

135

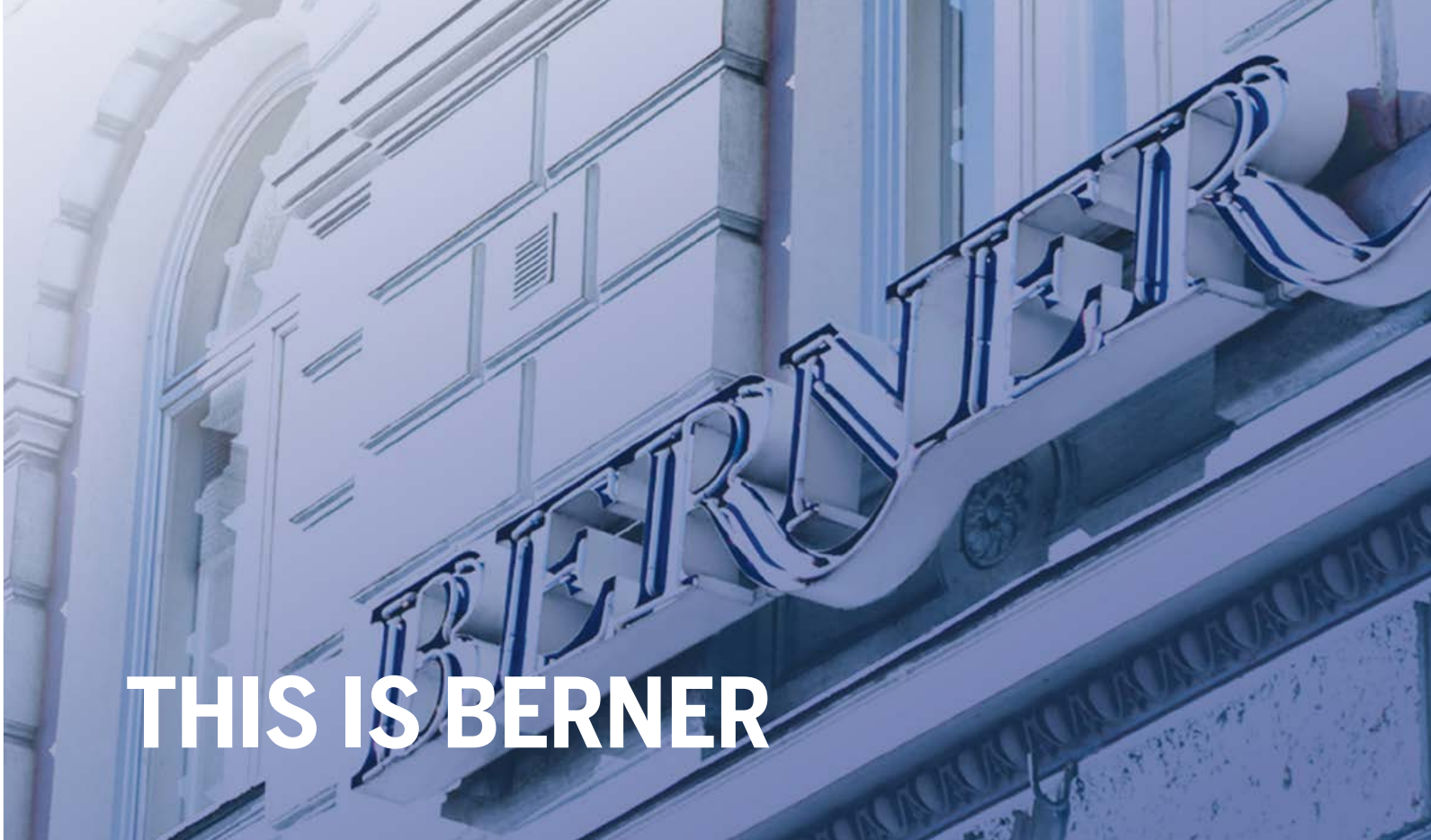
BERNER



ANNUAL REPORT 2018

CONTENTS

THIS IS BERNER	3
CEO's review	4
Group's key indicators	5
Highlights in 2018	6
Berner's story	7
Values and operating principles	10
Board of directors	11
BUSINESS AREAS	12
Consumer goods	13
Agency	18
Pro	19
Agricultural trade	21
Machines	22
PRODUCT DEVELOPMENT AND PRODUCTION	23
Product development	24
Production plants	25
Logistics	26
CORPORATE RESPONSIBILITY	27
Economic responsibility	29
Environmental responsibility	30
Social responsibility	34
FINANCIAL STATEMENTS	41
Key indicators	42
Income statement	43
Balance sheet	44



THIS IS BERNER

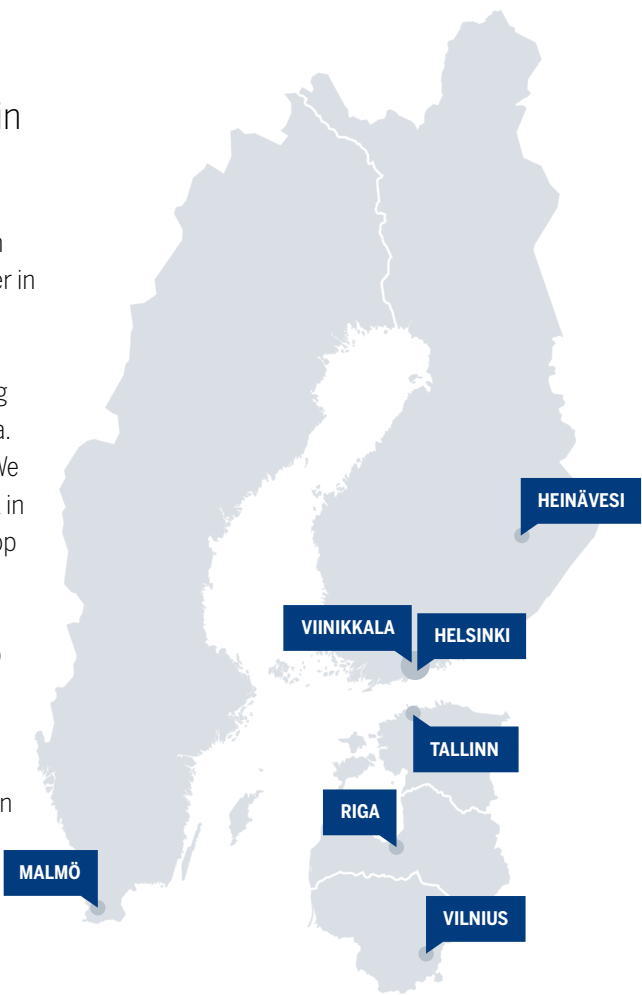
Berner is a 135-year-old Finnish family company established in 1883. Its high-quality Finnish and international brands are an integral part of daily life in Finland.

Last year, we employed an average of 495 people at Berner Group: 372 in Finland, 49 in Sweden and 74 in the Baltic countries. The Group's turnover in 2018 amounted to MEUR 315.9 and our operating profit was MEUR 15.6

As a Finnish family firm established in 1883 we want to continue investing and give our best effort for the Finnish society and our home market area. Our home market consists of Finland, Sweden and the Baltic countries. We seek for growth potential also in regions near this home market. We work in close cooperation with our corporate customers and help them to develop sustainable and successful operations through our expert services.

Throughout our long history, interactive way of operating and listening to the consumers, we have become experts in Finnish daily life. Ever since 1883, quality has been the most important criteria of our products and the high quality requirements apply to our own manufacturing as well as the products we select from the world. Our aim is to increase well-being in everything we do.

The cornerstones of our operations are our values: work, integrity and humanity.



CEO'S REVIEW

Berner celebrated a special milestone in 2018. Last year marked 135 years since our Norwegian founder Sören Berner went into the herring import business in Helsinki and subsequently expanded his company's operations to include the wholesale and agency business. It was also a jubilee year for our two iconic rubber boot brands, with Nokian Footwear reaching the venerable age of 120 years and the Hai brand celebrating its 50th anniversary.

WE EXPANDED AND DEVELOPED OUR OPERATIONS

In 2018, there were no big changes in Group's turnover and result compared to the previous year. We recorded an operating profit of MEUR 15.6 on turnover of MEUR 315.9.

In line with our strategy, we also pursued growth through acquisitions. In the summer, we acquired the business operations of the magnesium chemicals producer Catrock Oy and its subsidiary located in Kokemäki. Our new subsidiary Berner Chemicals will further develop the production of magnesium chemicals in Kokemäki, complementing the service portfolio of our Berner Agency business area.

I am very pleased that we have been able to establish our position in the agricultural trade. We practically started from scratch in 2015 when we launched online and direct sales to farmers. Last year, we continued to develop our operations in this area by combining the production input and grain sales organizations of Farmer's Berner and Avena Nordic Grain Ltd, which is part of the Apetit Group, to create a joint organization called Farmer's Avena Berner. The business model is similar to Gullviks that is our agricultural trade unit in Sweden.

We also began the systematic development of our supply chain management in 2018.

GROWTH AND RENEWAL IN OUR DOMESTIC BRANDS

Berner is known among consumers for its Finnish brands manufactured in Heinävesi. XZ remains the best-selling brand of shampoo in Finland and it enjoys strong consumer trust. LV had a record year in terms of sales and the brand renewed its communications, while Herbina was given an entirely new brand identity. We also found a new use for our Rajamäen spirits vinegar in the new Heti family of cleaning products and laundry detergents, which have vinegar as the active ingredient.

CONTINUED DEVELOPMENT OF RESPONSIBILITY

In today's world, responsibility must be a core component of business operations, integrated into day-to-day operations and decisions. Late last year, we joined the UN Global Compact initiative to mark our commitment to promoting responsible ways of working in all of our operations and in every country we operate in. We have also joined the S Group's Big Deal climate campaign by making a commitment to reduce emissions. Responsibility is also a key consideration in our product development and packaging decisions. Our new Heti

product family, for example, is packaged in bottles produced from recycled plastic.

In 2019, the focus of our responsibility efforts will be on building a strong foundation. As part of this, we will survey our stakeholders to determine what are the most material aspects and themes of Berner's responsibility from their perspective.

TOWARD THE NEXT FULL CENTURY

Our company and many of our brands have a long history behind them. Naturally, there have been many changes over the years. Nevertheless, many things have also remained unchanged since our early days. The pursuit of new business opportunities, being a diversified company and the continuous development of operations are key elements of Berner's business to this day. None of these goals can be achieved without motivated and committed employees who are inspired by new initiatives.

I want to take this opportunity to thank our employees, customers, partners and owners for their contribution to our success in 2018. I look forward to continued strong cooperation in the future.

Antti Korpinieni
CEO
Berner Ltd.



THIS IS BERNER

GROUP'S KEY INDICATORS



TURNOVER, MEUR

315,9



EQUITY RATIO, %

73,8



PERSONNEL (ON AVERAGE)

495



RETURN ON INVESTED CAPITAL, %

11,7



OPERATING PROFIT, MEUR

15,6



OPERATING PROFIT, %

4,94

THIS IS BERNER

Our popular rubber boot brands celebrated special anniversaries. Nokian Footwear reached the venerable age of 120 years and the Hai brand turned 50 years old. To mark the jubilee year, we launched the Haicolours line, which includes colorful and practical footwear and clothing.



APRIL

Berner acquired the right to represent Nuxe, a popular French skincare brand. The products are an excellent complement to the product range of our cosmetics department.

JUNE

We joined the S Group's Big Deal climate campaign by making a commitment to reduce emissions.

Berner acquired the business operations of the chemicals manufacturer Catrock Ltd. Berner established a subsidiary called Berner Chemicals Ltd for the production of magnesium chemicals. The new subsidiary will further develop the production of magnesium chemicals in Kokemäki, complementing the service portfolio of Berner Agency.

AUGUST

We celebrated Berner's 135-year journey by organizing a magnificent event for all of our personnel at the Opera House in Helsinki. Our company got started when our Norwegian founder Sören Berner began importing herring to Helsinki in 1883.

Finland's first annual Rubber Boot Day was held on October 11. Based on an idea by Nokian Footwear and Hai, the day reminds us that everyone has the right to keep their socks dry.

NOVEMBER

We launched the Heti series of cleaning products and laundry detergents with eco-friendly vinegar as the active ingredient.



The products are manufactured in Heinävesi and packaged in bottles made from recycled plastic.

HIGHLIGHTS IN 2018

MARCH

We introduced the innovative and colorful Bronx Colors series of makeup products to the Finnish market.

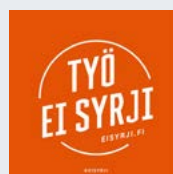
MAY

Apetit Group's Avena Nordic Grain Ltd and Farmer's Berner combined their purchasing and sales organizations in the production input and grain trade. The operating model is based on partnership and joint field organisation. The joint venture is called Farmer's Avena Berner.



