606,322.72	5,946,467.70	5,675,759.47	4,610,590.20
Accruals and deferred income	13,332,196.25	9,305,027.51	9,112,854.69	6,556,595.57
	55,271,099.22	41,279,345.74	57,616,448.88	37,551,083.70
	217,227,553.67	188,316,767.77	165,868,559.67	135,354,359.12

## Auditor

Ernst & Young Oy Authorised  
Public Accountants

# Board of Directors



**Hannes Berner**

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



**Nicolas Berner**

Member of the Board,  
b. 1972,  
LLB



**Edvard Björkenheim**

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



**Ove Uljas**

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



# Executive Board

What does our purpose "Protecting tomorrow" mean to you?



**Antti Korpinieni**

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

"A strong will and direction for what kind of Finland we want to be involved in building together in the long term."



**Nicolas Berner**

CFO,  
b. 1972,  
LLB

"As a long-term Finnish family company, we want to have an effect on the sustainable development of Finnish society and the environment – just like we have done for decades already."



**Pauliina Bovellán**

Director, Business Unit Pro,  
b. 1973,  
Master of Social Sciences

"We can have an effect on what kind of wellbeing we create around us and what we are leaving for the future generation. All of us have the responsibility for tomorrow."



**Kalle Erkkola**

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

"Promoting responsible domestic production and ensuring our long-term competitiveness with sustainability in mind."



**Kimmo Hakkala**

Director, Business Unit Leisure Goods,  
b. 1971,  
MS Agriculture and Forestry, BS Agriculture

"Choices for a better tomorrow both at home and in the working life. Circular economy, renewable raw materials and energy efficiency are especially close to my heart."

# Executive Board

What does our purpose "Protecting tomorrow" mean to you?



**Satu Laakso**

Marketing Director,  
b. 1972,  
Master of Economics

"A way of thinking that guides every moment of decision. For my part, I want to be involved in ensuring that things will be even better tomorrow."



**Mika Pirhonen**

Director, Business Unit  
Bernier Industries  
b. 1970,  
Master of Engineering

"Ensuring the industry's prerequisites for operation by providing our customers with innovative and overall affordable solutions, both now and in the future."



**Juha Starck**

Supply Chain Director,  
b. 1975,  
MBA

"Creating jobs in Finland as well as developing and producing responsible and high-quality domestic products for consumers well into the future and over generations."



**Antti Tapionlinna**

Director, Business Unit  
Consumer goods  
b. 1975,  
Master of Engineering

"Long-term, determined work for minimising environmental effects and taking care of our employees' wellbeing and appreciating their work in accordance with our values."



**Tomi Virtanen**

Chief Analytics Officer,  
b. 1982,  
Master of Economics

"There is no tomorrow without today. By acting systematically today and believing in our values, we ensure continued commercial success and the common good for tomorrow."

# GRI-INDEX

GRI 102: General disclosure		Page	Comments / Additional information	UNGC principle
Organizational profile				
102-1	Name of the organization	4,5,19		
102-2	Activities, brands, products, and services	4		
102-3	Location of headquarters	4		
102-4	Location of operations	4		
102-5	Ownership and legal form	4		
102-6	Markets served	4, 14–28		
102-7	Scale of the organization	4, 60–70		
102-8	Information on employees and other workers	42	Work conducted mainly by own employees. No big seasonal variations. Information from local HR systems.	6
102-9	Supply chain	14–28, 46–47, 59		
102-10	Significant changes to the organization and its supply chain	8–9, 17, 23		
102-11	Precautionary Principle or approach	45, 50, 52–57		
102-12	External initiatives	32–33		
102-13	Membership of associations	36		
Strategy				
102-14	Statement from senior decision-maker	6– 7		
102-15	Key impacts, risks, and opportunities	13, 29–60		

