



# Sustainability Report 2022



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# Letter from the Managing Director

**Polarica Berry Group is currently undergoing a major transition towards a more sustainable and responsible business model, demonstrating our resilience in the constantly changing operating environment.**

While much progress has been made in terms of sustainability, we understand that it is not enough. As a result, we have developed a comprehensive sustainability program that will be integrated into Polarica's corporate strategy. An important milestone in this journey is the publication of our first sustainability report.

This report underscores our commitment to sustainability, transparency, and accountability as we navigate toward a more sustainable future. It provides an overview of our sustainability initiatives, showing our dedication to good governance as well as environmental, social, and economic responsibility.

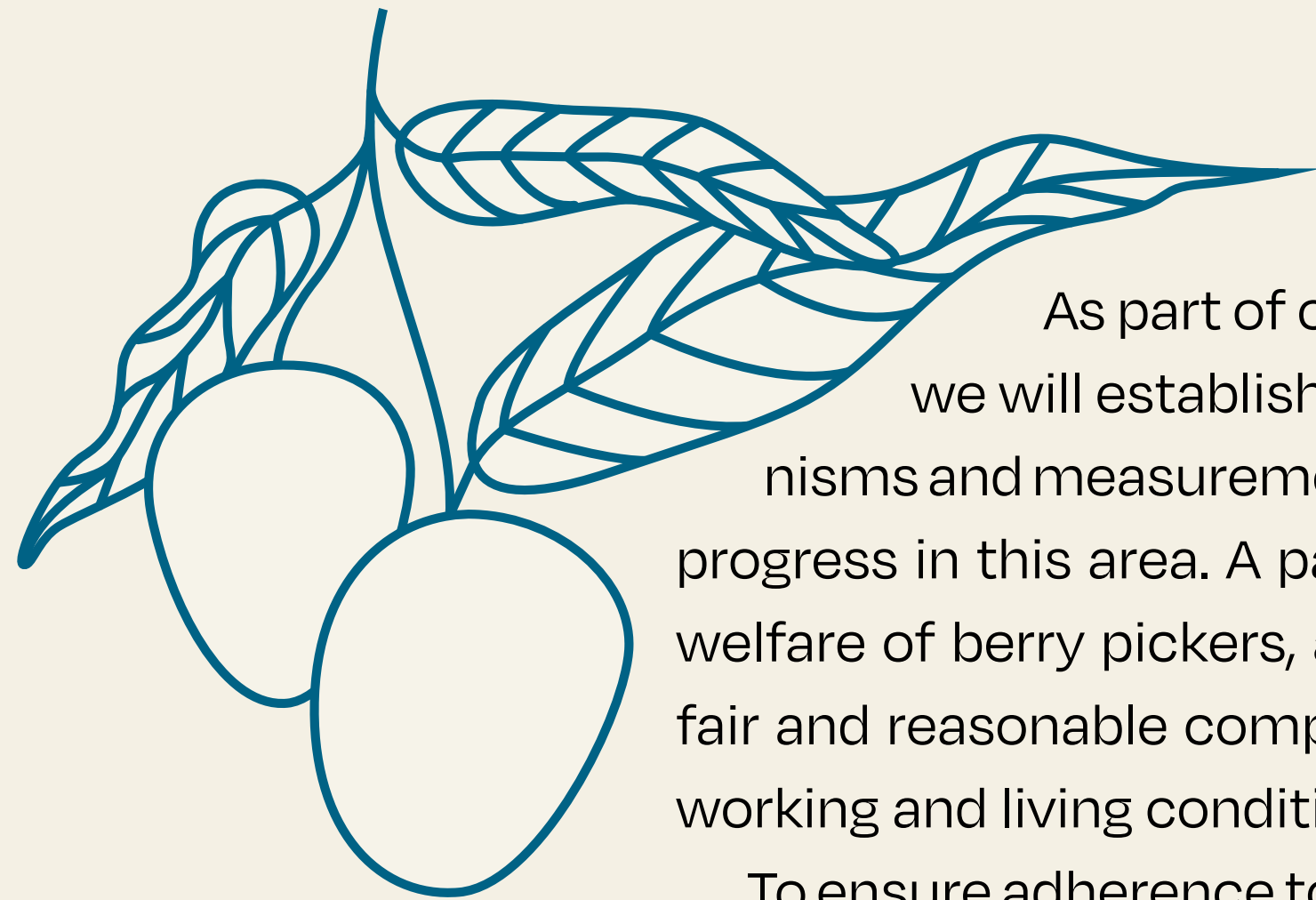
As the newly appointed Managing Director of Polarica, I am confident that through close collaboration with our stakeholders, we will not only achieve our sustainability objectives but also strengthen Polarica's position as a leading sustainable supplier of premium frozen berries and fruits in Europe.

## Fostering Responsible Practices

We have carefully considered the economic, social, and environmental implications and risks of our company's operations. While we have made significant progress in reducing our environmental footprint, we recognize the need to bolster our social responsibility.

Polarica has recently faced public scrutiny for issues concerning wild berry pickers. We take this matter seriously and are fully cooperating with the relevant authorities. Regardless, we remain committed to upholding the highest standards of ethical conduct, integrity, and responsible business practices.





As part of our ongoing commitment, we will establish robust reporting mechanisms and measurement processes to track our progress in this area. A particular focus will be the welfare of berry pickers, as we strive to guarantee fair and reasonable compensation as well as good working and living conditions for them.

To ensure adherence to regulatory requirements and pursue our ambitious sustainability goals, we have conducted internal reviews and introduced new processes for the 2023 season. We have also conducted a thorough human rights assessment at the end of 2022, aligned with our long-standing approach.


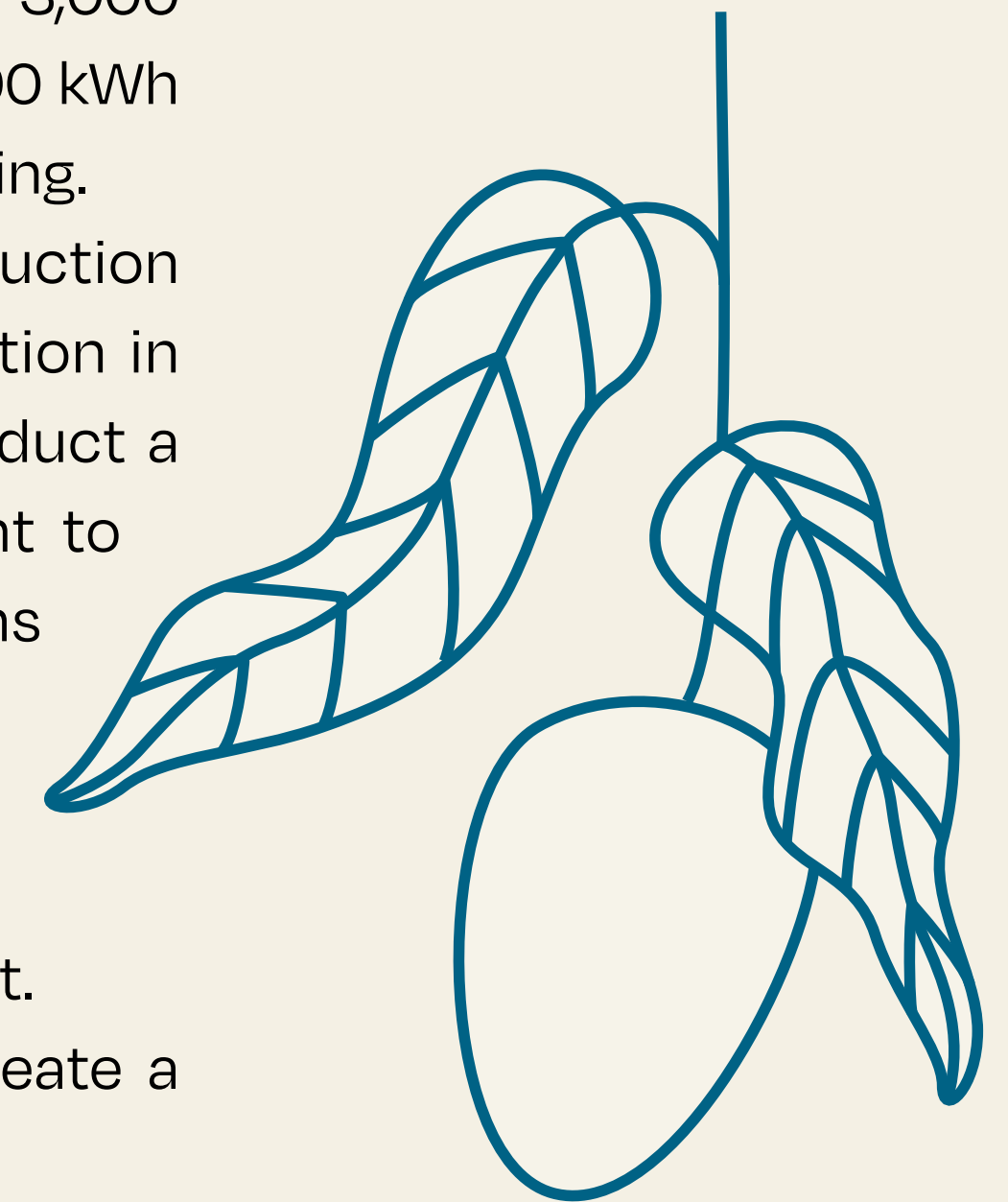
## Driving Environmental Impact

In the year 2022, we made great strides toward diminishing our environmental footprint, despite the concurrent increase in production volumes. Notable accomplishments include a reduction

of over 13,400 kg in plastic usage, cutting paper carton label consumption by 1,700,000 pcs per year, decreasing heating oil consumption by 3,000 liters, and achieving energy savings of 25,000 kWh per year through the installation of LED lighting.

Additionally, our optimized production processes have led to a substantial reduction in energy consumption. In 2023, we will conduct a comprehensive environmental assessment to address biodiversity and climate concerns more effectively.

We acknowledge that the pursuit of sustainable business operations necessitates a constant drive for improvement. Together with our stakeholders, we can create a more sustainable future for Polarica.



*Mari Onkamo*  
Managing Director, Polarica Berry Group



# This is Polarica

**Polarica Berry Group is one of the largest suppliers of frozen berries and fruits in Europe. We are a multinational corporation with operations in Sweden, Finland, and Poland. Our corporate headquarters is in Haparanda, Sweden. Polarica's customer base spans 21 countries, with the Nordics, Central Europe, and Asia being our primary market areas.**

Our product selection includes wild berries from the Nordic region, as well as cultivated berries and fruits carefully sourced from reputable farmers across Europe and around the globe. The wild berries are sourced from Sweden, Finland, and Poland, while cultivated berries are procured from countries such as Finland, Poland, Estonia, Latvia, Serbia, Chile, Ukraine, Canada, and Spain. Fruits like mangoes, come from regions in Central and South America, Asia, and Africa.

Most of our customers comprise businesses with

whom we have established enduring partnerships and collaborations. For our B2B clients, we offer a variety of customizable products tailored to their specific requirements. We also provide a wide range of food service products in user-friendly packaging sizes.

For our retail customers, we offer an extensive private-label product line consisting of a large variety of frozen fruits and berries. Additionally, we distribute our renowned Polarica branded products to retail stores across Sweden, while our private-label offerings can be found in select locations throughout other European countries.

Our subsidiary, Kaskein Marja Oy, produces NFC (Not From Concentrate) juices, juice syrups, glögg, meads, and dried berry and fruit products. Currently, Kaskein products are available in several prominent retail chains throughout Finland.

## A Nordic Company Gone Global

The company currently employs circa 200 skilled professionals. We maintain a vast global network of suppliers and partners, ensuring high-quality pro-





ducts and a reliable supply chain.

Polarica AB owns several subsidiaries, including Kaskein Marja Oy, Polarica Marjahankinta Oy, Polarica Sp z o.o., and Polarica Skogsbärsinköps AB, and a non-operational company in Russia (Norrfrys production East). Due to the war in Ukraine, all assets (459TSEK) associated with Norrfrys production East have been written down as of 30 April 2022. The Russian company is in process to be closed or sold.