JULY

Berner participated in the Confederation of Finnish Industries campaign Work Does Not Discriminate. We made a commitment to promote non-discriminatory workplace culture and want to do our share to highlight the important theme of equality in working life.



OCTOBER

We continued the collaboration we began in 2017 with Sulapac Ltd to develop innovative packaging solutions, with LV All Around Cream Our becoming our first product to be sold in Sulapac's biodegradable packaging.

We joined the UN Global Compact sustainability initiative to mark our commitment to promoting responsible ways of working in all of our operations and in every country we operate in.



DECEMBER

BERNER'S STORY

1883 Sören Mikael Bostrup Berner leaves Stavanger, Norway, to come to Helsinki, Finland; he founds an office at Eteläranta 6. Business starts with importing herring and expands to wholesale. Meanwhile, the Finnish industry and foreign trade develop quickly thanks to reformed freedoms in industry and trade.



1890 The agency business begins to evolve, and it will become the company's most enduring and significant business area.

1930 Export trade becomes ever more important, and we export paper and paperboard to African countries, cheese to Germany, veneer to London and Hamburg. The plant protection and automotive departments are established.

1940 Business expands to include importing pharmaceuticals and veterinary pharmaceuticals. The general partnership becomes a limited liability company.

After World War II, the Finnish economy is in crisis. The war reparations take up most of the export capacity, but on the other hand they do accelerate the pace of industrialization. Meanwhile, Berner develops and expands its business.

1946 The company begins to pay dividends and take care of its employees. The adopted flexible working time, occupational healthcare services and dental care, among others, are progressive policies.

1950 The 1950s are a time of new growth. The war reparations are completed by September 1952, and Helsinki is the scene of the Olympic Games that summer. Finns are thrilled by Armi Kuusela's Miss Universe title. Consumption habits change and people start wanting to buy cars. Berner is ready to meet these new trends.

In 1952, the year of the Olympic Games, a factory is established in Herttoniemi, Helsinki, cosmetics import begins and the XZ hair conditioning oil is developed. The car department starts its business in 1954 and the technochemical department in 1955. Harry Berner is appointed CEO in 1958.

1960 Korrek car care products are launched as a result of the company's product development. We expand our business to the trade of hospital equipment and materials.

1970 Sport, forklift trucks and food departments are established. We begin selling Eva sewing machines and they are welcomed in Finnish homes as the oil crisis and depression plague the country.

1980 Berner celebrates its first centennial in 1983. We expand our business to the cleaning industry. We acquire Revlon's businesses in Sweden and Norway. In 1987 we give up importing pharmaceuticals.

1988 The fourth generation takes over the company, when George Berner becomes the CEO and Peter Berner the chairman of the board. The cousins continue where the brothers left off.

1990 Finland is still experiencing a tremendous economic growth, but the accelerating dive of the Soviet economy and the drop in trade with the Soviet Union prove to be lethal. In the beginning of the 1990s, the boom is over. Many factors contribute to creating an unprecedented economic depression. The economic news are dominated by bankruptcies, massive unemployment and the banking crisis.

Berner pulls through the economic downturn thanks to its versatility. Its product selection widens in the 1990s especially through new acquisitions.

We purchase the technochemical business of Primalco Oy. This deal introduces to our selection well-known brands, such as Lasol, Masinol and Dilutus.

1995 We acquire Sareko Agro's plant protection business from Cultor Group, and become the largest plant protection substance importer and marketer in Finland. We give up veterinary pharmaceuticals.

THIS IS BERNER



1998 We acquire Bergenheim Company Ltd from Instrumentarium Ltd. Our selections expands to include Infa baby products, which will go under the new name Ainu. The subsidiary Berner Eesti Oü is established in Estonia; it will later operate also in Lithuania and Latvia.

2001 The global economy drops due to the terrorist attack in the United States, and in the autumn, recession hits Finland. Despite external problems, our year-to-year turnover improves and exceeds one billion Finnish marks for the first time. We purchase the Heinävesi technochemical plant from Norwegian Reidar Jakobsen, and transfer there the manufacturing of water-based hygiene products from our plant in Herttoniemi. We purchase the LV brand from Unilever.

2003 We acquire Gullviks plant protection wholesale in Sweden. Later, Gullviks merges with Bröderna Berner Handels AB.

2004 We celebrate our 120th business year and the Family Business of the Year Award is given to us in recognition of our meaningful and exemplary work. We purchase the Herbina brand from Noiro, which enhances our position in the trade of daily consumables.

2005 We acquire Nokian Footwear and begin to build an international top brand.

2006 We are given the Best Family Business in Finland Award by Suomen Kuvalehti.

2007 The most significant acquisition is the purchase of Altia's vinegar production in Rajamäki. We are given the Magazine Advertiser of the Year Award.

2009 All logistics operations are centralized in the new logistics center of 24,000 m² in Viinikkala, Vantaa. We purchase the consumer business of Yara Suomi Oy,

and replace the name GrowHow by GreenCare. Our selection now includes garden products and products for golf courts and greenspace. We also purchase the laboratory materials manufacturing of Konstrumed Oy.

2011 Despite the debt crisis of the euro zone, we succeed well in all business areas in Finland, the Baltic countries and especially well in Sweden. We acquire Normomedical Oy, thus expanding our selection by Omron blood pressure meters, thermometers, pedometers and body composition monitors.

2012 The problems in the global economy continue. However, our company profit is excellent. We sell our car and sewing machine businesses. We establish the consumables department when daily consumables, cosmetics and automotive departments are combined. We begin to build the new production plant in Heinävesi.

2013 We celebrate our 130 years of business, and Antti Korpiniemi is appointed CEO of the company. Production plants H2 and H3 are completed in Heinävesi. The situation in global economy is challenging, and the demand for consumables is poor. Pro department is established, when the departments health and research and cleanliness and hygiene merge. Machinery department starts working when the machinery equipment and forklift trucks are under the same sales department. SITRA and the Ministry of Social Affairs and Health award us the prize for Innovative Practices in Employment and Social Policy.

2014 We acquire the Lithuanian UAB Kruzas Nordic Cosmetics Distribution. This deal makes Berner one of the leading cosmetics importers and distributors in the Baltic countries. Manufacturing in Rajamäki ends, and Minister of Labor Lauri Ihalainen inaugurates the new production plants in Heinävesi.

2015 Berner engages in the digital transformation and renewal of its business operations. The Farmer's Berner business is expanded to direct sales and e-commerce. In the autumn, we agree on an acquisition with HL-Vihannes Oy, a family business established in 1981. It is a busy year for acquisitions. We acquire Neuvox Oy, which specializes in the Russian chemical export and import business. We also expand our brand portfolio in the Baltic countries. We sign an agreement with Renalko Kaubandus Oü, the leading cosmetics company in Estonia, that sees the Estonian import and distribution operations for COTY brands transferred to Berner.

2016 Renewal measures in production and expansion of business operations. We acquire the business operations of Ordior Ltd, a company specializing in the sales and import of laboratory equipment in Finland and Estonia, which was previously part of the University Pharmacy Group. We carry out development projects and investments at our production facilities in Heinävesi to increase production efficiency and reduce our environmental impact.

2017 A new beginning in our new head office. Berner's new and modern premises open in Herttoniemi, Helsinki. We celebrated our new home as well as the centenary of Finland's independence with our own "A Hundred Gifts" campaign.



We acquire the business operations of Make-Trade Ltd, a Finnish importer and distributor of consumer goods. Our brand portfolio is strengthened with new well-known brands, such as BIC.

2018 We celebrated Berner's 135th anniversary. It was also a milestone year for our iconic rubber boot brands, with Nokian Footwear reaching 120 and Hai 50 years of age.

We acquired the business operations of the magnesium chemicals producer Catrock Oy and its subsidiary located in Kokemäki. Our new subsidiary Berner Chemicals will further develop the manufacture of magnesium products in Kokemäki, complementing the service portfolio of our Berner Agency business area.

VALUES

Berner’s family company values have remained constant since the 1880s.

WORK

The company’s foundation is its employees contribution to the company. All work at Berner is valuable, meaningful and productive. Our operations are founded on a spirit of entrepreneurship, with each person having influence and control over their work.

INTEGRITY

All operations are based on honesty towards customers, other partners and personnel. At Berner, integrity means acting in a dependable, fair, equitable, predictable and open manner.

HUMANITY

Berner succeeds when its employees succeed. Everyone is equal, regardless of their status. Berner cares for its employees and believes in their potential and capacity to develop.

OPERATING PRINCIPLES

A STEADILY GROWING FINNISH FAMILY COMPANY

- We aim for a stable, annual increase of 5–10 percent in turnover and net profit by developing our business operation.
- We actively seek growth also through acquisitions.
- Honest, stable, profitable operations generate well-being for customers, staff and other stakeholders.
- We strive to be an interesting employer and attractive workplace.

LEADING MULTI-EXPERT

- Only the best! We focus on highquality products and specialise in demanding business areas.
- We serve both the private and the public sector and consumers.
- We invest in our own product development, production and brands, and a multi-channel supply chain management.
- We offer the best partnership and market competence for international actors.
- Our home market consists of Finland, Sweden and the Baltic countries. We seek for growth potential also in regions near this home market.

BERNER LEADS WITH COOPERATION BETWEEN BUSINESS UNITS

- The business units are the best experts in the selected business areas and aim to lead the market.
- We know the needs of our customers and develop our operations continually.

THIS IS BERNER

BOARD OF DIRECTORS



Hannes Berner
Chairman
(b. 1953)
Master of Economics



Nicolas Berner
CFO,
Member of the Board
(b. 1972) LLB

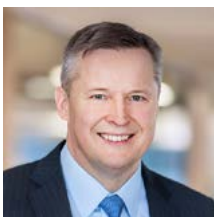


Edvard Björkenheim
Member of the Board
(b. 1970)
Master of Economics



Ove Uljas
Member of the Board
(b. 1966)
Master of Economics

EXECUTIVE BOARD



Antti Korpiemi
TCEO
(b. 1961)
MS Agriculture
and Forestry, BS
Agriculture, eMBA



Nicolas Berner
CFO
(b. 1972)
LLB



Jussi Armanto
Director,
Daily Consumer Goods
(s.1971)
Master of Economics



Richard Berner
Director,
Cosmetics
(b. 1975)
BBA



Pauliina Bovellan
Head of Department,
Pro
(b. 1973)
Master of Social
Sciences



Kalle Erkkola
Head of Department,
Farmer’s Berner
(b. 1974) MS Agriculture and
Forestry, BS Agriculture



Kimmo Hakkala
Director,
Leisure
(b. 1971) MS Agriculture
and Forestry, BS
Agriculture



Mika Pirhonen
(from January 1, 2019)
Head of Department,
Agency
(b. 1970), Master of
Engineering



Antti Rinta-Harri
(until December 31, 2018)
Head of Department,
Agency
(b. 1960) MS Agriculture and
Forestry, BS Agriculture



Kalevi Sevón
Director,
Daily Accessories
(b. 1958) Upper
secondary school
graduate



Maria Svinhufvud
Head of Department,
Product Development and
Materials Management
(b. 1966), Master of Economics,
Master of Engineering



Juha Starck
Supply Chain Director
(b. 1975)
MBA



Tomi Virtanen
Financial Manager
(b. 1982)
Master of Economics

THIS IS BERNER

BUSINESS AREAS

We produce many of Finnish consumers' favorite products in Heinävesi and import a wide range of international brands. Our customers include consumers, businesses and industrial operators as well as public sector organizations and farmers.

Our high-quality domestic and international brands have been an integral part of daily life in Finland for decades. Our consumer product portfolio includes cosmetics, food, footwear, car care products, gardening products and baby products, among other things.

We also sell our products directly to businesses and public sector organizations. The selection includes products and services related to healthcare, animal welfare, cleaning and kitchen hygiene.

In addition, we operate as an import partner for industrial raw materials as well as machines and their servicing. We also export raw materials to nearby markets. For farmers, we are a partner in plant protection and cultivation.

Our diverse product portfolio is managed through five business units: Consumer goods, Agency, Pro, Agricultural trade and Machines. These business units are supported by common Administrative Services, Purchasing, Logistics and Product Development.

Our head office, product development and production facilities are located in Finland. In Sweden and the Baltic countries, our customers are served by our subsidiaries Bröderna Berner AB, Berner Eesti Oü, Berner Latvia SIA and UAB Berner Lietuva.

CONSUMER GOODS

We manufacture and import a broad selection of diverse products that increase wellness in consumers' daily lives. We invest in Finnish product development and production. Our products are developed at our head office in Helsinki and manufactured in Heinävesi.

Our strengths include local consumer insight, marketing and distribution expertise. Our goal is to be the preferred partner in retail.

Our brands continued to see generally positive development in sales in 2018. We launched new products and developed product packaging and communications. The year 2018 was a milestone year not only for Berner itself, but also for two of our brands: Nokian Footwear reached the venerable age of 120 years, while the Hai brand celebrated its 50th anniversary. Responsibility and sustainable development are important considerations in our packaging development efforts.