GRI 102: General disclosure		Page	Comments / Additional information	UNGC principle
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	10		
102-17	Mechanisms for advice and concerns about ethics	35		1–5
<b>Governance structure</b>				
102-18	Governance structure		Not reported.	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	35– 36		
102-41	Collective bargaining agreements	43		3
102-42	Identifying and selecting stakeholders		Stakeholders have an impact on us and we have an impact on them.	
102-43	Approach to stakeholder engagement	35– 36		
102-44	Key topics and concerns raised	35– 36		
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements		Berner Ltd, Berner Chemicals Ltd, Bröderna Berner, Berner Eesti, Ordior Eesti, Berner Lietuva -subsidiary, Berner Chemicals Ltd, BioA Ltd, Suomen Medituote Ltd	
102-46	Defining report content and topic Boundaries	32	Reported partly.	
102-47	List of material topics	31		
102-48	Restatements of information	43, 56		
102-49	Changes in reporting			
102-50	Reporting period	79		
102-51	Date of most recent report		15.4.2020	
102-52	Reporting cycle	79		
102-53	Contact point for questions regarding the report	79		
102-54	Claims of reporting in accordance with the GRI Standards	79		
102-55	GRI content index	74–78		
102-56	External assurance	79		

GRI 103: Management approach		Page	Comments / Additional information	UNGC principle
103-1	Explanation of the material topic and its Boundary	31–60		
103-2	The management approach and its components	31–60		
103-3	Evaluation of the management approach	31–60		
<b>Economic standards</b>				
<b>GRI 201: Economic performance</b>				
201-1	Direct economic value generated and distributed	61–70		
<b>GRI 205: Anti-corruption</b>				
205-3	Confirmed incidents of corruption and actions taken		No cases in 2020.	10
<b>GRI 206: Anti-competitive behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practice		No cases in 2020.	10
<b>Environmental standards</b>				
<b>GRI 301: Materials</b>				
301-1	Materials used by weight or volume	48, 57		7, 8
<b>GRI 302: Energy</b>				
302-1	Energy consumption within the organization	54	Reported for our operations in Finland.	7, 8
<b>GRI 303: Water and Effluents</b>				
303-1	Interactions with water as a shared resource	56–57		8
303-2	Management of water discharge-related impacts	56–57	Reported partly.	8
303-5	Water consumption			8
<b>GRI 305: Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	55		7
305-2	Energy indirect (Scope 2) GHG emissions	55	Reported for our operations in Finland.	7
305-5	Reduction of GHG emissions	55	Reported partly.	8
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	55		7



GRI 307: Environmental compliance		Page	Comments / Additional information	UNGC principle
307-1	Non-compliance with environmental laws and regulations		No violations in 2020.	
<b>Social standards</b>				
<b>GRI 401: Employment</b>				
401-1	New employee hires and employee turnover	42	Numbers reported.	
<b>GRI 403: Occupational health and safety</b>				
403-1	Occupational health and safety management system	38–39		
403-2	Hazard identification, risk assessment, and incident investigation	38–39	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	43	Reported partly.	
403-10	Work-related ill health	43	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	43	Reported partly.	6
404-2	Programs for upgrading employee skills and transition assistance programs	40		6
404-3	Percentage of employees receiving regular performance and career development reviews	43	Reported partly.	6
GRI 405: Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	43		6
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken		No cases in 2020.	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 2020	
GRI 417: Marketing and labelling				
417-3	Incidents of non-compliance concerning marketing communications		No violations in 2020.	
GRI 419: Socioeconomic compliance				
419-1	Non-compliance with laws and regulations in the social and economic area		No violations in 2020.	

# REPORTING PRINCIPLES

This is the second 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 1.1–31.12.2020. We will report about our sustainability annually.

Our reporting for environmental standards covers our operations in Finland of Berner Ltd. Electricity consumption figures are reported also for Sweden and the Baltics. For social standards, we are reporting employee figures regarding all our operating countries i.e. Finland, Sweden, Norway, Estonia, Latvia and Lithuania as well as a group company Berner Chemicals Ltd. Our aim is to expand our reporting and include in it also new Berner Group companies in the future. The report has not been externally assured.

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

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