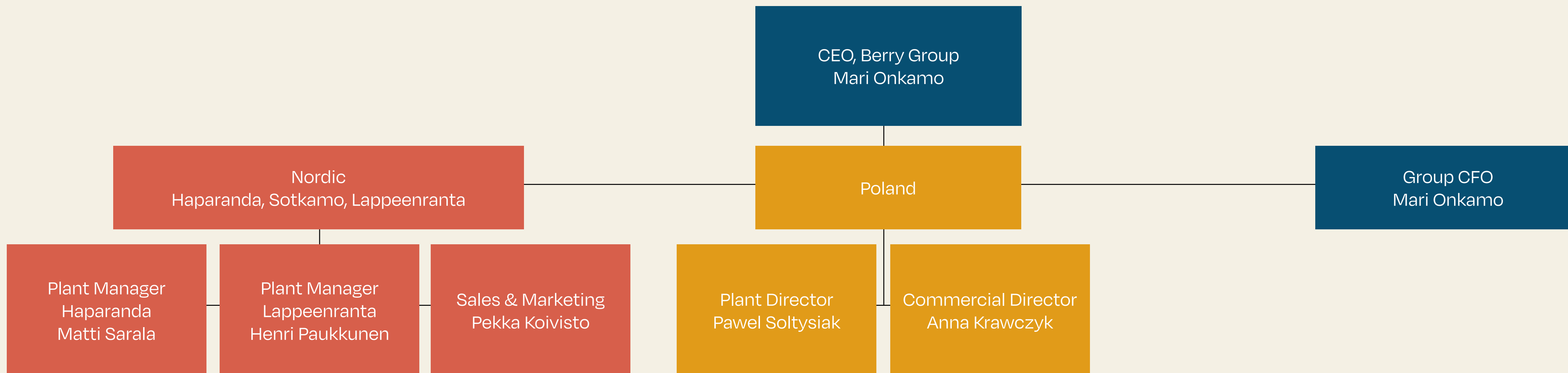
Polarica AB recorded a turnover of 698 million SEK and a profit before taxes of 32,1 million SEK in its most recent financial report for 2022–2023. The fiscal year of Polarica AB is from 1st of May to 30th of April.

The shares of Polarica AB, along with its subsidiaries, are owned by an investor group, Jukka Kristo being the majority owner. The other investors involved in operational roles are Mari Onkamo

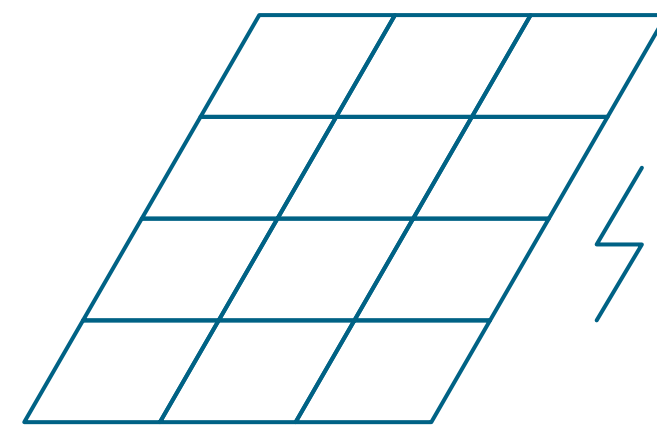
(Managing Director) and Pekka Koivisto (Vice President of Kaskein Marja). Additionally, High Point Oy and Deep Point Oy function as investors without any operational responsibilities. The Board of Directors comprises of Mari Onkamo, Jussi Holopainen and Pekka Koivisto.

This report provides in-depth insights into our sustainable practices and future objectives.

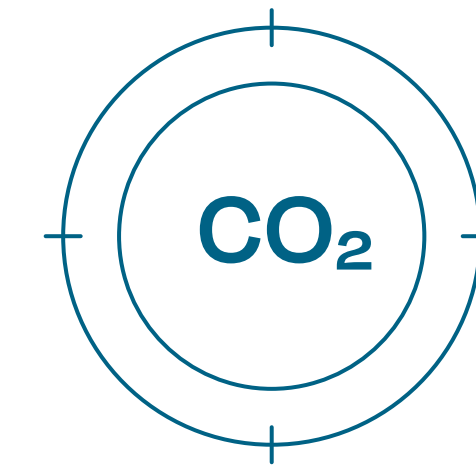
## Company Structure



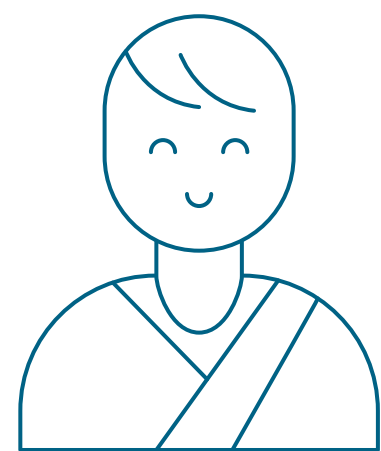
# Highlights of 2022



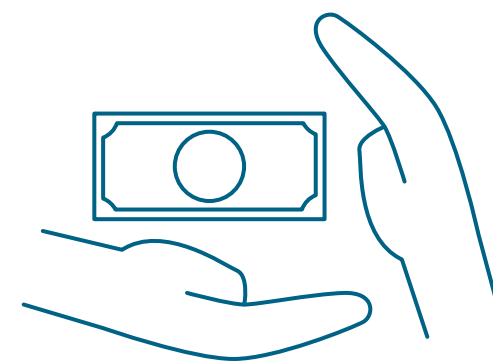
Started a new solar panel installation project



Set a carbon neutrality target 2035



Human Rights Impact Assessment conducted



Anti-corruption Policy and Code of Conduct updated



Created a Supplier Code of Conduct

# Strategic Approach to Sustainability

**Polarica's mission is to make nature's treasures accessible to all. We aim to grow internationally while ensuring the long-term sustainability of our operations. We take great care to comply with all applicable laws, rules and regulations governing every aspect of our business.**

Our strategy is firmly rooted in our core values, serving as the guiding principles that shape our approach. Throughout the 2022-2026 strategy period, our focus will revolve around the four key themes outlined on the right.

## Strategic Focus Areas

### Commit to Sustainability

- securing raw material volumes
- seeking new suppliers and materials
- establishing a transparent and sustainable supply chain
- enhancing social responsibility
- aiming for carbon neutrality

### Inspire People to Discover Nature's Treasures

- improving market understanding
- brand building
- refining sales strategies
- product development with diverse variations

### Grow Globally, Act Locally

- adapting to local needs
- optimizing raw material usage

### Empower People

- developing leadership abilities and skills
- leveraging technology
- creating a company culture for constant improvement



## Our First Sustainability Report

This is Polarica's inaugural sustainability report, focusing mainly on the year 2022. Because the fiscal year extends until April, the report also encompasses initiatives implemented at the onset of 2023. Previously, our sustainability endeavors were exclusively communicated to clients through a CSR Report.

The report details our approach to environmental, social, and economic aspects of sustainability and presents our objectives through 2026. The report was prepared with reference to the applicable Global Reporting Initiative (GRI) standards. As sustainability work is an ongoing process, we will report on our activities annually.

The report covers our international operations, outlining policies, strategies, and objectives regarding sustainability.

In spring 2023, we developed a comprehensive sustainability program to improve our operations. The program's key focus areas include minimizing environmental impact, boosting supply chain transparency, promoting transparent business practices, and enhancing social responsibility.

While we have strictly adhered to the United Nations Global Compact principles, we will soon also join the initiative to further solidify responsible business practices.





# Economic Impact

**Polarica plays a vital role in the economic development of society through tax contributions and job opportunities. We remain dedicated to good governance and take economic responsibility seriously.**

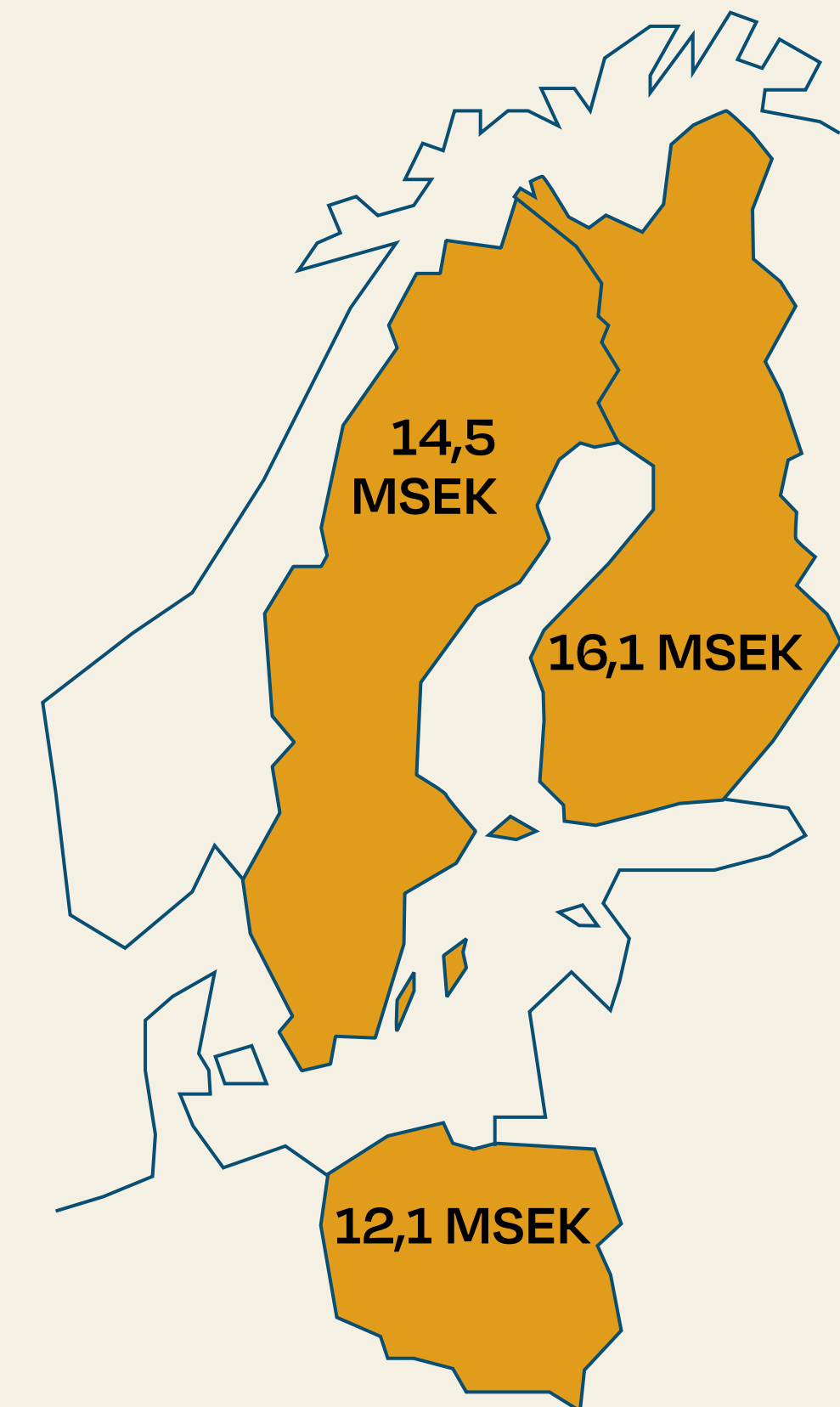
In the latest financial period, we disbursed a total of 53,5 MSEK in employee salaries. Furthermore, our strong market presence and exceptional performance resulted in an impressive turnover of 698 MSEK, highlighting our substantial contribution to the overall economy.

The financial statement includes pertinent information about Polarica Berry Group's fiscal performance for the period 05/2022–04/2023. To fulfill our corporate responsibilities, we meet our tax obligations in the countries where we operate, with Sweden serving as our primary location. For the accounting period of 2022–2023, this commitment translated into a total payment of 42,7 MSEK in taxes and social contributions.

## Empowering Sustainable Growth

As part of our unwavering commitment to transparency, we maintain open communication regarding the financial support and government subsidies that have contributed to our operations. During the fiscal year 2022–2023, Polarica AB has received freight subsidies totaling 2,1 MSEK and electricity subsidies amounting to 2,2 MSEK.

In Finland, we benefit from storage support specifically designed to bolster domestic production of wild berry products and ensure their quality and availability. This support covers the costs incurred from product storage and varies annually based on the volume of products stored. Polarica has not received any investment subsidies.