In 2018, our range of consumer products included daily consumer goods, leisure goods, cosmetics and daily accessories.



DAILY CONSUMER GOODS

Our products manufactured in Heinävesi

XZ – Finland's most trusted shampoo brand

The Finnish XZ product family has been part of the daily life of Finns since the 1950s. XZ is still the best-selling brand of shampoo in Finland according to AC Nielsen Homescan. XZ was chosen as Finland's most trusted shampoo brand for the eighth time in the annual Trusted Brands survey conducted by Reader's Digest.



In spring, we launched the XZ Pea Protein product family, consisting of shampoo and conditioner. In the fall, we launched XZ Oat Oil, a product family, which includes shampoo, conditioner and rinse-off oil treatment. XZ styling products were given a new visual identity in collaboration with the award-winning illustrator Sanna Mander.

XZ launched a cooperation with Rovio at the beginning of the year, leading to XZ's introduction of Angry Birds shampoos and haircare products for the entire family. Angry Birds and Hatchlings characters are featured on the product labels as well as augmented reality (AR) content.

XZ Men is an official partner of the Finnish Floorball Federation.

LV – a record-breaking year in sales

LV's new core message "Less is just right" had an excellent level of effectiveness across all communication channels. The sensitive skin customer segment has been complemented by a new target group in conscious consumers whose buying decisions are largely determined by their desire to reduce the load on their skin and the natural environment.



The sales of LV products grew by 15 percent to reach an all-time high in 2018. The LV product family was expanded in both the skincare and laundry detergent categories. We launched three fragrance-free skincare products for men: LV Men shaving foam, LV Men after shave balm and LV Men moisturizer. The facial care segment ranks second in sales in the personal hygiene category (AC Nielsen, daily consumer goods purchases in Finland) and products targeted at the male segment hold potential for further growth within the category.

The LV brand's degree of domestic origin was increased further by the launch of LV laundry detergent production in Heinävesi. The LV laundry detergent bottle comes from a Finnish supplier and the bottle mold was created by the internationally renowned agency Pentagon Design. Naturally, the product is also certified by the Finnish Allergy, Skin and Asthma Federation.

LV 1.5-liter Laundry Detergent for colored laundry was launched in fall 2018. We also launched LV Norovirus hand sanitizer, which is the first home-use product in the market to provide protection against norovirus infection.



Herbina – a new brand identity

2018 was a year of renewal for Herbina, a series of skincare and haircare products made from natural ingredients. Herbina's entire brand identity was redesigned and the new slogan is "Show off your nature". The brand renewal also meant that Herbina grew from a girl into a woman.



We produced a new commercial and advertised on TV for the first time in a long while. The redesign of Herbina's packaging started with the Herbina facial care product family. We commissioned an extensive segmentation study to determine Herbina's target audience's needs with regard to advertising as well as the labels and text on product packaging. The packaging redesign effort will continue in the other Herbina segments in 2019.

Oxygenol – xylitol now included in all products

We began the renewal of the visual style of Oxygenol's packaging in 2018. The new visual identity supports and strengthens the brand's other marketing communications.

Oxygenol wants to bring fun into dental care and toothpastes, without forgetting effectiveness. A new fresh and positive TV ad titled "120 seconds of fun" was premiered in the spring when we launched Oxygenol Long Active toothpaste and mouthwash as well as Oxygenol Pineapple, a toothpaste targeted at young consumers.

A co-branding partnership with Rovio led to the launch of the Oxygenol Angry Birds product family, with Hatchling Angry Birds toothpastes launched for the 6+ age group.



After we gradually introduced xylitol into all of our adult toothpastes in 2018, all Oxygenol toothpaste products now contain xylitol as well as fluoride. The combination of xylitol and fluoride has been shown to be the most effective in fighting plaque. For the optimal protective effect, the xylitol content of toothpaste needs to be at least 5 percent. Oxygenol children's toothpaste products contain 10 percent xylitol.

Rajamäen increased its market share

Rajamäen products fared well against tough competition and further increased their market share.

The use of wine vinegar is an emerging trend in Finland. Rajamäen spirits vinegar, which is produced in Finland using a natural fermentation method, benefited from the rapid rise in the popularity of using vinegar in laundry.

Last summer's weather conditions were favorable to pickling, which boosted the sales of our spirits vinegar. We launched our spirits vinegar in a new 0.4-liter bottle, which was well received.

In the summer, we launched an entirely new category under the Rajamäen product family: superior quality extra virgin olive oil in 250 ml bottles. The use of olive oil goes hand in hand with wine vinegars, and the introduction of our new product category is aimed at promoting growth across all Rajamäen products.

Rajamäen is also moving towards the wellness category following the launch of unpasteurized apple cider vinegar in 500



ml glass bottles late in the year. The health-promoting effects of apple cider vinegar have been recognized for a long time. We will also launch the products in daily consumer goods retail to make them available to everyone.

Tummeli maintained its popularity among consumers

Consumers are attracted by Finnish-made hygiene and skincare products, and the traditional Tummeli brand maintained its popularity among consumers.



Childcare products and wellness

Ainu – supporting parenting



Ainu operates in a challenging market, as 2018 was the eighth consecutive year of a declining birth rate in Finland. Ainu invests in research and up-to-date information on the needs of families with children and pursues renewal based on customer needs. Ainu has a strong presence in digital channels, aims to support parenting and plays a part in helping babies grow into children and adults grow into parents.

Omron – continued growth in sales

Omron saw strong sales growth in 2018, much like in the previous year. At the end of the year, we launched Omron HeatTens, a pain reliever solution that combines two effective drug-free treatment methods: TENS technology and heat therapy.



Berner received Omron's Category Builder and Business Partner of the Year (EMEA) awards last year in Valencia, Spain.

Well-known imported brands

Kikkoman – building a stronger position as a market leader

Our naturally fermented and non-GMO Kikkoman brand strengthened its position as the Finnish market leader in the soy sauce category. In addition to its well-known soy sauces, Kikkoman also produces tasty dressings and marinades that bring full flavor to day-to-day cooking.

New products introduced in the Horeca segment have found their way into professional kitchens and, in the summer, we launched a new soy sauce seasoned with ponzu citrus for consumers, combining freshness, acidity and salinity in a way that excites the taste buds.

Kikkoman's marketing and advertising were highly visible throughout the year in various channels: TV, magazines, online, outdoor advertising as well as various



promotional campaigns and racks in retail environments.

LEISURE

Nokian Footwear and Hai – a special anniversary for both brands



It was a milestone year for Finland's most popular brands of rubber boots in 2018, with Nokian Footwear reaching the venerable age of 120 years and the Hai brand celebrating its 50th anniversary. According to a consumer survey by the Dagmar media agency, Nokian Footwear and Hai are Finland's preferred brands of rubber boots by a clear margin.

To mark the anniversaries of the two brands, we celebrated National Rubber Boot Day on October 11. The campaign was seen and heard in customer channels, retail locations, radio, influencer channels and social media, and many fantastic stories and photos of rubber boots were shared on the National Rubber Boot Day website. On the day of the event, many people wore rubber boots throughout Finland: in cities and in the countryside, even in offices.

Hai celebrated its jubilee year by launching Hai Colours collection, which saw the product family expand from rubber boots to canvas shoes, rain capes, backpacks and umbrellas. The new collection made a big splash at the Gloria Fashion Show and we received a lot of positive feedback about the colorful products. Hai products were also worn by the Helsinki Helper tourist

guides. The full Hai Colours collection is available for purchase in the Haicolours online store, which celebrated its first anniversary in August 2018.

The Finnish Defense Forces trusts the quality of Nokian Footwear, with significant quantities of new summer and winter boots delivered in 2018.

Korrek – a new look for the Korrek Originals product family

The Korrek Originals product family was given a new yellow and black visual identity in 2018, replacing the old blue and yellow color scheme. The new yellow and black design matches the visual style of KORREK Pro, KORREK Boat and KORREK Pro Ceramic TFC products.



In the consumer market, we launched Korrek Pro TFC Glass Coat, a patented product based on thin film coating technology.

About 40 new service providers were trained to expand the network of authorized KORREK Pro partner network throughout Finland. KORREK Pro Ceramic TFC professional coating products became the market leader in their first full year. The professional coating solutions were applied to an estimated 10,000 new and used cars in 2018.

The contract manufacturing of S Group's Rainbow windshield washer

fluid was transferred back to Berner in 2018.

GreenCare – decision made to shift to recycled plastic

Climate change, responsibility and sustainable development are on the mind of many consumers these days. We have taken a step forward in sustainability in our Finnish-made GreenCare products by starting to use recycled plastic in their packaging. The use of recycled plastic and the optimization of packaging will reduce the need for virgin plastic by approximately 35,000 kg in 2019.



Among GreenCare fertilizers, recycled materials are used in products including Ympäristön Ystävä recycled nutrient fertilizer, Nurmikon Kevät Kesä + and Puutarhan Syksy. The production of Ympäristön Ystävä makes use of food industry by-products, and the product is fully plant-based. The fertilizer recycles by-products back into the soil and sequesters carbon.

Ympäristön Ystävä fertilizer cooperates with the Baltic Sea Action Group, with a portion of each unit sold donated to support the protection of the Baltic Sea.

Five years ago, GreenCare launched Grobiootti, the first product in the market to contain beneficial microbes. Grobiootti has since been expanded into a full range of products for various uses and in different packaging sizes. GreenCare Grobiootti products have been shown* to boost crop yields by as much as 25 percent thanks to the

action of Grobiootti beneficial microbes. (*Peracto Agricultural Research Organization, 203)

GreenCare participated in the Pori Housing Fair in summer 2018, where we created a balcony garden in a display house in collaboration with garden designer Minna Toivanen.

Miklu and Minna's garden summer

We produced a series of YouTube videos with garden designer Minna Toivanen and rap artist Mikael Gabriel creating four gardens of different types and sizes. Finnish-made GreenCare products were prominently featured in the four episodes, which included creating a green space on the rooftop terrace of Jare from the rap duo JVG and a GreenCare herb garden in the yard of Sara Chafak's holiday home. The view counts for the episodes were in the hundreds of thousands.

Free – carrying the Allergy Label since late 2017

The Free line of fragrance-free insect repellents against mosquitoes, blackflies, gadflies, ticks and lice were granted the right to carry the Finnish Allergy and Asthma Federation's Allergy Label in 2017. The label underscores the Free products' suitability to all members of the family.



The active ingredient in Free repellents, IR 3535, is recommended by the World Health Organization. Free products are equally effective to traditional repellents, but the more advanced active ingredient means they are entirely fragrance-free.

Rodent control products – regulations changed the product offering

Authorities' regulations significantly changed the product offering of rodent control in 2018.



The rodent fighter product range included mechanical traps from January to October. The new rodent control authority registrations were completed towards the year end and deliveries to stores began in November.

COSMETICS AND DAILY ACCESSORIES

Our cosmetics business was expanded in 2018 by the representation of two new brands: France-based Nuxe skincare and the Switzerland-based semi-selective Bronx Colors make-up products. Among the series of cosmetics products represented by Berner, Clarins, IsaDora and Sensai have fared well in the challenging competitive landscape and outperformed the market in terms of their growth. Our goal in 2019 is to expand the distribution of our newly represented brands and to acquire representation rights for new brands that fit our product range.

The business operations of Make-Trade Ltd, which was acquired in 2017, were successfully integrated into Berner in 2018. The sales of the most significant product categories grew as planned and we acquired several new customer accounts.

Clarins

The most significant new products launched in 2018 were the renewed day and



night creams in the Extra-Firming product line, Joli Rouge Velvet lipstick and the Skin Illusion SPF 15 foundation.

IsaDora

IsaDora's most important new product was the Active Wear foundation, which caters to the athleisure trend of combining wellness with athletic activities. Another important new launch during the year was Grand Volume Lash Curler, which curls eyelashes and increases their volume.



SENSAI

SENSAI continued the renewal of its makeup products in 2018. The most prominent new launch was expanding the classic Mascara 38°C line-up with the introduction of Lash Volumiser 38°C. In skincare products, SENSAI's new launches included the Wrinkle Repair Essence serum and Extra Intensive 10 Minute Revitalising Pads for skin around the eyes.



Bronx Colors

This new colorful arrival in the world of makeup entered the Finnish market in April. The most popular products in the series include single colors of eye shadow and blush that customers can combine to put together their own palette in an empty makeup case.



Nuxe

Nuxe's Huile Prodigieuse oil, which has a cult-like following, was complemented



by Huile Prodigieuse Riche, a product for dry and very dry skin. Other important products launched during the year included Deliciously Nourishing Body Scrub and Repairing Super Balm with Honey.

BIC – sales growth achieved

The sales of BIC products grew across all product categories. The strongest growth was seen in lighters and razors. Several new products were successfully launched in the school supplies category.