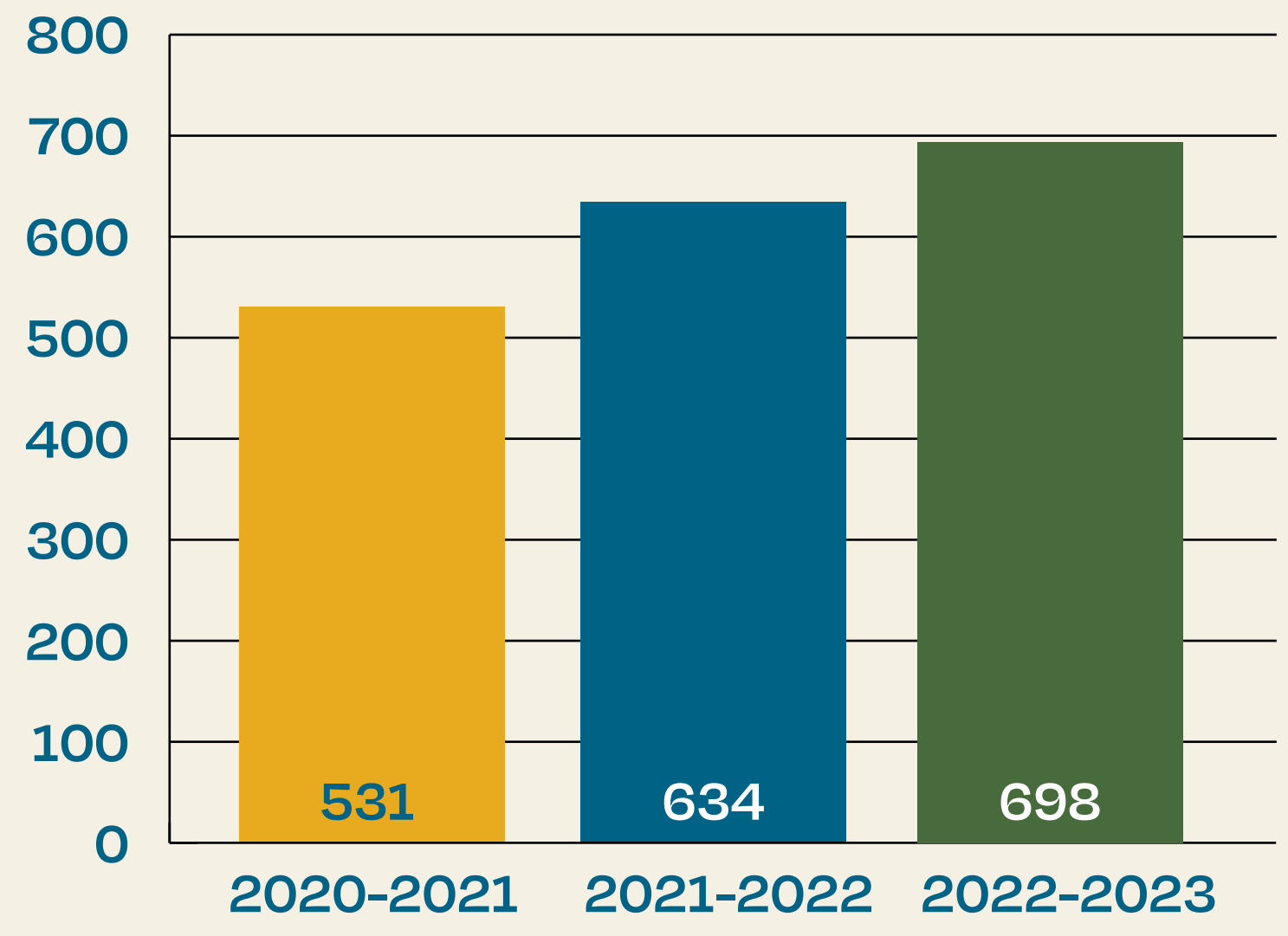
*Our tax footprint is distributed between Finland, Sweden, and Poland as follows:  
Finland 16,1 MSEK,  
Sweden 14,5 MSEK and  
Poland 12,1 MSEK.*



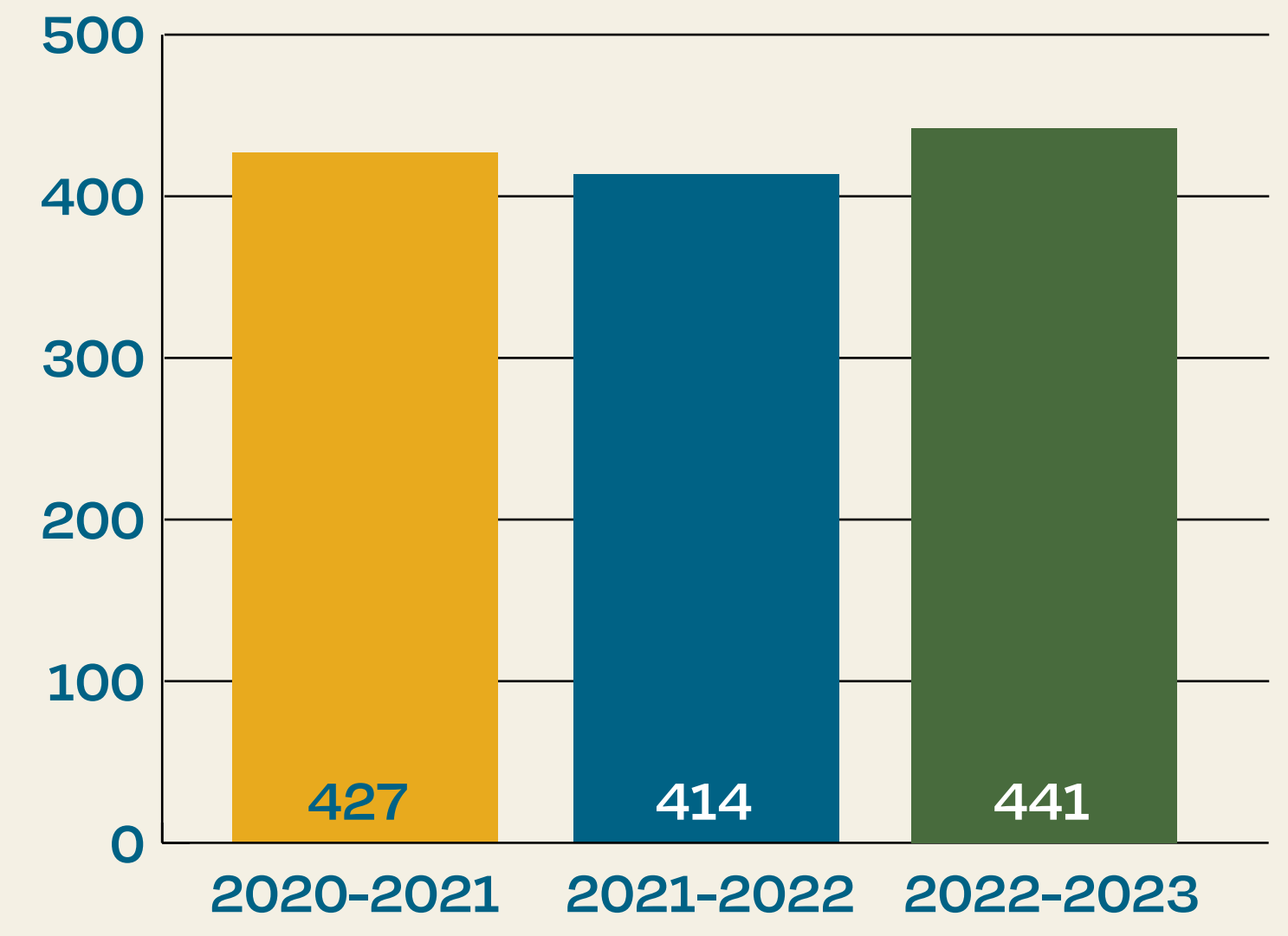
	TSEK	TSEK	TEUR	TEUR	TPLN
	Polarica AB Haparanda	Polarica Skogsbärsinköps AB	Polarica Marjahankinta Oy	Kaskein Marja Oy	Polarica Sp z o.o
Paid VAT	-2 470	5700	23	265	
Withholding tax from salaries	4 030	550	57	243	500
Withhold from corporate tax 21-22		200	146		1 276
Employer's pension contribution					1 285
Employer's social security contributions / health insurance payments	5 400	670	3	17	957
Payroll tax for 2021-2022	450	20			
Employee's pension contribution			57	307	168
Employer's unemployment insurance			4	24	3
Accident and group life insurance			4	15	56
Property Tax	110	30			383
Environmental tax					10
Alcohol tax				13	
Packaging material and soft drink tax				220	56
<b>Total</b>	<b>7510</b>	<b>6980</b>	<b>294</b>	<b>1104</b>	<b>4 694</b>



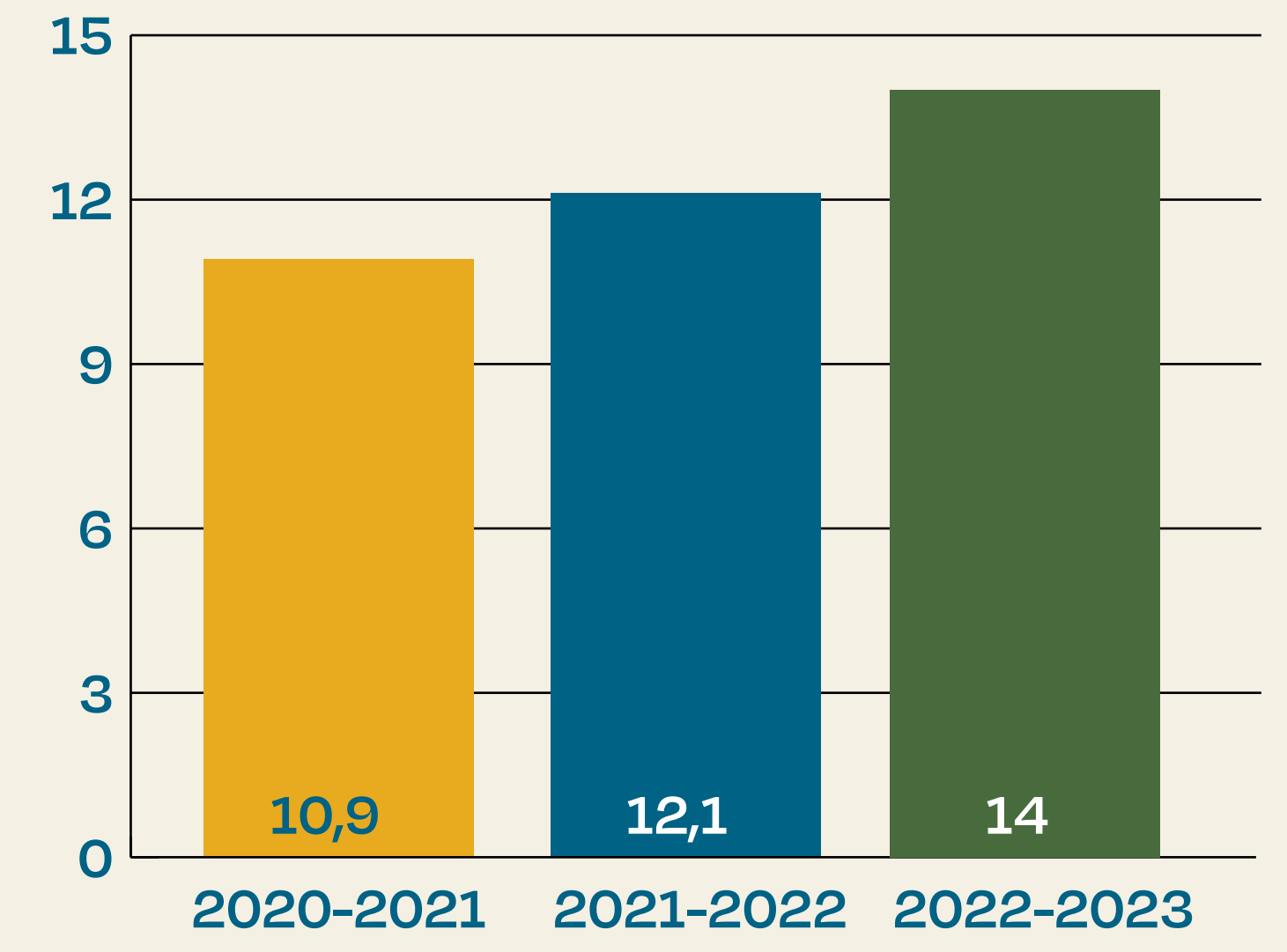
Turnover (MSEK)