M.E.C. – strengthening the product family

The M.E.C. product family includes contact paper for covering books, modeling clay, fingerpaint and pens, among other things. We trimmed the selection in 2018 to build a stronger product family. We also conducted a consumer survey and will put the results to use in 2019.



AGENCY

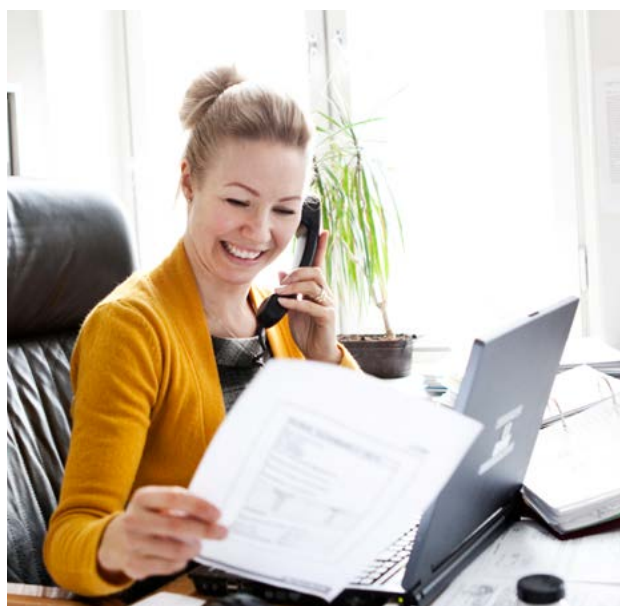


We purchase, store and deliver raw materials and additives to industry and the infrastructure sector cost-effectively and quickly in Finland and the neighboring areas. We sell amino acids, lye, protein for animal feed, fibres and salt, among other things.

Where necessary, we can even perform the entire raw material purchasing function on the customer's behalf, and managing the by-products generated in the customer's production is also part of our operations. This allows the customer to focus on their core competencies.

WE ESTABLISHED OUR POSITION AS A SUPPLIER OF SODIUM HYDROXIDE

One of our most significant achievements in 2018 was establishing our position as a supplier of Russian sodium hydroxide in the Finnish market. Also known as lye, sodium hydroxide is an important industrial chemical that is used in the pulp and paper industry, chemicals industry, water treatment, detergent production as well as for cleaning purposes in the food and beverage industry, among other things.



We supply liquid sodium hydroxide in tank truck loads from our domestic storage tank or as direct rail deliveries from the manufacturer. The handling, storage and transport of this alkaline and caustic chemical requires a great deal of care and professionalism. Close teamwork between colleagues working in the areas of purchasing, EHQS and sales along with cooperation with reliable logistics partners are essential for achieving the desired outcome.

The timing of our market entry was also excellent. The price of sodium hydroxide has increased as a result of changes in production technology stipulated by EU regulations.

DEVELOPMENT OF EXPORT OPERATIONS IN NEIGHBORING MARKETS

Our exports developed favorably in our market area in 2018. Our increased focus on the Swedish market was reflected in positive development in sales. We are pursuing growth in neighboring markets and actively looking for growth opportunities through acquisitions as well.

Russia's significance in the Agency business continued to increase. To ensure continued positive development in the years to come, we allocated increased resources to our operations involving Russia. In spite of the international political climate, we perceive Russia as a very important market in terms of both imports and exports, both now and in the future.

EXPERT PERSONNEL

Our highly competent sales team was successful in marketing the many new products we introduced to the Finnish market in 2018. We continued to develop and expand our outsourced warehousing network to serve our customers cost-effectively as close to the final use location as possible.

Antti Rinta-Harri, who had been in charge of the Agency business area for a long time, moved on to new challenges in the Group. Under his leadership, the business area developed its operations successfully for more than 10 years, and active development efforts will continue in the future. Mika Pirhonen was appointed the business area's new director effective from January 1, 2019.

BUSINESS AREAS

PRO

Berner Pro is a strategic partner for professionals. We specialize in healthcare, laboratories, animal welfare, professional cleaning and kitchen hygiene.

Tuomme markkinoille suomalaisella työllä valmistettuja tuotteita. Oman tuotantomme lisäksi tarjoamme asiakkaidemme käyttöön korkealaatuisia tuotteita ulkomaisilta, alansa huippua edustavilta päämiehiltämme.

The first-year sales of our B2B e-commerce site proshop.berner.fi, launched at the end of 2017, exceeded our expectations. The new sales channel was quickly discovered and embraced by veterinary clinics and pet supplies stores and, toward the end of the year, growth was seen in nearly all of our customer categories. We will continue our efforts in this area and we will increasingly incorporate digital alternatives into all of our operations.

HEALTHCARE

The use of hand sanitizers and other anti-infection products increased in the healthcare sector in 2018, and we launched several new products for these purposes. As a leading manufacturer of hand sanitizers, we also developed and tested alcohol-free alternatives. Following our long-term development efforts, we will launch a product based on entirely new technology in 2019 in response to the growing demand for alcohol-free products.

Growth in the sales of various rack and dispenser solutions was supported by new hospital construction projects.

Our market position as a representative of Ansell surgical gloves remained strong and we launched new innovative products, such as the Gammex PI Glove-in-Glove, a new synthetic double glove.



BUSINESS AREAS

We achieved strong growth in every sector of surgical products. Our new electrosurgery products were well received in the market and our high-quality surgical instruments were chosen by a growing number of hospitals and surgeons in 2018. We further strengthened our market position in oral and maxillofacial surgery and hand surgery products (KLS Martin). To surgeons representing these specialties, we offered innovative solutions that also enable the customization of surgical care for each patient.

Omron products, including blood pressure monitors, thermometers and TENS devices, continue to hold a strong position in the product selection of Finnish pharmacies as well as in professional use in both public and private healthcare.

LABORATORIES

We achieved record sales in the laboratories segment, especially for Infors bioreactors and incubation shakers. We also increased our sales of maintenance services and the future outlook is very positive.

Our laboratory team was strengthened during the year through new recruitment and we also renewed our working methods. We invested in customer training and made use of our demonstration laboratory to present our expanded portfolio to our customers.

ANIMAL WELFARE

We focused on our key accounts in 2018. We appointed a key account manager to build deeper cooperation with private veterinary clinics and chains of veterinary clinics. These efforts have given rise to several interesting development projects that we will be working on together with our customers in the coming year.

We launched Hill's Prescription Diet k/d Early Stage products for cats and dogs. They are research-backed therapeutic food products intended to support cats and dogs with early stage chronic kidney disease (IRIS stage 1).



We also developed our cooperation with breeders during the year. We opened an online store for consumers at hillskasvattajat.fi that allows us to provide better and faster service to the members of our Hill's breeders club.

CLEANLINESS

We expanded our range of cleaning products during the year, which made Berner a significant comprehensive supplier in the professional cleaning and kitchen hygiene categories.

We launched a cooperation with Vileda's professional product range in 2018. The strong brand and highly visible marketing provide excellent support for Berner's overall product selection. Sales of Vileda products got off to a very good start in the first year of the cooperation.

We engaged in active product development while seeking various digital solutions that create added value and enable us to accelerate our growth in the future. The online store launch was also a significant step for the cleaning product category. The online store's selection now includes an even more diverse range of products for businesses' needs.

BERNER EESTI AND ORDIOR EESTI

Ordior Eesti's sales of laboratory equipment were successful and the business achieved a record result. The sales of the

products of the major principals, Shimadzu and Foss, were brisk and we won tenders in areas that our competitors have particularly been strong in.

The sales of microbiology products were also successful, showing an increase from the previous year.

BERNER MEDICAL

Our business in Sweden remained robust in 2018. The primary product group, Ansell surgical gloves, performed well in tendering and we were successful in all major public procurement processes, ensuring a favorable outlook for the years to come.

Ansell launched two significant new products during the year: the Ansell Gammex PI Glove-in-Glove surgical glove and the Gammex PI Hybrid surgical glove. Glove-in-Glove makes it easier and faster to prepare for surgery thanks to innovative packaging in which the surgical under glove and outer glove are packed together, enabling users to put on two gloves at the same time. Gammex PI Hybrid represents entirely new hybrid technology, combining two synthetic materials in a blend that makes the glove durable and comfortable.

Sales were also supported by Bode disinfectants and Harry Holms racks.

AGRICULTURAL TRADE



The exceptionally warm and dry growing season affected the profitability of agricultural producers, which had an impact on the development of the agricultural supplies trade. In spite of the challenging conditions in recent years and the significant changes in the business climate, we have been able to strengthen our position in the agricultural trade.

The dry growing season reduced the sales of production inputs during the season, in particular. Nevertheless, we achieved the overall targets set for the Agricultural Trade business area in Finland in spite of the challenging season.

At the beginning of August, we launched a cooperation in Finland with Avena Nordic Grain Ltd by combining our sales and purchasing organizations. The cooperation creates synergies in customer account management, marketing and sales. Our new operating model got off to a good start in fall 2018, which supports positive development in the years

to come. The cooperation does not entail any ownership arrangements. While our focus was previously on plant protection products, our expanded range of products now includes the key production inputs of plant production.

SWEDEN

Sweden was similarly affected by challenging weather conditions during the growing season. The dry conditions led to lower demand for fungicides in particular. However, the good sowing conditions for fall crops increased the amount of processing in the fall.

Gullviks focuses on the retail sale of plant protection agents, nutrients, seeds, foliage nutrients and products used in forestry that are sold directly to farms. Its strong cooperation with Swedish farmers continued to grow in 2018.

Read more: gullviks.se

THE BALTIC COUNTRIES

The sales of the plant protection products we represent developed very favorably in the Baltic countries. However, the merger of our largest principals, Dow Agrosciences and Dupont Agron, to form Corteva AgriScience, meant that our representation of their products was discontinued at the end of 2018. In connection with this change, we adapted our organization according to the new situation.

Read more: berner.ee

Turning used alkaline batteries into clean nutrients for agriculture

Berner and Tracegrow, a cleantech company that produces micronutrients for agriculture, began cooperating in 2018 on the sale and distribution of circular economy nutrients in Finland. The goal of the cooperation is to give farmers access to new solutions based on the circular economy.

Tracegrow is the world's only company to have developed a technology for refining the trace elements contained in used alkaline batteries into clean nutrients for agriculture. Zinc and manganese are extracted from the batteries and processed into micronutrients. The end product is a high-quality micronutrient for agricultural use.

– Our aim is to develop sustainable agriculture in cooperation with the best possible partners. To optimize crop yields, you need to provide plants with comprehensive nutrients. This technology makes it possible to recycle these nutrients from batteries in an eco-friendly manner instead of mining them,

says **Kalle Erkkola**, Head of Division, Farmer's Berner.

– We have developed a technology that enables us to turn used alkaline batteries into micronutrient fertilizers that meet the most stringent purity standards set for fertilizers. The distribution agreement we have signed with Berner is the first of its kind. Their expertise and efficient sales organization will allow us to reach farmers effectively, says **Tatu Leppänen**, CEO of Tracegrow.

Tracegrow has been developing its groundbreaking technology for several years and its production plant began operations in Kärsämäki in early June. The micronutrients are produced in Kärsämäki, where Tracegrow's patented technology is used to extract nutrients needed by plants and purify them of any harmful substances. The products are packaged for distribution at Berner's production facility in Heinävesi.

Tracegrow is a member of the CleanTech Finland network and it was one of the nominees for the Nordic Council Environment Prize in 2017.