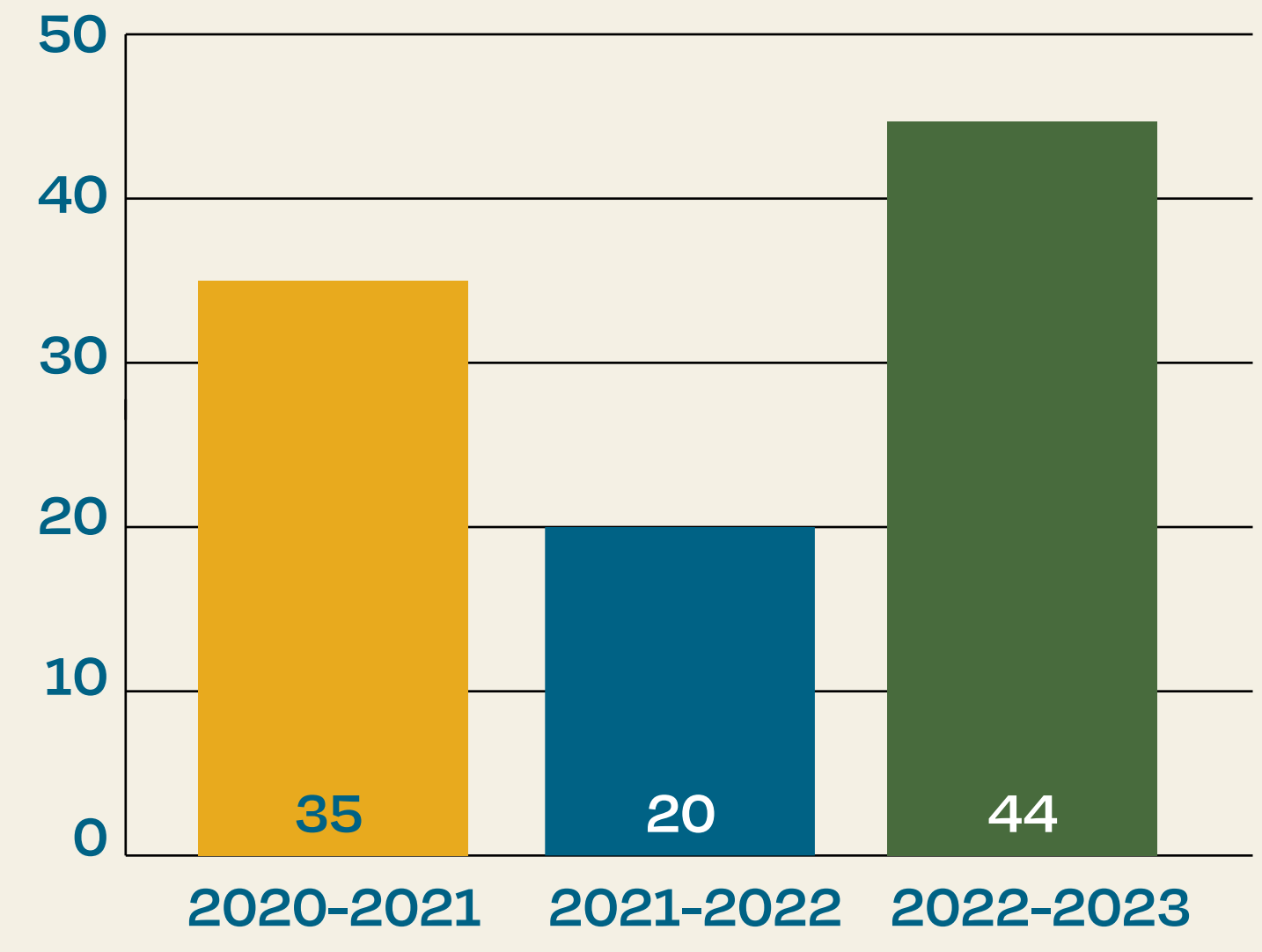
Balance (MSEK)



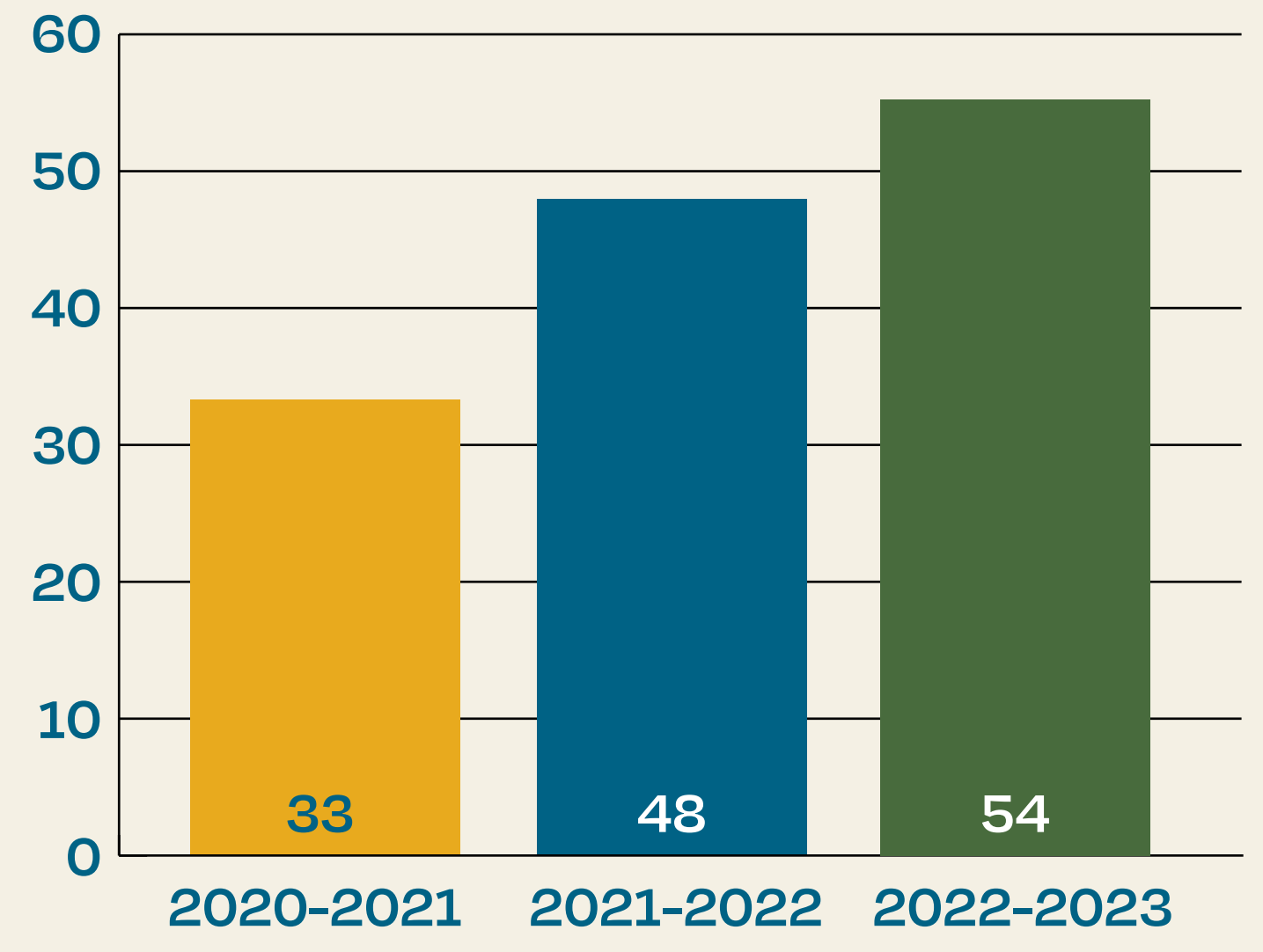
Social security expenses (MSEK)



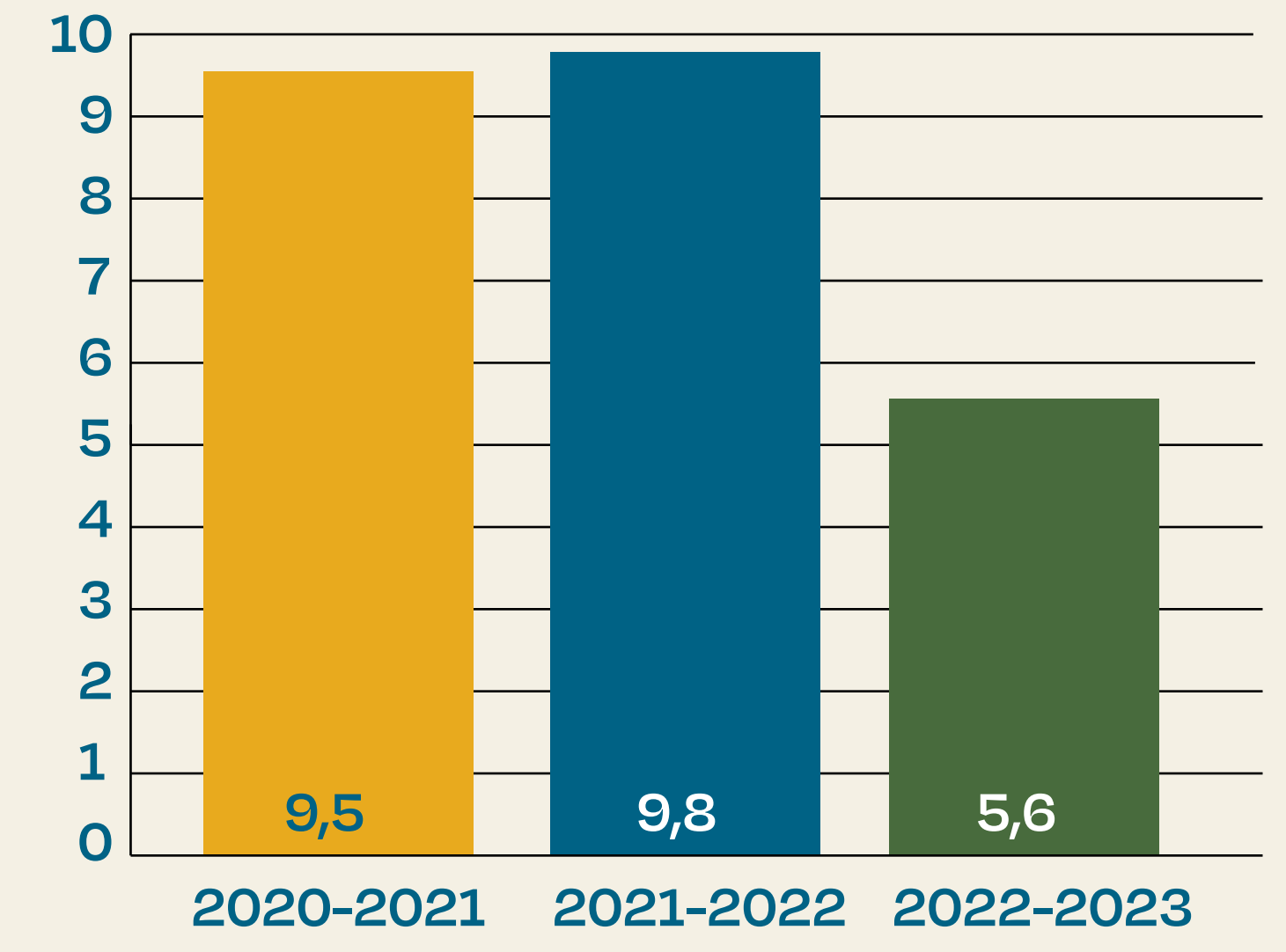
Profit (MSEK)



Salaries and remunerations (MSEK)



Tax on profit (MSEK)





# Risk Management

**We have identified several sustainability-related risks pertaining to our business, including climate change, biodiversity loss, and human rights issues particularly along our supply chain. Our efforts are centered around effectively managing these risks and transforming them into opportunities. As our work progresses, we will provide regular updates on our website in addressing these issues.**

We acknowledge the need to improve our risk management processes related to sourcing through better monitoring and auditing practices. Human rights protection, particularly for our berry pickers, is a key priority in our operations, warranting extra care.

## Mitigating Risks

Ensuring the continuity and growth of our operations requires a vigilant approach to risk management. We prioritize the safety of our employees, customers, and stakeholders by implementing robust risk management policies.