MACHINES



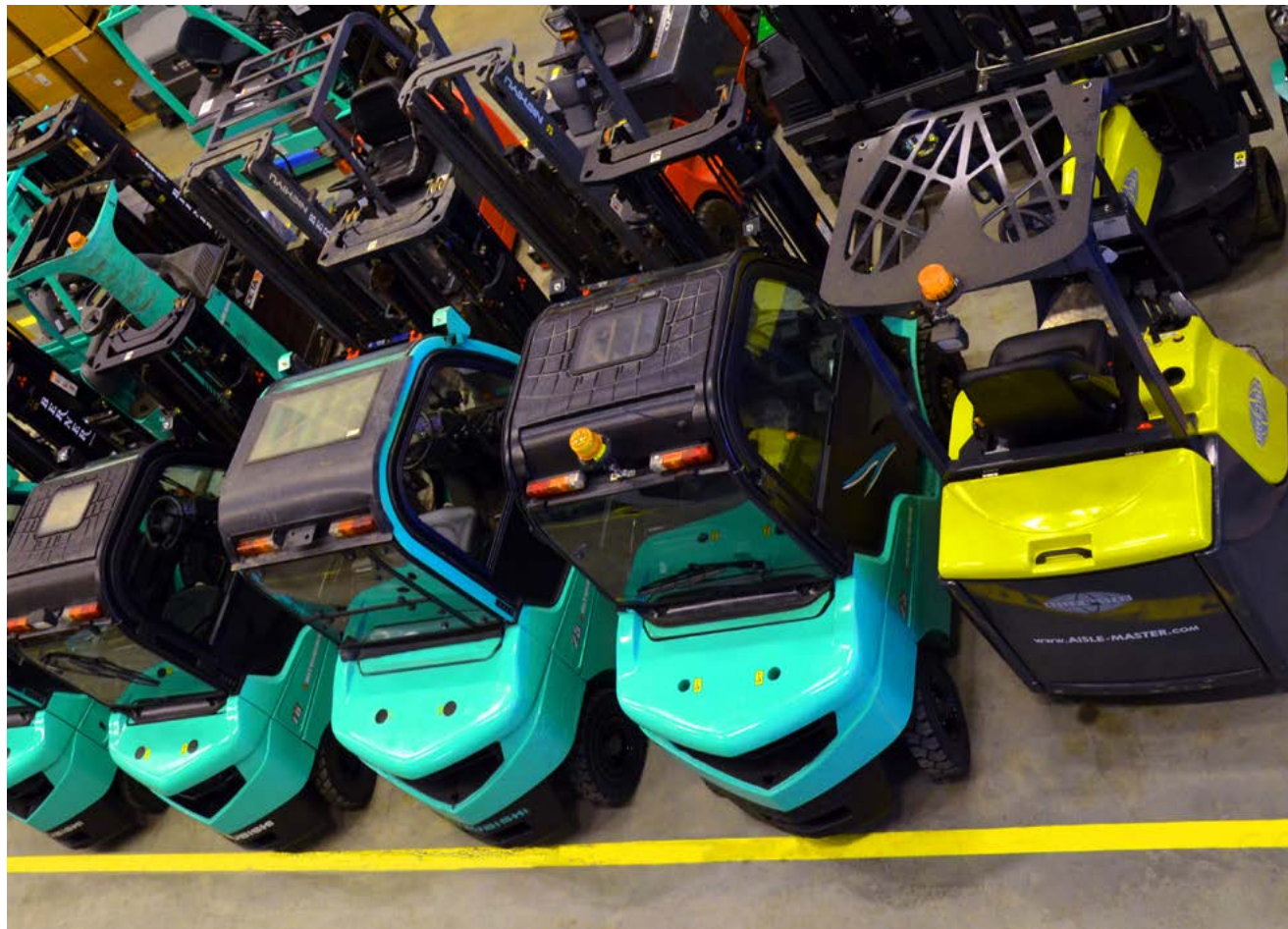
With more than 40 years of experience, we offer comprehensive solutions for managing the machines of our customer companies; we sell, rent, finance and service forklift trucks and real estate maintenance machinery. We also offer extensive spare parts, servicing and maintenance services.

Our partners have a nationwide retail and service network in Finland. Our sales, service and spare parts centers are located in Viinikkala, Vantaa. Our brands are well known: Mitsubishi and Combilift forklifts and Dulevo sweeper machines.

GROWTH IN DELIVERY VOLUMES

Activity in the technical trade continued to increase and the industrial sector again demonstrated a willingness to invest in machines in 2018. The delivery volumes of our machines grew compared to the previous year. The Mitsubishi electric counterbalance forklifts manufactured in Järvenpää were particularly successful in the market. Electric counterbalance forklifts with cabs have also grown in popularity as year-round outdoor machines.

Our principal Combilift opened a modern 46,500-square-meter production plant in Monaghan, Ireland in the spring. The new factory substantially increased Combilift's production capacity for the coming years. A Finnish delegation consisting of our customers as well as journalists and Berner Machines personnel attended the opening celebrations.



BUSINESS AREAS

PRODUCT DEVELOPMENT AND PRODUCTION

Domestic product development and production are among our key strengths. We began the production of our own products in the 1950s with a successful oil care product under the XZ brand. Today, our product development unit is located at our head office in Helsinki, and production facilities in Heinävesi in eastern Finland.

Ensuring that strong know-how and expertise stays in Finland is important for Berner. We use local raw materials and packaging in product development and production in order to keep transport distances as short as possible. Domestic production also plays a significant role in keeping jobs and expertise in Finland.



PRODUCT DEVELOPMENT

Our strengths lie in Finland-based product development and manufacturing, and we believe that our customers value our domestic, responsible and high-quality production.

Berner has engaged in its own product development since the 1950s. The significance of product development has increased over the years, resulting in product families including XZ hair care products, the LV and Herbina product family, the Lasol and Korrek car care series, Heti cleaning products for consumers and professionals, Desinfektol and LV disinfectants, the iconic Tummeli brand and the Oxygenol family of oral hygiene products.

The products are developed at our head office in Helsinki and manufactured in Heinävesi in close cooperation with our quality assurance team. Berner's product development and quality is the responsibility of a team with 20 members. Ensuring product safety is the starting point of our product development.



PRODUCT DEVELOPMENT AND PRODUCTION

PRODUCT DEVELOPMENT IN 2018

Last year, we launched a total of 40 new products as a result of our own product development and production efforts.

For example, we developed a new Heti series of consumer products in the cleaning and laundry detergent category. It is the first product family in the market to have eco-friendly vinegar as its active ingredient. The products were introduced in daily consumer goods retail at the beginning of 2019. We also developed unpasteurized apple cider vinegar products that are produced using a natural fermentation method.

We used natural ingredients in new ways in our products. In the XZ series of hair care products, for example, the key ingredients of new products included pea protein and oats. We also added more plaque-preventing xylitol to our toothpaste products. We wanted to give xylitol, a Finnish innovation, the role it deserves in oral hygiene.

We continued the collaboration we began in 2017 with Sulapac Ltd to develop innovative packaging solutions. Launched in 2018, LV All Around Cream Our became our first product to be sold in Sulapac's biodegradable packaging. We will continue the development of packaging innovation in the coming years as technology develops.

More information on our packaging development efforts and raw materials is provided in the section on environmental responsibility (p. 30).



PRODUCTION PLANTS

Berner's production plants are located in Heinävesi in Eastern Finland. We employ approximately 50 people at our production plants and we are among the largest industrial employers in the municipality.

With decades of experience, we manufacture cosmetics and hygiene products, car care products, plant protection agents, washing and cleaning detergents and vinegar products. Our best-known brands include XZ, LV, Herbina, Ainu, Oxygenol, Tummeli, Lasol, Korrek, Heti and Rajamäen.

Our operations are certified pursuant to the ISO 9001 quality management certificate, the ISO 14001 environmental management certificate and the ISO 22716 certificate regarding the manufacture and storage of cosmetics and hygiene products. We want to offer Finns only the best, and keeping this promise requires that we monitor the quality of

our products from product development all the way to the consumer.

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.

RESPONSIBLE PRODUCTION AND NEW PRODUCTS

We began manufacturing several new products last year. Production volumes were increased by significant new products introduced in segments such as windscreen washing fluids, liquid laundry detergents and household cleaning products. New products were also added to the XZ, Oxygenol and Rajamäen product families for production in Heinävesi.

Berner's new ERP system, to be deployed in 2019, will enable more efficient and transparent supply chain management. In Heinävesi, the new system will enable us to significantly improve the efficiency of our production planning and logistics processes, among other things.

PRODUCT DEVELOPMENT AND PRODUCTION

LOGISTICS

Extensive logistics services are part of our efficient product and supply chain management. We handle warehousing and outbound logistics services and participate in the planning of inbound and outbound goods delivery operations and contracts.

Our 24,000 m2 logistics center in Viinikkala, Vantaa, has approximately 50 employees. Its central location, modern facilities and new technology provide efficient logistics services to our business.

In 2018, our operations in Viinikkala grew in both consumer and professional products.

Our consumer e-commerce solutions continued to see steady growth. We continuously develop our logistics solutions to enable competitive service models and solutions.

Berner's new ERP system, to be deployed in 2019, will enable the implementation of solutions that enhance in-house logistics.



PRODUCT DEVELOPMENT AND PRODUCTION

CORPORATE RESPONSIBILITY

Responsibility towards our stakeholders is an integral part of our company's values, operating methods, management and day-to-day work. We are committed to continuously developing our responsibility and engaging in open dialogue with our stakeholders. Last year, we joined the UN Global Compact sustainability initiative.

Our responsibility efforts are based on economic, social and environmental responsibility as well as good corporate governance. In the area of environmental responsibility, our focus in recent years has been on reducing the environmental impacts of production and transport as well as the development of responsible packaging solutions. With regard to responsibility for employees, our focus areas have included the development of job satisfaction and leadership.

WE JOINED THE UN GLOBAL COMPACT SUSTAINABILITY INITIATIVE

Last year, we joined the UN Global Compact sustainability initiative. By joining the initiative, we committed to observing its ten principles in our strategy, culture and day-to-day operations. The ten principles concern human rights, labor, environment and anti-corruption. The Global Compact is the world’s largest corporate responsibility initiative, with more than 9,000 participants in over 135 countries. The aim of the Global Compact is to encourage companies to promote globally sustainable business.

INVOLVED IN THE RESPONSIBLE CARE SUSTAINABILITY PROGRAM

We are committed to the chemical industry’s international Responsible Care program. Responsible Care is an international sustainability program coordinated in Finland by the Chemical Industry Federation of Finland. The central themes of the program include the sustainable use of natural resources, sustainability and safety of production and products, well-being of the work community and open interaction and cooperation.



THE PRINCIPLES GUIDING OUR RESPONSIBILITY

Our responsibility 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.

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.

DEVELOPMENT OF RESPONSIBILITY IN 2019

In 2019, we will begin the systematic development of our responsibility by conducting a materiality analysis of responsibility. As part of the materiality analysis process, we will also survey our stakeholders’ views on what Berner’s responsibility priorities should be. The materiality analysis will help us focus our responsibility efforts and reporting on the themes of economic, social and environmental responsibility that are the most material to us.

ECONOMIC RESPONSIBILITY

In accordance with our operating principles, the emphasis of our economic responsibility is on strong solvency and profitable growth. Strong solvency and profitable growth enable the sustainable development of our business and the well-being of our personnel.

STRONG SOLVENCY AND PROFITABLE GROWTH

Enables long-term commitment to employee well-being and increases social welfare through taxes and other investments for the public good.

RESPONSIBLE OWNERSHIP

Berner Ltd is a family-owned company that has contributed to the development of Finnish society throughout its existence. We are committed to keeping it this way.

We seek stable international growth while keeping our ownership and decision-making firmly rooted in Finland.

TAX FOOTPRINT IN THE HOME MARKET

Berner’s operations generate economic well-being for several stakeholders. It is a matter of honor for us to invest in Finland and pay our taxes in Finland and in our home market.

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.

DISTRIBUTION OF ECONOMIC VALUE AND TAX FOOTPRINT

	Parent company (EUR 1000)	Group (EUR 1000)
Turnover, other operating income and financial income	231 328	317 613
Suppliers: Materials and services	157 198	227 810
Other partners: Other operating expenses and investments	38 264	45 266
Staff: Salaries and fees	18 937	24 110
Shareholders and financiers: Dividends and financial costs	7 569	7 662
Society: Taxes, pensions and social security costs	36 907	52 586

ENVIRONMENTAL RESPONSIBILITY

Berner’s environmental responsibility is guided by our environmental program. The focus of our environmental responsibility is on increasing the energy efficiency and material efficiency of our operations, minimizing environmental impacts and developing new environmentally friendly products and services.

Our focus areas for 2018–2020 are responsible packaging and raw materials as well as minimizing the environmental impacts of production and transport.

LV All Around Cream

Responsibility and eco-friendliness are values that are shared between Berner Ltd’s LV series of cleaning and skincare products and Sulapac Ltd, a company known for its packaging innovations. The companies are engaged in a cooperation that has now resulted in the first LV product sold in packaging produced by Sulapac Ltd. The first product to be sold in a fully biodegradable package is LV All Around Cream for dry skin and lips.

LV products contain no unnecessary ingredients, which is why they have a gentler impact on the user’s skin as well as the environment. Seeking solutions that are in line with the principles of sustainable development is part of the philosophy of the LV product family, which is why the packaging collaboration with Sulapac Ltd is an excellent fit for the brand.

– We want to continuously pursue more sustainable solutions in our product development as well as our choice of packaging materials, says **Sanni Väinölä**, Brand Manager for LV products.

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

DEVELOPING SUSTAINABLE PACKAGING SOLUTIONS

Our aim is to develop and implement new ecological packaging solutions for our products. We participate in Finnish innovation efforts aimed at replacing traditional plastic packaging with biodegradable packaging, and we are also increasing the use of recycled plastic.

At the beginning of 2019, we began developing Berner’s plastic roadmap by arranging an internal lecture series called Good Bad Plastic to increase plastic-related awareness within the company. We will continue to develop the plastic roadmap in 2019.