We conduct comprehensive risk assessments on a yearly basis, covering general safety, occupational safety and well-being, chemical usage, and raw materials. Moreover, we evaluate risks based on their probability, severity, and significance, considering potential consequences, and identifying measures for effective risk management, mitigation, and prevention.

## Customer Health and Safety

Ensuring our customers' health and safety is a core value for us, and we uphold this commitment through stringent quality control procedures. Our

unwavering commitment to delivering exceptional flavor, texture, and safety is evident at every stage of our extensive production process. To achieve this goal, we conduct rigorous quality testing on every batch of our products using laboratory analysis as depicted in our supply chain visualization (pages 18 and 19).

The packaging labels of our products comply with the requirements of the applicable legislation in each country.

The information required on the packaging varies depending on whether the product is intended for retail or foodservice.

## Quality Certifications

We monitor and maintain our supervisory standards and checkpoints in accordance with internationally recognized certifications such as FSSC 22000, BRC, IFS Food, and the HACCP system. These standards serve as the foundation for our quality approach, and



we are constantly striving to improve our quality management processes. By embedding quality in our management system, we ensure that our customers can trust the consistently high standards we maintain throughout our operations.

Polarica holds several certifications, including EU organic certification, EKO, Kosher, Bio Suisse and KRAV, which demonstrate the company's commitment to quality, food safety, and sustainability. Additionally, Polarica will require all garden berry suppliers in Finland to have the Laaturaha\* certification in the future.

To prevent foreign substances in Nordic berry products, we have implemented rigorous cleaning and sorting processes, as well as extensive training programs for our pickers.

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\* A set of guidelines specifically tailored to Finnish garden production that guarantee product safety, minimize environmental impact during production, and promote favorable working conditions for employees





# Ethics and Integrity

**Polarica's values serve as a framework for all decision-making within the organization. These values apply to all workers, regardless of job title or position within the organization. Every member of the team is expected to act in accordance with the company's values and to avoid any behaviour that contradicts them. Our sustainability work is also based on our values.**

## Whistleblowing Channel

Since 2020, all employees have had access to an internal anonymous Whistleblowing channel throughout the year. This channel is integrated into the onboarding process for new hires. Any communications received through the Whistleblowing channel are directly forwarded to the Managing Director, who takes appropriate action.

At Polarica, we have a robust Code of Conduct that serves as a guide for our work. The Code of Conduct encompasses a set of values, rules, standards, and principles that outline the expectations for all staff within the organization. Furthermore, we have developed a Supplier Code of Conduct, which articulates the business principles that all suppliers must adhere to. Both were updated in 2023.

## Our Values

### **We work as one team in one company:**

We work together showing respect to each individual and interest group during the entire lifecycle period of all our products. We share a corporate culture and common operating procedures, and our team, which includes the entire Group, collaborates to accomplish its objectives.

### **We are passionate about everything we do:**

We believe in what we do, and we have a passion for the things we are involved in.

### **We discuss-decide-deliver:**

We collaborate to find the best solutions to problems using our operational method based on dialogue, and once decisions have been made, we work closely with one another to carry them out through joint efforts.

### **I act as if it were my own company:**

We conduct business as if it were our own, and as such, we are accountable for the organization's overall success as well as the welfare of all its members.



# Stakeholder Engagement

**At Polarica, collaboration with stakeholders is an integral part of our strategy and sustainability initiatives. Employees, workers, berry pickers, partners, suppliers, clients, owners, local governments, end-users, non-governmental organizations, and the media are all important stakeholders to us. Our clients span various sectors, including industry, retail, and foodservice.**

We regularly engage in direct communication with our principal clients and pay attention to their needs and sustainability-related concerns. We strive to maintain an engaged and personalized communication channel with the delegates of our most important stakeholders. This helps us understand and address their expectations regarding our sustainability practices.

These discussions are our primary means of staying in touch with our stakeholders. As a

secondary means of communication, we also utilize stakeholder surveys to gather valuable feedback and insights. Additionally, we collect feedback from our berry pickers through various channels.

## Stakeholder Survey

We conducted a stakeholder survey in spring 2023 as part of our sustainability efforts. Through this survey, we received valuable feedback from our stakeholders.

The stakeholder survey has been instrumental in identifying the key sustainability themes that hold significance for our stakeholders from economic, environmental, and social responsibility perspectives.

## What Our Stakeholders Value

Obtaining relevant industry certifications, adhering to strict compliance guidelines, and prioritizing sustainability as a core value were of utmost importance to our stakeholders.

From a **social responsibility** perspective, the questionnaire emphasized the importance of regularly evaluating employees' occupational safety and well-being, safeguarding the legal rights of employees and contractors, compensating employees in accordance with the minimum wage set forth by law or labor union agreements, providing a safe and healthy working environment and prioritizing food safety in product and packaging selection.

Regarding **environmental** themes, the responses highlighted the importance of material efficiency in product packaging, observance of environmental laws, and ensuring that people who pick fruit, berries, and mushrooms refrain



from littering. The questionnaire also highlighted the need to observe Everyone's Rights (previously known as Everyman's Rights)\* and associated obligations during employee onboarding and training procedures.

We recognize that collaboration with stakeholders is critical to achieving our sustainability objectives. We will continue to engage with our stakeholders to address their concerns and expectations while remaining committed to sustainability.

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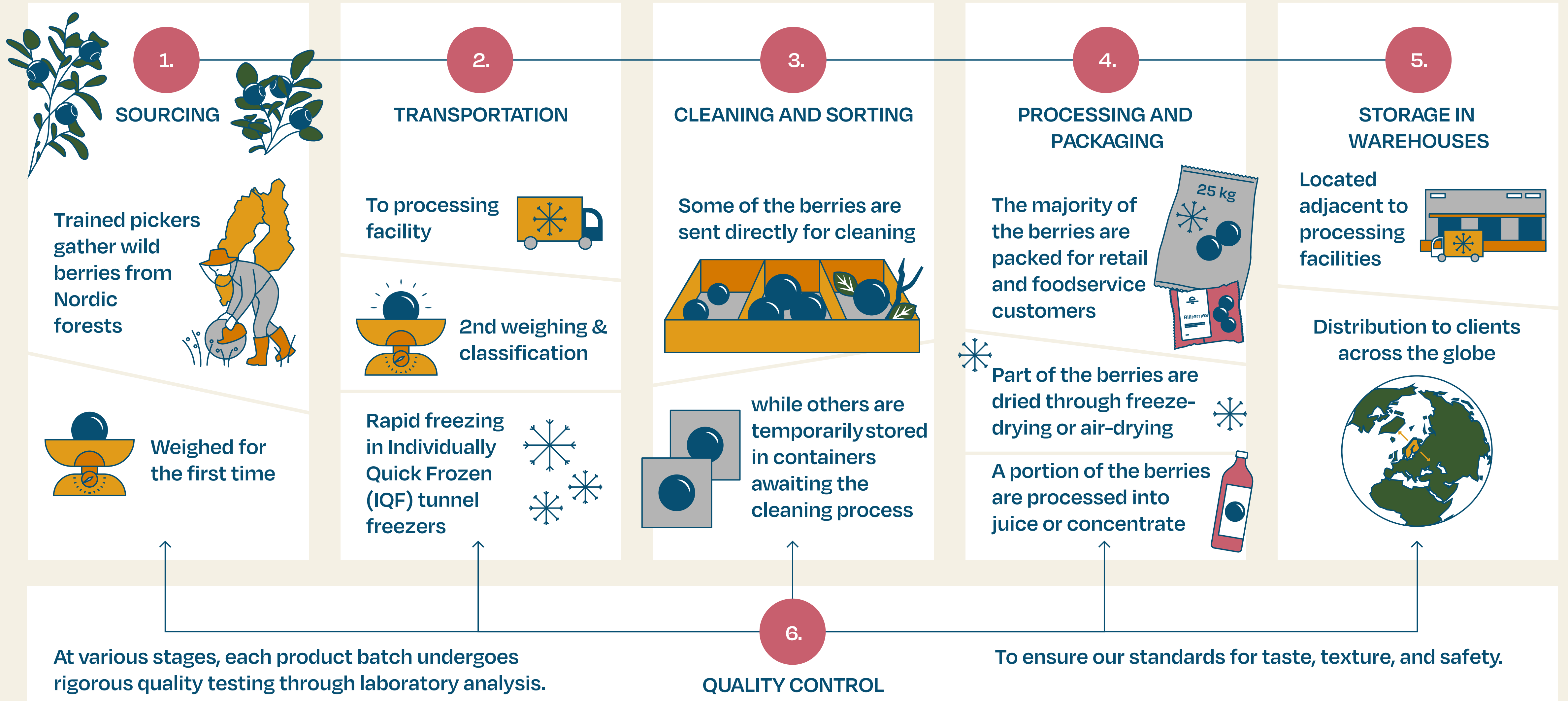
\* Everyone's Rights (freedom to roam) is the general public's right to access and use nature regardless of who owns or controls the land.

We strive to maintain an engaged and personalized communication channel with the delegates of our most important stakeholders.



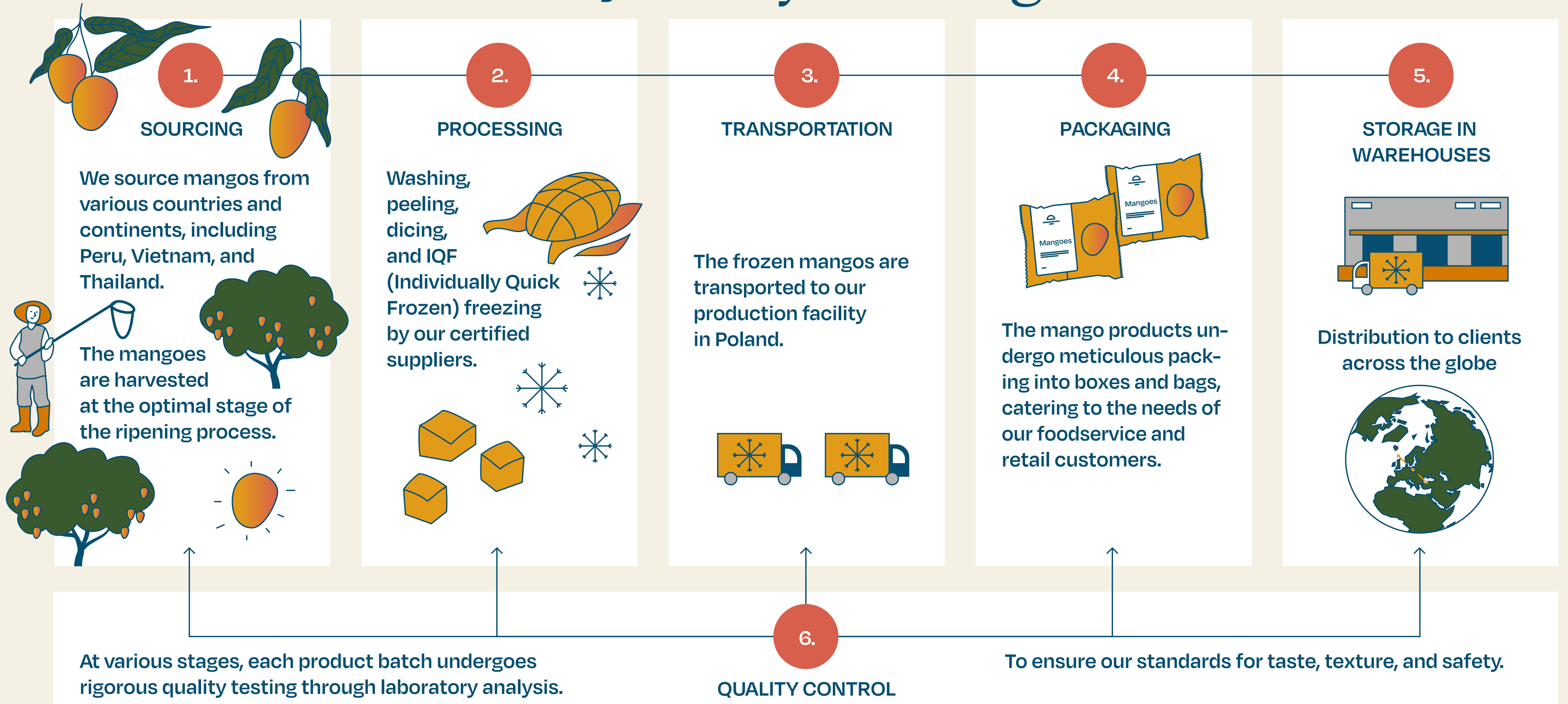


# From Forest to Factory to Customer: The Journey of Berries





# From Farm to Factory to Customer: The Journey of Mangoes





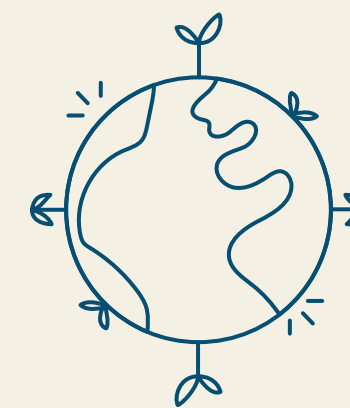
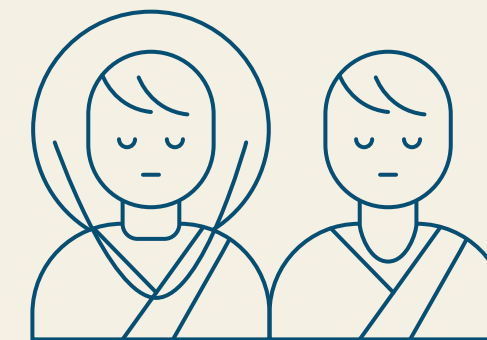
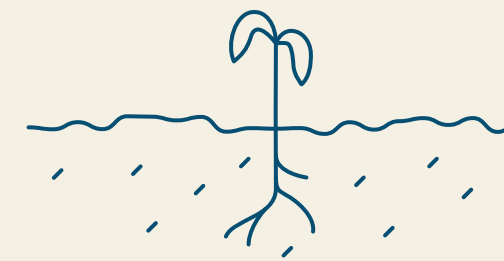
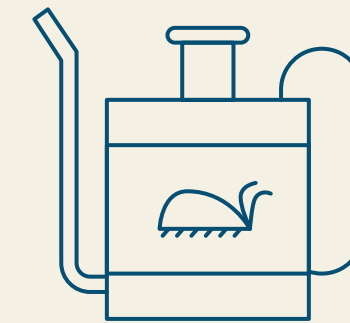
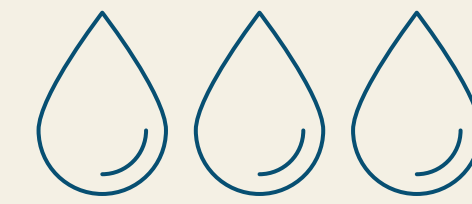
# Industry Challenges

**The berry and fruit industries face numerous sustainability challenges, such as excessive water usage, harmful pesticide use, soil nutrient depletion, labor exploitation, and biodiversity loss.**

Our work complies with the UN Guiding Principles and our sustainability efforts are aligned with several UN Sustainable Development Goals.

Addressing these challenges requires sustainable farming practices, reduced pesticide usage, improved labor conditions, and responsible sourcing policies. In the case of forest berries, addressing social responsibility concerns demands our special attention.

While we recognize our role as a key player in addressing these sustainability issues, it is critical that all stakeholders collaborate to promote more sustainable fruit and berry industries.





# Management of Sustainability Work

**Polarica's sustainability work is based on the global guidelines on sustainability, including the UN Guiding Principles on Business and Human Rights and SDGs. Sustainability efforts are scrutinized according to various industry-leading certifications and standards. Additionally, since 2012, we have been diligently presenting our clients with an annual Corporate Social Responsibility report, highlighting our dedication to transparency and responsible business practices.**

In spring 2023, we introduced a comprehensive sustainability program to strengthen our operations. The program prioritizes minimizing environmental impacts, increasing supply chain transparency, promoting transparent business practices,

and enhancing social responsibility. Having now set goals for these focus areas we will continuously improve our operations.

The Managing Director assumes primary responsibility for overseeing the sustainability program's implementation and reports progress to the board. The board, in turn, holds ultimate responsibility for the implementation of the sustainability program.

Additionally, each focal point of the sustainability program has been assigned its own designated individuals. They are accountable for updating the Managing Director on the progress made within their respective focus area.

The assigned members responsible for implementing the sustainability program organize four meetings during the year to review its progress.







# Our Sustainability Themes



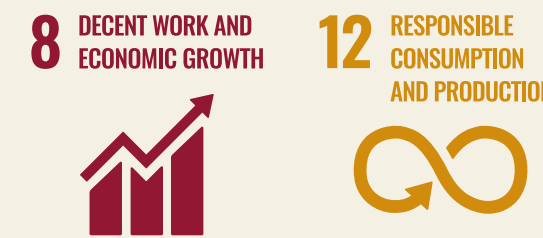


# Polarica Sustainability Program 2022–2026



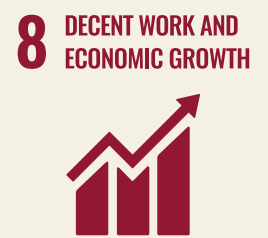
## Know Our Supply Chains

- Describe and manage our supply chains (direct and indirect sourcing): thorough environmental and human rights impact assessment and list the partners
- Create a supplier Code of Conduct and develop contractual clauses
- Select responsible partners and monitor their Corporate Responsibility implementation
- Join UN Global Compact initiative



## Transparent Business Practices

- Describe how we handle tax payments
- Understand the relevance of economic responsibility and good governance
- Update the company's policies, including the anti-corruption policy



## Empower People

- Conduct a comprehensive assessment of human rights impacts across the entire value chain, thoroughly mapping out potential areas of concern
- Ensure respect for berry pickers' and other raw material suppliers' human rights, including fair and reasonable compensation and good working and living conditions
- Increase awareness of human rights and other sustainability issues to our relevant stakeholders
- Implement surveys for internal and external employees and set up a reporting channel



## Minimize Environmental Impacts

- Baseline measurement and goal setting of environmental impacts
- Reduce emissions based on carbon calculations (SBTi): Carbon Neutral by 2035
- Implement ISO 14001
- Create a biodiversity program
- Improve recycling rate: zero waste target





# Goal: Know Our Supply Chains

## Actions

- Describe and manage our supply chains (direct and indirect sourcing): thorough environmental and human rights impact assessment and list the partners
- Create a supplier Code of Conduct and develop contractual clauses
- Select responsible partners and monitor their Corporate Responsibility implementation
- Join UN Global Compact initiative

## KPI's

- Supply chain descriptions
- Updated contracts and guidelines
- Updated evaluation processes (including audits)

Timeline: 2022-2024

**Transparency in our supply chain is essential to ensure our corporate responsibility, a consistent customer experience and maintain uninterrupted visibility into the production process. By guaranteeing a transparent supply chain, we aim to build trust and strengthen customer relationships while minimizing social, environmental, and financial risks.**

We are committed to providing a detailed description of our supply chain, including both direct and indirect sourcing. This will involve conducting comprehensive environmental and human rights impact assessments and compiling a list of our partners. We have developed a supplier Code of Conduct and established contractual clauses to ensure responsible practices throughout the supply chain.

Prioritizing the selection of responsible partners, we will actively monitor their implementation of corporate responsibility initiatives. The work is on-going and needs constant reviewing. In this report, we have already included a process description of wild berry and mango picking, and we will continue to share additional information about our supply chain on our website.

## Auditing as a Tool for Accountability

To ensure compliance, we adhere to the ISO 26 000 guidelines and conduct annual audits. More importantly, we perform our own audits of significant material flows within our supply chains in Sweden, Finland, and Poland. In



Sweden, we use KRAV certification to measure and verify these standards. To uphold ethical trade practices, we require SMETA (Sedex Members Ethical Trade Audit) audits from our suppliers operating in countries classified as standard risk countries.

We recognize that auditing smaller suppliers may require a different approach compared to larger companies in the industry. As a result, smaller suppliers are not necessarily subjected to the same extensive audit procedures as their larger counterparts, particularly those operating outside of high-risk countries. Nevertheless, we remain steadfast in our commitment to ensure that our smaller suppliers also adhere to our sustainability standards. For instance, although we require compliance with the Laatutarha standard from most of our garden berry suppliers in Finland, smaller suppliers receive operating instructions, and we audit them ourselves.

If any of our suppliers or partners fail to meet these requirements, we take necessary measures to address the issue. If the standards are not met even after corrective actions, Polarica will discon-

tinue cooperation with the non-compliant party. In the 2023 season, two partners have been disqualified due to internal processes.

We recognize that auditing smaller suppliers may require a different approach compared to larger companies in the industry.





# Goal: Empower People

## Actions

- Conduct a comprehensive assessment of human rights impacts across the entire value chain, thoroughly mapping out potential areas of concern
- Ensure respect for berry pickers' and other raw material suppliers' human rights, including fair and reasonable compensation and good working and living conditions
- Increase awareness of human rights and other sustainability issues to our relevant stakeholders
- Implement surveys for internal and external employees and set up a reporting channel

## KPI's

- Analysis of the overall effects and risks regarding human rights, as well as action prioritization
- Earning model and total annual payments
- Number of persons trained
- Results of surveys and reporting

Timeline: 2023-2024

**We remain committed to responsible employment. We recognize the significant impact we have on people's lives as Polarica directly employs circa 200 individuals in Sweden, Finland, and Poland. In addition we invite seasonal berry pickers in Finland and Sweden who are not in an employment relationship with Polarica.**

We will conduct a thorough mapping of human rights impacts throughout our value chain as part of our commitment to human rights, and we will guarantee compliance with relevant regulatory frameworks. Our focus is on respecting the rights of berry pickers and other raw material suppliers, including fair and reasonable compensation and the provision of good working and living conditions.

Raising awareness of human rights and sustainability among our stakeholders is also a key priority for us. To achieve this, we will implement surveys for both internal and external workers and establish new reporting channels for berry pickers to facilitate open communication.

To measure our success in these efforts, we will utilize key performance indicators (KPIs) such as analyzing human rights impacts and risks comprehensively, prioritizing appropriate actions, assessing our payment practices and income distribution, tracking the number of individuals trained, and evaluating the results and feedback from surveys and feedback reporting mechanisms.