Responsibility is also the foundation of operations for Sulapac Ltd, which is not only a Finnish enterprise, but also the creator of award-winning packaging innovation: the products are manufactured from wood and biodegradable binding agents. We asked Sulapac CEO and Co-founder Suvi Haimi to explain why packaging material makes such a big difference.

– Wood is the future, but its use is not yet at the level where it should be. The wood used in our packaging originates from industrial side streams and sustainably managed forests. Our collaboration with Berner Ltd’s LV brand shows that biodegradable and microplastic-free are very well suited for use in skincare products, for example, **Suvi Haimi** says.



Achievements in 2018

We continued the collaboration we began in the previous year with Sulapac Ltd to develop innovative packaging solutions, with LV All Around Cream Our becoming our first product to be sold in Sulapac’s biodegradable packaging.

Manufactured in Heinävesi and launched near the end of the year, the HETI series of cleaning products and laundry detergents is packaged in bottles that are made from recycled plastic and can be recycled again. The economy package of the LV Color liquid laundry detergent manufactured in Heinävesi uses 75 percent less plastic than a plastic bottle of a corresponding size.

We took a step forward in sustainability in our GreenCare products after the use of recycled plastic began at the Saarijärvi production plant following extensive testing. The shift to use recycled plastic will save approximately 35,000 kg of plastic in 2019.

85 percent of our plastic packaging is recyclable

The plastic packaging materials of all of our products manufactured in Heinävesi are suitable for plastic recycling (XZ, LV, Herbina, HETI, Rajamäen vinegar, Lasol, Korrek). 85 percent of our plastic packaging is recyclable. The remaining 15 percent that is not recyclable is packaging that contains multiple layers of different types of plastic, which prevents their recycling. For these packages, a technical solution capable of preserving the quality of the product is not yet available. They can, however, be recovered for energy after waste sorting. We are in the process of clarifying the recycling indications on our packaging.

The paperboard and cardboard used in the packaging of the products we manufacture ourselves is recyclable, as are our glass and metal packaging materials. We manage the producer responsibility associated with the recycling of our packaging via an agreement with Finnish Packaging Recycling RINKI Ltd.

Targets for 2025

JWe will continue the development of packaging innovation in the coming years as technology develops. Our goal is that, by



2025, all of our packaging is recyclable, recycled or reusable. Our target for the use of recycled materials is to have 25 percent of our products packaged in recycled material by 2025.

We also aim to have 5 percent of our products packaged in biobased and microplastic-free material by 2025. We want to develop packaging solutions whose life-cycle environmental impacts are minimized.

RESPONSIBLE RAW MATERIALS

We develop products for cosmetics, agriculture and gardening that contain local bio-based raw materials as well as raw materials that originate from the by-products of the bioindustries and the food industry.

Promoting the circular economy

Launched in 2017, Berner’s first circular economy product, GreenCare Ympäristön Ystävä garden fertilizer, has been well received by environmentally conscious consumers. The product family grew in 2018 to include more packaging sizes and its retail network was expanded.

Designed in cooperation with the Baltic Sea Action Group (BSAG) and Soilfood, GreenCare Ympäristön Ystävä products conserve natural resources and their complete supply chain is as environmentally friendly as possible, from the sourcing of the raw materials all the way through to the packaging



of the finished product. By-products of grain processing, sugar production and vegetable oil production, among other things, are used in GreenCare Ympäristön Ystävä products. Last year, we again donated a proportion of the price of every Ympäristön Ystävä product we sold to the Baltic Sea Action Group.

We are committed to developing ecological product innovations through circular economy solutions and we are investigating new opportunities for recycling nutrients to support sustainable development in both home gardening and professional agriculture.

Microplastics eliminated from all of Berner's own products

Over the past few years, we have engaged in extensive product development to eliminate microplastics from our cosmetics products due to their negative impact on the environment. The last of our products to contain microplastics, the LV Hoitava roll-on antiperspirant, was reformulated in 2018. All of the cosmetics products manufactured by Berner in 2019 are completely free of microplastics.

The use of microplastics in the other cosmetics and skincare products manufactured by us was already discontinued in 2015 when Cosmetics Europe issued a recommendation to the cosmetics industry to discontinue the use of microplastics in cosmetics products by 2020.

We import a number of well-known cosmetics brands, such as Clarins, Sensai, IsaDora, Nuxe, Bronx Colors and Mavala. The products of these brands are free of microplastics. IsaDora's glitter nail polish currently contains microplastics in the form of glitter, but other IsaDora products do not.

We source palm oil from RSPO members

Palm oil and palm kernel oil are two types of oil derived from oil palms. The cosmetics industry uses palm kernel oil, which is a by-product of food production.

All of the palm oil we use to manufacture our own brands of cosmetics and skincare products is sourced from members of the Roundtable on Sustainable Palm Oil (RSPO). RSPO develops principles for sustainable palm oil production. The members of RSPO are committed to increasing the ecological, social and economic responsibility of oil palm production. Supporting the RSPO's objectives is currently the best way to contribute to responsible palm oil production.

We conducted an in-depth assessment in 2018 to determine which of the ingredients used in our production activities contain palm oil derivatives. We found that approximately 15 percent of the ingredients we use contain palm oil derivatives. Certified RSPO quality palm oil (mass balance, segregated, identity preserved) represents 55 percent of the total amount by weight and 65 percent of the total quantity of products.

Our target is to increase the proportion of RSPO Mass Balance palm oil derivatives to at least 85 percent in 2019. We further aim to reach 100 percent certified RSPO quality by 2022 at the latest. This new target will require us to focus on recipe development.

The use of palm oil involves environmental concerns related to its impact on rain forests. Recognising this, the industries that use palm oil, including the cosmetics industry, are constantly looking for new and more sustainable solutions for palm oil production.

Palm production offers a superior oil yield compared to the alternatives. Fully replacing palm oil with other vegetable oils, such as olive, coconut or rapeseed oil, would require a vastly greater area of land for cultivation. This would not necessarily

be a better solution for the environment. For this reason, many manufacturers of raw materials for cosmetics are RSPO members to systematically support the sustainable and responsible production of palm oil.

Alternatives to palm oil

We also use other natural oils in our products, including olive, avocado, almond and rapeseed oil. In addition, we make use of Finnish ingredients such as sea buckthorn oil, blueberry seed oil and other berry seed oils. We use Finnish xylitol in our Oxygenol toothpaste products.

Sustainably sourced shea butter

Shea butter is a fat extracted from the nut of the shea tree. Rich in vitamin E, it soothes and revitalises skin. We use shea butter in our Herbina products, among others.

The shea butter we use is sustainably sourced through our Swedish supplier, one of the founding members of the Global Shea Alliance.

MINIMIZING THE ENVIRONMENTAL IMPACTS OF PRODUCTION AND TRANSPORT

We began using green electricity at all of Berner's Finnish operating locations last year. We also prepared a preliminary plan for a solar power investment at our production plants in Heinävesi and our logistics center in Viinikkala. We will assess the feasibility of the investment in 2019.

We increased direct deliveries from Heinävesi to our customers' central warehouses and terminals across Finland, which enabled us to reduce the number of kilometers driven. We also began using trucks in which products can be loaded on two levels in our product transport between Heinävesi and Viinikkala.

In 2018, we joined the S Group's Big Deal climate campaign aimed at reducing emissions. Our commitments under the campaign are related to the use of renewable energy, improving energy efficiency and developing lower-emission products.

SUSTAINABLE AND ENVIRONMENTALLY FRIENDLY CHOICES FOR CONSUMERS

The Nordic Ecolabel, also known as the Swan label, is objective indication of the eco-friendliness, safety and high quality of a product or service. In total, 70 of our products carry the Nordic Ecolabel.

A total of 405 of our products now have the Key Flag symbol, which indicates that the product is manufactured in Finland and supports Finnish employment.

In total, 111 products are now approved by the Allergy, Skin and Asthma Federation. The Allergy Label is issued to products whose safety and reliability has been proved by independent studies. Products that carry the Allergy Label are free of fragrances and commonly allergenic or irritant agents. In home appliances, the Allergy Label reflects features that help reduce indoor air impurities. All products that carry the Allergy Label satisfy detailed category-specific criteria.

Of the products we manufacture in Heinävesi, three are certified organic.



Key flag products in total 405



Nordic Ecolabel products in total 70



Products approved by the Allergy and Asthma Federation in total 111



Own organic products 3

SOCIAL RESPONSIBILITY

In developing social responsibility, our goal is to continuously improve the well-being of our staff, the working conditions of the people who work in our supply chain and the safety of our products.

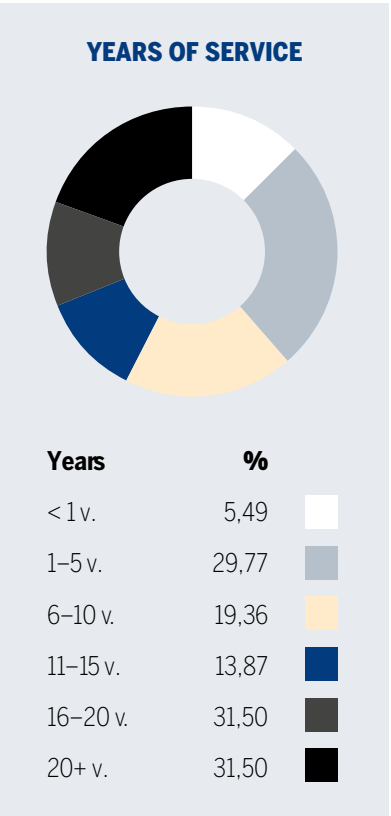
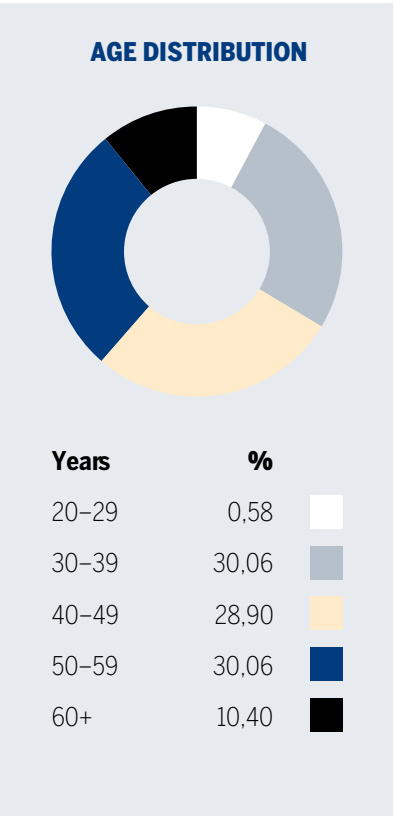
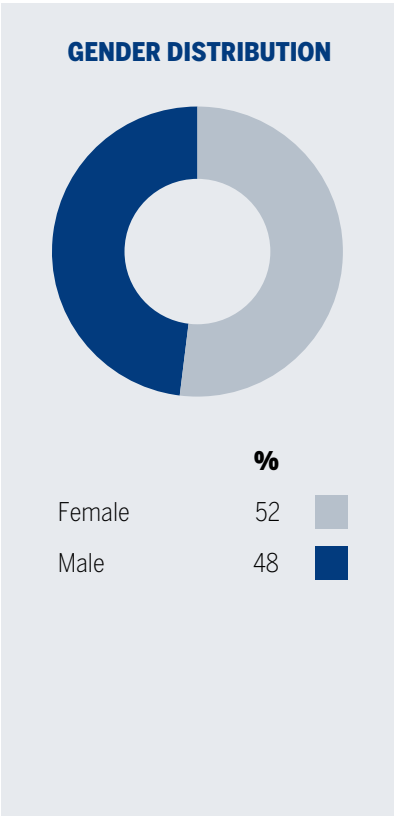
EMPLOYEE RESPONSIBILITY

We had 359 employees on average at Berner Ltd. in Finland in 2018 (2017: 383). Our goal is to be a responsible and interesting employer and an attractive workplace. The development of job satisfaction is also an important focus area for us. We enhance job satisfaction through leadership development and by improving the operations of our work communities.

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. Each employee has the right — and the obligation — to comply with our Code of Conduct.



A year of new beginnings

Berner had a busy year in terms of personnel news and new appointments. Our successful recruitment efforts brought a lot of new expertise into the organization. Over 50 new employment relationships were established during the year.

The Berner Pro business, in particular, welcomed several new employees. One of the new recruits is **Jere Kujanpää**. As an expert in Berner Pro’s laboratory equipment sales unit, his wide-ranging and diverse duties include sales work as well as preparing customer analyses and future investments for customers in the bio and food industry. He also maintains contact with principals.

– I didn’t know much about the job in the early stages of the recruitment process, but the fact that this was a job at Berner was enough to pique my interest. Berner is a wonderful family company with an impressive history, and it is able to offer just the kinds of opportunities I want for my future career. As a diversified company, it can provide extensive opportunities for training and development as well as excellent tools, such as the demo laboratory at our office, which makes my work and customer meetings a lot easier. Jere says, summarizing his first impressions of Berner.