## Human Rights Policy & HRIA

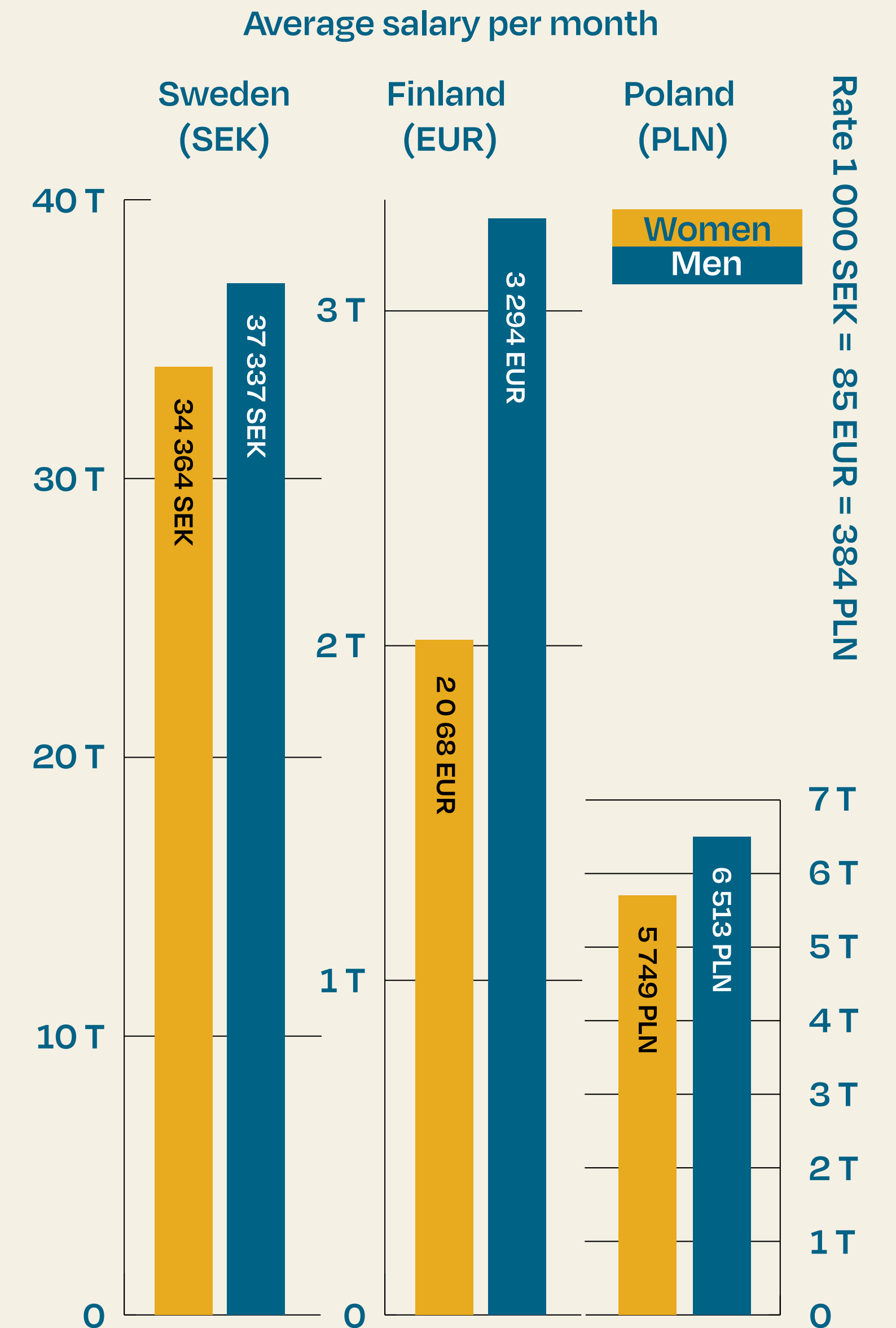
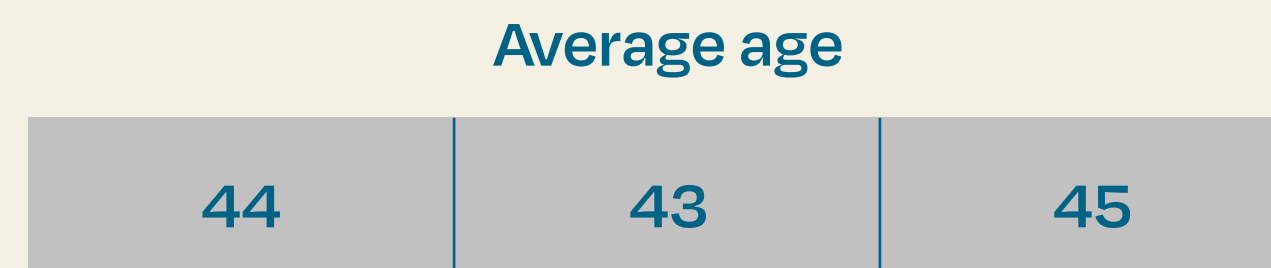
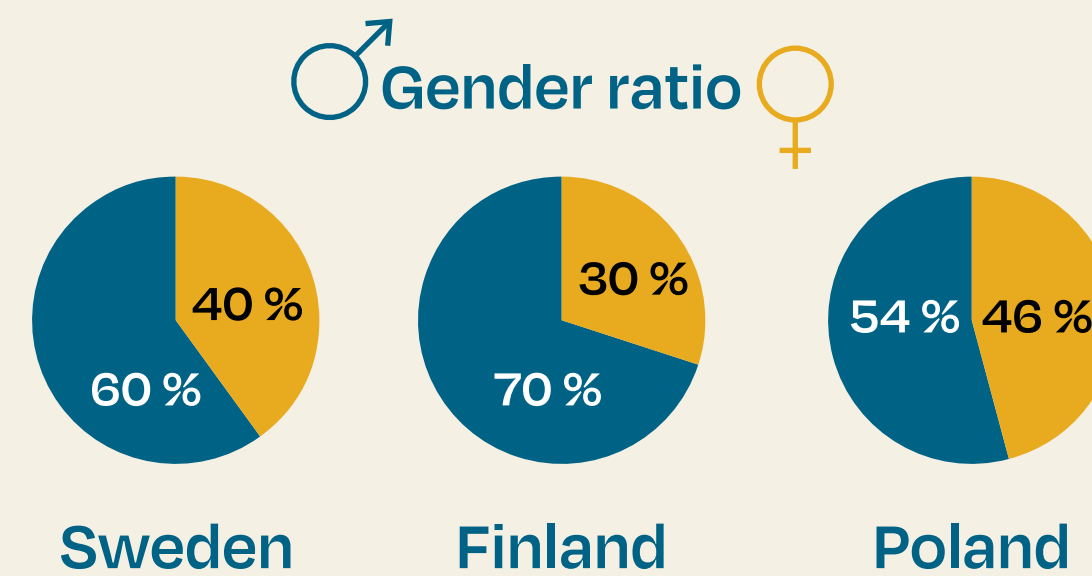
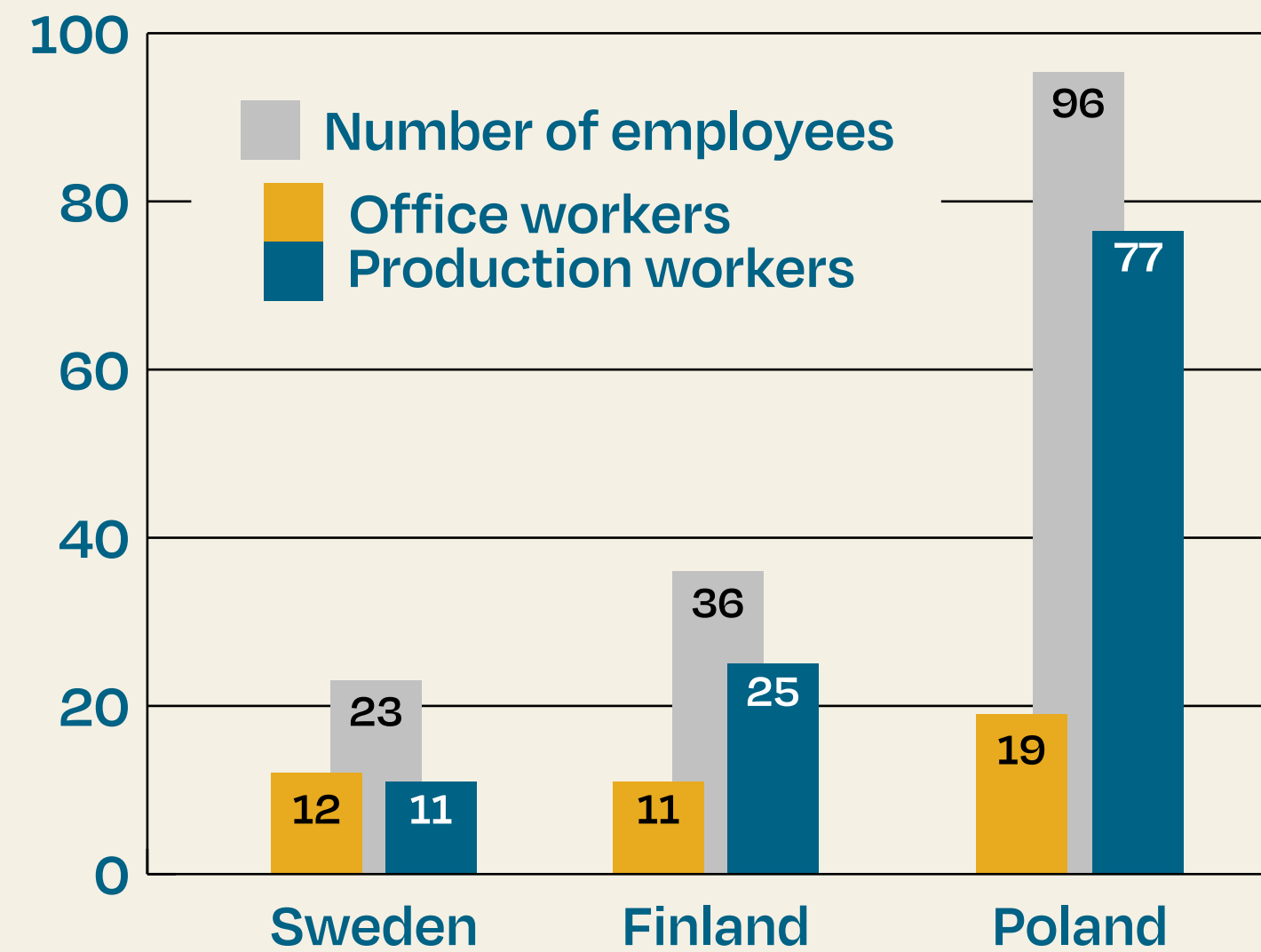
To further reinforce our dedication to social responsibility, we conducted a thorough human rights impact assessment (HRIA) at the end of 2022. This assessment was conducted in collaboration with an external human rights and corporate responsibility expert to ensure a comprehensive evaluation of the actions and operations of the Polarica Berry Group.

As a result, Polarica has adopted a Human Rights Policy to streamline, guide, and strengthen our commitment to corporate human rights responsibility. This policy was approved by the Polarica AB's Board of Directors in the beginning of 2023.

Our business operations have a significant impact on four crucial stakeholder groups: our own workforce, individuals within our supply chains, end-users of our products, and the local communities residing near our facilities.

As part of our commitment to responsible sourcing, we have identified human rights risks related to the procurement of raw materials, particularly in the context of wild berry picking.

We pay particular attention to our supply chains





and take proactive measures to ensure that work is carried out in conditions that fully respect fundamental human rights. This includes strict adherence to the prohibition of forced or compulsory labor, illegal child labor, and human trafficking. Furthermore, we prioritize the realization of rights pertaining to life and health, as well as the promotion of fair wages and trade union rights.

## Equal Workplace

At Polarica, we highly value our workforce and embrace diversity within our workplace. While most of our workforce consists of permanent staff members, we also hire seasonal employees and utilize workers provided by staffing agencies during the berry season (June to October). Our team is comprised of individuals with diverse educational backgrounds, genders, ages, and nationalities.

All our employees in Finland, Sweden, and Poland are over 18 years old. Women make up 41 % of our permanent workforce, while men account for 59 %. Approximately 25 % of our employees work in the office, while the remaining 75% are engaged in

production-related roles. We are proud to employ individuals from different nationalities, including those from Ukraine, Russia, Latvia, Germany, Philippines, and the United Kingdom.

## Inclusive Work Environment

We prioritize the rights of every employee to work in a safe and inclusive environment, free from discrimination and harassment. To that end, we have adopted a comprehensive anti-bullying and harassment policy. This policy includes detailed guidelines and resources designed to provide our employees with the tools and understanding they need to identify and address inappropriate workplace behavior. We strongly encourage any employee who is subjected to bullying, discrimination, or harassment to immediately contact their supervisor, who will address the issue.

## Workers' Well-being

We have developed an occupational safety program that encompasses risk assessment, safety anal-

ysis, and an action plan for the years 2020–2022. Our program, based on a proactive risk prevention culture, aims to prevent workplace accidents and continuously improve working conditions. To ensure the effectiveness of our occupational safety efforts, we have a dedicated occupational safety manager who oversees safety practices throughout the organization.

We provide comprehensive healthcare services and a range of valuable fringe benefits to our employees. As an example, we offer extensive occupational healthcare, which encompasses access to specialist doctors through referrals from our occupational health physicians. Additionally, we promote workplace well-being by offering benefits like massage sessions and exercise opportunities.

In Poland, we offer our employees a variety of incentives and benefits. These include discretionary bonuses, attendance bonuses for production workers, and office workers' bonuses that can be used for health purposes or sports activities. Additionally, we have a Company Social Fund managed by the Company Social Committee. This fund provides cash gifts for Christmas and Easter,



grants for medical care, sports, and difficult life situations, and loans for apartment renovations and leisure activities.

We firmly believe in the importance of maintaining a healthy work-life balance for our employees. To support this, we provide statutory parental leave options and retirement arrangements to all our employees in Sweden, Finland, and Poland.

Investing in the growth and development of our employees is paramount to fostering a motivated and skilled workforce that drives our collective success. To achieve this, we provide our employees with regular training across a range of relevant topics, including legislative changes, occupational safety, and food safety.

Polarica AB Haparanda	Polarica Skogs-bärinköps AB	Polarica Marja hankinta Oy	Kaskein Marja Oy	Polarica Sp z o.o
2,4 %	0,6 %	4,5 %	6,1 %	9,3 %

*Sick leave % Fiscal Year 2022-2023*



## Occupational Safety Program

As part of our occupational safety program, we prioritize addressing critical risks such as forklift traffic and the potential hazards associated with pallets and containers. To mitigate these risks, we enforce strict adherence to job instructions, use precautionary measures, implement traffic reduction strategies, maintain proper container storage, and promptly dispose of any faulty ones.