Jussi Petäjä was appointed as Category Manager in Berner’s consumer brand business in the first half of 2018. He is

responsible for brands in the gardening product category, ranging from fertilizers to insect and rodent control solutions. Jussi felt the job was a good fit with his entrepreneurial character. His decision was also influenced by Berner’s values and background as a family company. Jussi appreciates Berner’s open-minded and future-oriented attitude, which he says is reflected in the development of new circular economy products and the continuous pursuit of innovative solutions, for example.

Both men are enthusiastic about their new roles and they believe the work community is a significant factor in job satisfaction:

– I came in with high expectations, but they have actually been exceeded in the first few months. What I like best are the positive atmosphere and work community. This is an organization full of professionals, Jere says.

Jussi shares his view of Berner’s positive and open atmosphere:

– Our work community is characterized by an open and dialogue-oriented culture. We develop things together and everyone’s ideas are welcomed. I am frankly amazed by how active the discussions are in our internal training events, for example!

Occupational health and safety

Healthy employees are a precondition for successful operations. We offer a broad range of employee benefits for our personnel. We promote employee well-being by providing high-quality occupational health services, supporting the sporting and cultural activities of our employees as well as subsidizing their commute.

In 2018, we also introduced Better Shape, a well-being service that allows everyone at Berner to comprehensively monitor and develop their well-being through a convenient mobile application. We also participated in the Stair Days campaign to encourage our employees to make small healthy choices in daily life and boost their incidental exercise.

We invest in functionality, comfort and ergonomics at our business premises. Our head office is a mobile multi-space



We got on our bikes to improve our fitness and help people in Syria

In 2018, we again participated in the Kilometrikisa cycling challenge and made a related donation to the Chain Reaction charity campaign. As part of the Chain Reaction campaign, which operates under the light-hearted cycling competition, we promised to donate one euro to the Red Cross for every 25 kilometers of bicycle riding by our employees. The funds were allocated to medical aid and health promotion for victims of the war in Syria. Our total cycling distance in 2018 was 13,719 kilometers.

office where employees can choose their workstation based on their agenda for the day. The possibilities range from an open workspace to a quiet room or café. At our production plant in Heinävesi, we focused on improving ergonomics during the year by investing in hydraulic lifting platforms. We also organized training on working methods in cooperation with an occupational physiotherapist with the aim of improving workplace ergonomics. We also conducted a Healthy at Work survey in cooperation with our occupational healthcare partner. Carried out once every three years, the survey helps develop the operations of our work community and supports the work ability of our personnel through individual feedback.

Employee and leadership development

We want to ensure the development of employee competence and good leadership. Good leadership at Berner refers to operating in accordance with our values and allocating human resources appropriately to support the achievement of business objectives.

We emphasize diversity and take the age, gender, family situation and work experience of our employees into consideration in management. Diversity management enhances well-being at work and enables the wide-ranging utilization of different experiences, views, skills and ways of working in our work community.

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

corresponds to our values. We conducted a 360-degree appraisal for all of our supervisors in 2018. Following the appraisals, we held feedback sessions for supervisors and work communities in line with our HR practices. Based on the feedback sessions, the supervisors prepared personal leadership development plans to support their continued development.

Every Berner employee has the right and the obligation to participate in an annual development discussion. In the development discussion, the employee and the supervisor together prepare a personal career and development plan. Our remuneration practices are based on the targets set for work. We measure the targets and their achievements regularly during the year.

We also maintain and develop the ICT skills and industry-specific subject-matter expertise of our personnel through various training courses. In 2018, we also organized occupational health and safety training as well as training on negotiation skills for our employees.

Berner's fourth JET training program began

In 2018, we started our fourth Specialist Qualification in Management (JET) training program, which improves skills related to the management and development of personnel, customer relationships, networks and production. We implement the training program in cooperation with the training service provider Verutum and the training program is managed by Berner's steering group. We have previously implemented JET training programs in 2007–2008, 2012–2013 and 2015–2017.

The key theme of Berner's customized JET training in 2018 was customer relationship management. The training also covered other management themes, such as personnel management, network management, project management and process management. The training program consisted of classroom instruction days, in addition to which the JET students produced interim assignments and a more extensive development project. Their work was guided by internal mentors and the assignments and the progress of the development project were evaluated by appraisers designated for each participant. The 18-month training program will be completed in early 2020.



Inno training continued

We continued to work with the Helsinki Apprenticeship Office and the training service provider Verutum to organize innovation training geared towards a specialist qualification in service and product development. The focus of the training program was on the creation of new business opportunities, commercialization and process development. In 2018, about twenty enthusiastic Berner employees continued to work on their Inno projects using customer-driven product and service methods. The participants got together to celebrate the end of the training program in early 2019.

– For me, the biggest takeaway from the Inno training program was the courage to voice my thoughts and ideas and the ability to refine them based on feedback from others. I also really enjoyed working with Berner employees representing various job roles, and I have continued to collaborate with these colleagues after the end of the training program. Having shared goals and working together on our studies created a very strong team spirit in the training group, says Marketing Coordinator **Heidi Selin**, describing her experience of the innovation training program.

Equality and diversity

We expect everyone at Berner to be supervisors, colleagues and subordinates who act in accordance with our values. They are the starting point of our orientation training and work community training initiatives.

We have a zero tolerance policy with regard to inappropriate conduct and harassment. No such cases were reported last year. We ensure the equality and diversity of our personnel by producing an annual personnel report. We also revised our Code of Conduct in 2018 and began designing a related online training course for our personnel. The training will be implemented in 2019.

OCCUPATIONAL DISEASES AND INJURIES

	2014	2015	2016	2017	2018
Occupational disease	-	-	-	-	-
Injuries at work trip	8	4	5	7	2
Injuries at work	16	11	16	14	14

Berner joined the Work Does Not Discriminate campaign

We joined Work Does Not Discriminate, a campaign by the Confederation of Finnish Industries aimed at promoting open and non-discriminatory workplace culture. The purpose of the campaign was to invite Finns to think about their attitudes and make equality in working life self-evident. Along with Berner, the campaign was joined by a wide range of companies of different sizes, representing various industries. We wanted

to play a part in highlighting equality as an important theme in working life and in Finnish work communities.

– Our core values of work, integrity and humanity have been part of Berner since the company was first established. To us, these values mean that all of our employees are valuable and equal as people, regardless of their position or background, and they must be given equal opportunities to perform well in their work, says HR Manager **Heli Rissanen**.

Engaging employees in innovation

One of our most important development projects in 2018 was innovation, and we implemented several innovation-promoting operating methods during the year.

Launched in the first half of the year, Ideabox is a tool that allows all employees to submit ideas for further development. The power of our internal idea incubator lies in its transparency and openness: anyone can react to, comment on and develop other people's ideas. This ensures that the ideas stay alive after they have been submitted. Every idea entered in Ideabox is also reviewed by an evaluation group on a quarterly basis. Ideabox enables us to make agile use of the potential within our highly competent employees in the development of new ideas.

We also gave out Idea of the Year and Innovation of the Year awards for the first time in 2018. Launched in late 2017, the competition is open to employees and aimed at identifying the

best idea and best innovation of the year. Berner's Executive Board evaluates the proposals and decides the winners. In each of the two categories, the winning team wins a prize of EUR 1,500 to spend together. The winning teams are also awarded trophies that are passed on from one year to the next.

– The competition is a good way to highlight the competence of our employees and partners. Good ideas and innovations are created through close collaboration. A culture of innovation and entrepreneurial spirit are important themes for us, says Head of Department **Maria Svinhufvud**, who is responsible for the implementation of the competition.



Berner again took part in the Innovate or Die competition

We also accelerated innovation through cooperation with students late in the year by participating in the Innovate or Die competition for students in higher education. Started by young entrepreneurs studying in Jyväskylä, the competition invites student teams representing various fields to take on assignments related to the business challenges of real-life companies. Originally built on the foundations laid by its predecessor, the Idis-kisa competition, Innovate or Die has been organized since 2013, and Berner took part for the second time in 2018.

The competition invites students to use entrepreneurial and innovative thinking and provides the participating businesses

with an effective way of sourcing new solutions for their current challenges based on the insights from students from various fields of study.

– We were again satisfied with what we got from the event. An event like this, organized in an environment that promotes creativity, brings students and businesses together for a couple of days in a very fun way, says HR Generalist **Anne Kesänen**, who was responsible for Berner's assignment in the competition.

The competition was held at Himos Arena in the form of an intensive two-day event. Berner's assignment was related to employer branding. Before the actual event, the students were provided with information on Berner as a company along with background material for the assignment.

BERNER LTD AS AN EMPLOYER IN 2018

AVERAGE NUMBER OF PERSONNEL 2018

359

NEW EMPLOYMENT RELATIONSHIPS	NEW EMPLOYMENT RELATIONSHIPS TOTAL	NUMBER OF NEW EMPLOYMENT RELATIONSHIPS VALID UNTIL FURTHER NOTICE	NEW FIXED-TERM EMPLOYMENT RELATIONSHIPS
	66	54	12
PART-TIME WORK	PART-TIME PENSION	PART-TIME CHILD CARE LEAVE	OTHER PART-TIME WORK
	2	4	5
	AGE OF RETIREMENT	ARRIVAL TURNOVER RATE OF PERSONNEL	DEPARTURE TURNOVER RATE OF PERSONNEL
	64y	15%	12%

RESPONSIBLE SUPPLY CHAIN

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

We engage in active dialogue with our suppliers regarding the responsibility of the supply chain.

We have commissioned an assessment by an external consultant to determine development areas related to the assurance of responsibility in our supply chain. We will start to work on the further development of our responsible purchasing in 2019.

PARTNERSHIPS AND SPONSORSHIPS

Berner Ltd engages in long-term cooperation with selected partners and strives to be an active and responsible member of society.

Global Compact

We joined the UN Global Compact sustainability initiative to mark our commitment to promoting responsible ways of working in all of our operations and in every country we operate in. By joining the initiative, we committed to observing its ten principles in our strategy, culture and day-to-day operations. The ten principles concern human rights, labor, environment and anti-corruption.

Big Deal

We have joined the S Group's Big Deal campaign by making a joint commitment with other partner companies to reduce emissions by a million metric tons between 2015 and 2030.

Work Does Not Discriminate

Berner is a member of Work Does Not Discriminate, a campaign by the Confederation of Finnish Industries aimed at changing attitudes and reducing discrimination in Finnish working life. By joining the Work Does Not Discriminate campaign, Berner has made a commitment to promoting a non-discriminatory workplace culture and wants to do its share to highlight the important theme of equality in working life.

Our Baltic Sea commitment to the BSAG

We are continuing our efforts to improve the well-being of the Baltic Sea through our Baltic Sea commitment to the Baltic Sea Action Group (BSAG). We are committed to developing ecological product innovations through circular economy solutions and we are investigating new opportunities for recycling nutrients to support sustainable development in both home gardening and professional agriculture. We also donate a proportion of the price of each GreenCare Ympäristön Ystävä fertilizer product we sell to support the protection of the Baltic Sea.



Does it Have the Key Flag

As a Finnish family company, we take pride in supporting Finnish work. XZ, LV and Herbina are examples of our well-known Finnish brands that participated in the Does it Have the Key Flag campaign by the Association for Finnish Work. There are a total of 405 Key Flag products among Berner's Finnish brands.

Supporting health and sports

We have supported Finland's Veterans' Federation and Mannerheim Cross of Liberty bearers for several years. We work with the Finnish Heart Association to increase awareness of the prevention of cardiovascular diseases. We are a supporting member of the Finnish Pain Association. We also support the Cancer Society of Finland's fundraising every year by donating products.

We have also provided extensive support to sports through partnerships with the Finnish Tennis Federation, Finnish Bandy Federation, Finnish Gymnastics Federation and the Finnish Floorball League. We also support the events organized by the Finnish Handicapped Sports and Exercise Association VAU.

Our brands are also active in providing support in areas including children's health and youth employment. We participate in numerous events by donating products.

FINANCIAL STATEMENTS

In 2018, consolidated turnover decreased by a total of 0.2 percent to MEUR 315.9 (MEUR 316.5 in 2017). Consolidated profit was MEUR 15.6 (MEUR 15.8 in 2017). Total profit for 2018 was 4.9 percent of turnover (5.0 percent in 2017).

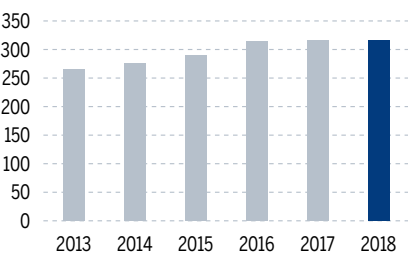
As a Finnish family company, Berner aims at balanced long-term operation and steady growth. The Group's solvency and liquidity remained at an excellent level in 2018. The equity ratio was 73.8 percent (74.5 percent in 2017) and the current ratio 3.5 (3.6 in 2017). Return on invested capital was 11.7 percent (12.9 percent in 2017).

In 2018, the Group had an average of 495 employees (521 in 2017), of whom 49 worked in Sweden (50 in 2017) and 74 in the Baltic countries (86 in 2017).

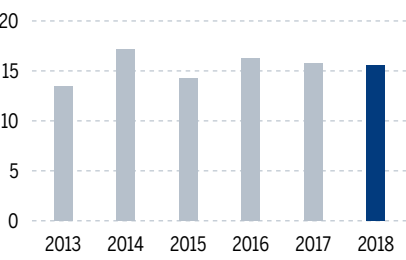
Share of profit: In 2018, Berner Ltd had 360 employees, of whom 286 receive a share of the profit. The share of profit paid based on the result for 2018 was, on average, 4.0 percent of the annual income of each employee entitled to this share.

KEY INDICATORS

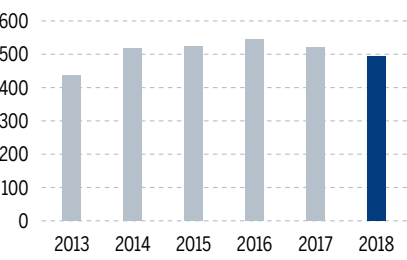
TURNOVER, M€



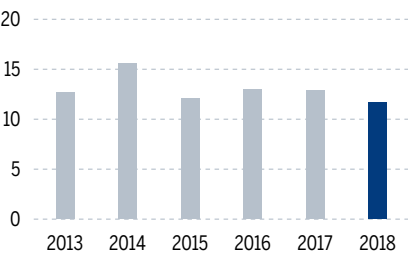
OPERATING PROFIT, M€



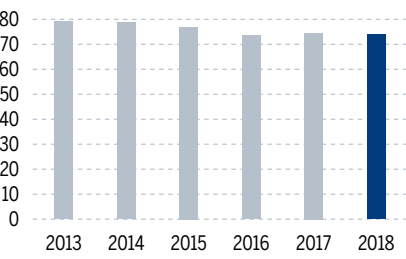
PERSONNEL



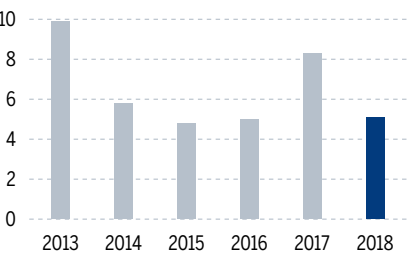
RETURN ON INVESTED CAPITAL, %



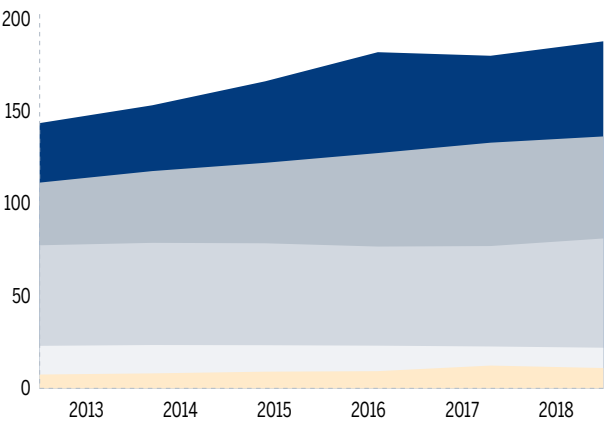
EQUITY RATIO, %



INVESTMENTS, M€

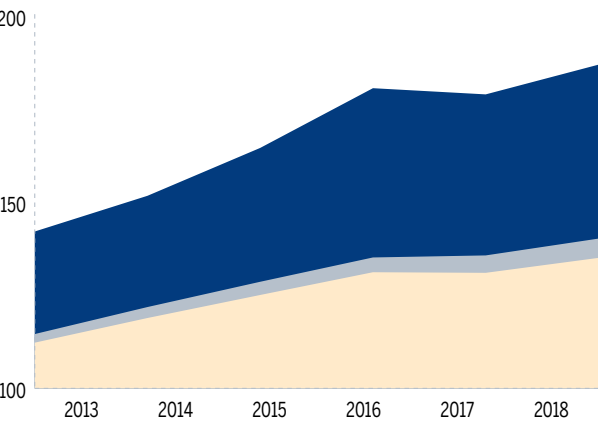


STRUCTURE OF HOLDINGS, M€



■ Liquid assets ■ Receivables ■ Floating assets
■ Tangible goods ■ Intangible goods

STRUCTURE OF CAPITAL, M€



■ Current liabilities ■ Non-current liabilities
■ Equity capital

INCOME STATEMENT

	Group		Parent company	
	1.1. - 31.12.2018	1.1. - 31.12.2017	1.1. - 31.12.2018	1.1. - 31.12.2017
TURNOVER	315 941 034,29	316 474 966,47	223 152 882,67	217 646 937,59
Variation in stocks of finished and semifinished goods	-818 549,24	214 347,26	-818 549,24	214 347,26
Other operating income	580 730,41	1 591 885,80	1 443 691,79	1 953 237,97
Materials and services				
Raw materials and consumables				
Purchases during the financial year	-229 976 886,86	-224 951 622,83	-160 592 118,72	-144 977 550,36
Variation in stocks	5 707 983,47	995 553,31	6 712 867,03	-3 269 653,45
External services	-2 722 569,69	-2 489 434,23	-2 500 689,40	-2 261 709,99
	-226 991 473,08	-226 445 503,75	-156 379 941,09	-150 508 913,80
Employee expenses				
Wages and salaries	-24 109 606,77	-24 247 707,71	-18 936 971,48	-18 753 496,49
Social security costs				
Pension costs	-4 309 763,83	-4 568 166,57	-3 490 799,66	-3 595 318,93
Other social security costs	-1 974 828,61	-2 146 732,75	-677 683,04	-852 878,08
	-30 394 199,21	-30 962 607,03	-23 105 454,18	-23 201 693,50
Depreciation, amortization and impairment				
Depreciation according to plan	-5 210 590,81	-4 941 872,12	-4 509 535,99	-4 537 053,47
Other operating expenses	-37 516 123,00	-40 132 221,95	-33 430 577,75	-35 271 251,60
OPERATING PROFIT	15 590 829,36	15 798 994,68	6 352 516,21	6 295 610,45
Financial income and expenses				
Income from other investments of non-current assets				
From Group companies			5 610 206,71	3 937 445,10
From others	74 546,60	66 781,60	74 546,60	66 556,60
Other interest and financial income				
From Group companies			214 529,27	168 079,98
From others	1 016 573,73	1 005 468,82	831 968,29	766 795,74
Impairment of investments held as current assets	-948 371,89	40 183,15	-948 371,89	40 183,15
Interest and other financing expenses				
To Group companies			0,00	-2 768,15
To others	-321 643,64	-327 427,72	-228 524,90	-232 758,25
	-178 895,20	785 005,85	5 554 354,08	4 743 534,17
PROFIT BEFORE APPROPRIATIONS AND TAXES	15 411 934,16	16 584 000,53	11 906 870,29	11 039 144,62
Appropriations				
Difference between depreciation according to plan and depreciation in taxation			134 388,47	-878 956,23
Income taxes				
For the financial year	-3 279 016,22	-3 104 724,06	-1 497 749,79	-1 248 700,37
For previous financial years	-9 308,70	-55 397,75	-9 308,70	-55 397,71
Deferred taxes	-51 053,01	-21 250,28		
	-3 339 377,93	-3 181 372,09	-1 507 058,49	-1 304 098,08
PROFIT FOR THE FINANCIAL YEAR	12 072 556,23	13 402 628,44	10 534 200,27	8 856 090,31
Minority share of the profit	145 077,35	-18 324,61		
Consolidated profit in the financial year	12 217 633,58	13 384 303,83		

BALANCE SHEET

	Group		Parent company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	537 778,70	765 101,24	520 197,96	729 939,90
Goodwill	5 197 107,45	7 217 828,14	5 018 947,24	6 650 514,29
Other long-term expenditures	3 475 808,06	4 212 144,95	3 226 316,4	3 855 653,29
Advance payments	1 664 342,5	0	1 664 342,5	0
	10 875 036,71	12 195 074,33	10 429 804,10	11 236 107,48
Tangible assets				
Buildings and structures	2 276 810,69	2 451 533,94	2 276 810,69	2 451 533,94
Machinery and equipment	8 379 793,71	7 703 115,97	6 767 282,49	7 579 427,93
Advance payments	217 501,87	56 490,60	9 717,74	56 490,6
	10 874 106,27	10 211 140,51	9 053 810,92	10 087 452,47
Investments				
Shares in Group companies			6 565 470,26	4 965 470,26
Shares in associated companies	5 045,64	5 045,64	5 045,64	5 045,64
Other shares	1 238 654,06	773 717,79	1 238 654,06	773 717,79
	1 243 699,70	778 763,43	7 809 169,96	5 744 233,69
CURRENT ASSETS				
Inventories				
Raw materials and consumables	5 027 658,48	4 238 267,00	4 536 658,48	4 238 267,00
Semifinished products	436 159,13	222 391,89	436 159,13	222 391,89
Finished goods	52 929 351,14	49 225 733,54	34 377 447,10	28 995 288,03
	58 393 168,75	53 686 392,43	39 350 264,71	33 455 946,92
Receivables				
Long-term				
Other receivables	4 482,81	35 883,89	4 482,81	35 883,89
Loan receivables	200 000,00	200 000,00	200 000,00	200 000,00
	204 482,81	235 883,89	204 482,81	235 883,89
Short-term				
Accounts receivables	48 071 847,87	49 908 605,78	18 761 654,14	20 841 060,87
Receivables from Group companies			1 658 834,26	723 594,72
Loan receivables	0,00	0,00	0,00	0,00
Other receivables	4 673 111,33	2 559 233,57	3 563 069,35	1 450 729,63
Accrued income	1 584 264,26	2 540 153,56	993 220,09	883 923,34
	54 329 223,46	55 007 992,91	24 976 777,84	23 899 308,56
Investments				
Other investments	20 882 916,21	21 288 035,40	20 882 916,21	21 288 035,40
Cash and cash equivalents	29 968 312,06	25 171 893,92	19 699 397,13	18 844 114,05
	186 770 945,97	178 575 176,82	132 406 623,68	124 791 082,46

	Group		Parent company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
EQUITY AND LIABILITIES				
EQUITY				
Share capital	1 000 000,00	1 000 000,00	1 000 000,00	1 000 000,00
Legal reserve	208 472,28	210 100,87	168 187,93	168 187,93
Retained earnings	121 452 219,56	116 290 109,10	73 058 402,60	70 594 472,29
Profit for the financial year	12 217 633,58	13 384 303,83	10 534 200,27	8 856 090,31
	134 878 325,42	130 884 513,80	84 760 790,80	80 618 750,53
APPROPRIATIONS				
Depreciation reserve			6 361 593,04	6 495 981,51
MINORITY SHARE OF THE PROFIT				
	254 902,65	0,00		
LIABILITIES				
Long-term				
Loans from financial institutions	1 091 000,00	0,00		
Deferred tax liability	4 011 745,45	3 955 409,61		
Other payables	50 000,00	700 000,00	50 000,00	700 000,00
Liabilities to Group companies			0,00	0,00
	5 152 745,45	4 655 409,61	50 000,00	700 000,00
Short-term				
Loans from financial institutions	0,00	0,00		
Advance payments	3 692 471,46	2 938 267,62	3 692 407,46	2 937 192,53
Accounts payables	26 759 487,24	22 762 292,96	21 149 526,86	19 029 816,52
Liabilities to Group companies			3 991 723,11	3 026 765,23
Other payables	7 007 445,15	9 042 404,33	5 779 654,24	6 113 423,48
Accruals and deferred income	9 025 568,60	8 292 288,50	6 620 928,17	5 869 152,66
	46 484 972,45	43 035 253,41	41 234 239,84	36 976 350,42
	186 770 945,97	178 575 176,82	132 406 623,68	124 791 082,46

Berner Ltd

Head Office

Hitsaajankatu 24
00810 Helsinki
Switchboard +358 20 791 00
info@berner.fi

Logistics

Katriinantie 20
PL 64
01530 Vantaa

Machines

Katriinantie 20
PL 64
01530 Vantaa

Heinävesi factories

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

Email addresses

firstname.lastname@berner.fi

BERNER.FI

Subsidiaries

Bröderna Berner HAB

Box 50132
Hemsögatan 10 B
20211 Malmö
Sverige
Tel. +4640 680 6800

Berner Eesti OÜ

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

UAB Berner Lietuva

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

Auditor

Ernst & Young Oy
Authorised Public Accountants
Anders Svennas
CPA