We are pleased to report that we have successfully managed and mitigated overall safety risks, resulting in a safe working environment.

## Fair and Reasonable Compensation

All berry pickers from whom we sourced our berries in 2022 originated from Thailand. To ensure fair and ethical practices, we maintain close cooperation with both the Thai and Finnish authorities. Our aim is to ensure that the pickers earn a significantly higher income than the minimum requirement set by the Thai authorities: the net minimum income requirement, after deducting expenses, is set at 30 240 BAHT circa (840 euros per season) in Finland. In Sweden, the minimum gross wage is defined in the collective bargaining agreement. It is worth noting that the average net income (after deducting all the expenses in Thailand and in Finland) for Polarica's pickers in Finland in 2022 was 2 350 euros, while in Sweden, it reached 2 850 euros.

We guarantee a fair and reasonable minimum income for the berry pickers by support functions such as utilizing berry scouts, training programs, earnings monitoring, expense minimization, and providing financial compensation if the net minimum threshold is not met. Last year, compensation was disbursed to 5,5 percent of pickers in Finland and to 22 percent of subcontracted pickers in Sweden.



## Training and Feedback

In 2023 season, we have several channels for collecting feedback and suggestions from berry pickers in Finland. At the beginning and middle of the season, extensive surveys are conducted to gather valuable insights. An anonymous feedback survey is also available for berry pickers to provide feedback throughout the season. In 2022 we conducted a survey at the end of the season.

In Thailand, Polarica's partner, the Thai coordinator, conducts comprehensive training that covers fundamental aspects of berry picking, the earning model, feedback channels, and cost structure. Additionally, the Thai coordinator attends training organized by the Department of Employment (DOE) in Thailand to stay updated on industry standards and regulations. Furthermore, we have created a concise two-page summary of the essential parts of the so called berry law in Finland and earning model, which is reviewed again in Finland with the pickers.

To ensure that the picker has received sufficient information on these topics, participants are asked to sign a document where they confirm that they

have participated in the training both in Thailand and in Finland and understood the contents of the trainings. Similar procedure is also conducted in Sweden.

Additionally, our handbook contains essential information, such as the pickers' rights and contact information for authority assistance. We also offer additional berry picking training if the pickers are having trouble reaching the minimum net income level.

## Improvements for the Season 2023

During the forthcoming season, the authority to conduct audits will be included in the agreement with the Thai coordinator, allowing Polarica or a designated third party to scrutinize the coordinator's operations and ensure adherence to sustainable business practices. Additionally, for our operations in Finland, a new coordinator has been appointed to oversee the upcoming 2023 season.

In the spring of 2023, we engaged the services of an external construction professional to assess all camps in Finland and identify any repair needs

before the arrival of the pickers. In Sweden, we handle this process internally using our own resources.

We also hired an additional camp coordinator in Finland to enhance supervision. This ensures that coordinators have sufficient time and resources to monitor camp conditions and prioritize the well-being of the pickers. Consequently, starting from the 2023 season, we will have two coordinators in each country.

In the 2023 season, we will significantly exceed legal and contractual obligations by raising the minimum income level for our lowest-earning pickers, thus reaffirming our commitment to fair compensation practices.



# Goal: Transparent Business Practices

## Actions

- Describe how we handle tax payments
- Understand the relevance of economic responsibility and good governance
- Update the company's policies, including the anti-corruption policy

## KPI's

- Total annual tax payments
- Policy documents

Timeline: 2023-2025

**One of the key objectives outlined in our sustainability program is to ensure transparent business practices. To achieve this, we will provide a detailed overview of our approach to tax payments, actively address economic responsibility and good governance issues, and update our company policies, including the anti-corruption policy.**

To measure our progress in this area, we will utilize key performance indicators (KPIs) such as total annual tax payments and the development of policy papers. These have been reported in pages 10-12.

Polarica maintains a politically neutral stance. Employees who choose to participate in political activities do so strictly in their personal capacity and not as representatives of Polarica. The company respects the individual rights of its employees to engage in political activities while ensuring a clear distinction between personal involvement and official representation.

## Anti-corruption and Anti-competitive Behavior

We enforce the effectiveness of our anti-corruption measures through ongoing training for supervisors and the implementation of dual-control principles in expense scrutiny. We communicate clear guidelines on gift acceptance to our supervisors, and the Managing Director regularly reviews financial statements to identify any irregularities in expense reporting.

In instances where evidence of misconduct is discovered, we actively



collaborate with law enforcement agencies to gather evidence and conduct thorough investigations. To prevent the recurrence of such incidents, we take appropriate measures, which may include implementing behavioral interventions, employee terminations, and making necessary process modifications.

Employees who are at risk of conflicting with Polarica's anti-corruption policy are instructed to report the matter to management immediately. Employees, stakeholders, or others who suspect that our anti-corruption policy is being deviated from can report to Polarica's management. The reporting process can be facilitated by utilizing our anonymous Whistleblowing channel.

## Measures for the Future

One of the key objectives outlined in our sustainability program is to ensure transparent business practices. We understand that fostering sustainable business practices is an ongoing process that requires regular review and continuous development.

Our focus lies in developing a thorough understanding of economic responsibility and good governance within our company. Key areas of attention include fair compensation, anti-corruption measures, and tax compliance.

To reinforce our commitment, we will update our anti-corruption policy and integrate economic responsibility and good governance elements into our contracts, Codes of Conduct, and communication strategies. Both internal and external stakeholders will be informed about the importance of these principles in our corporate responsibility initiatives.

Furthermore, we aim to establish effective mechanisms to monitor compliance with contractual and Code of Conduct requirements, ensuring their successful implementation.

To measure our progress in this area, we will utilize key performance indicators (KPIs) such as total annual tax payments and the development of policy papers.





# Goal: Minimize Environmental Impact

## Actions

- Baseline measurement and goal setting of environmental impacts
- Reduce emissions based on carbon calculations (SBTi): Carbon Neutral by 2035
- Implement ISO 14001
- Create a biodiversity program
- Improve recycling rate: zero waste target

## KPI's

- 3-year data on emissions, material and energy use
- Biodiversity program action plan
- ISO audits
- Recycling rate

Timeline: 2023-2025

**Polarica prioritizes environmental responsibility and carbon emissions reduction. We also recognize the critical importance of biodiversity for the long-term sustainability of our business.**

To further our sustainability efforts, we have planned several initiatives, including the installation of solar panels in Poland, Lappeenranta and Sotkamo. The installation of solar panels will cover 10-15 % of our annual energy consumption for production.

We will also continue to optimize production processes and strive to increase efficiency by streamlining implementation and eliminating bottlenecks. This ongoing effort aims to achieve 3-5 % annual efficiency improvements and consumption reductions across various areas, including raw materials, packaging, transportation, and logistics, to continuously reduce our carbon footprint.

In our sustainability program, we have established ambitious targets to achieve carbon neutrality by 2035. To support these goals, we will implement ISO 14001, establish a biodiversity program, and work towards improving our recycling rate to achieve zero waste. We will also continuously monitor and evaluate our carbon footprint. We will use the following KPIs to measure our success: 3-year data on emissions, material, and energy use; action plan for the biodiversity program; ISO audits; and recycling rate.



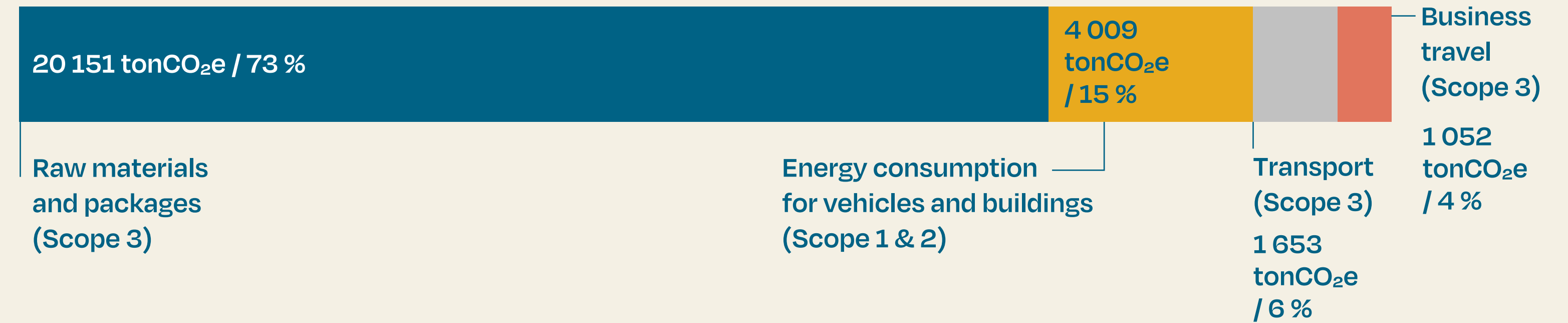
## Calculating Carbon Footprint

Transparency and accountability are fundamental principles that guide us, and we are committed to ensuring accurate and transparent carbon calculations. We therefore collaborated with Lumme Energia and CO<sub>2</sub>eston to assess our impact on the climate in the spring of 2022.

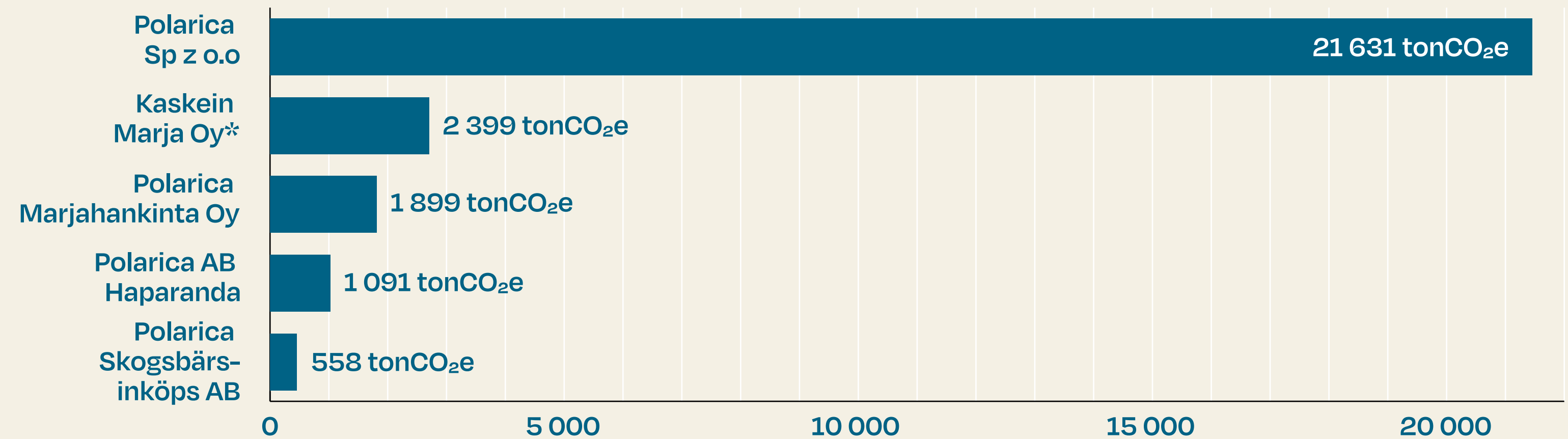
We collected data using comprehensive forms in accordance with the widely recognized Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG). These forms were completed by various subsidiaries, capturing 2021 figures. We will calculate our 2022 carbon footprint in 2023.

The carbon footprint calculation was made following the calculation guidelines set forth by the Finland Chamber of Commerce. These guidelines classify emission sources into three categories in accordance with the GHG Protocol: Scope 1 encompasses the organization's direct emissions, Scope 2 covers the indirect emissions resulting from purchased energy production, and Scope 3 accounts for other indirect emissions occurring in the organization's value chain.

The allocation of our carbon footprint among the largest emission sources is as follows (2021):



The distribution of our carbon footprint across our subsidiaries is as follows:



\* After correction +63,21t of CO<sub>2</sub>. Correction not authorized by Lumme.



Our total carbon footprint amounted to 27 578 tons of CO<sub>2</sub>e, primarily resulting from emissions associated with raw materials and packaging. Other significant contributors include energy consumption for vehicles and buildings, as well as business travel.

## Improving Waste Management

By installing hydraulic pumps in paper and foil collection containers, we have been able to significantly improve the management of these waste materials and reduce truck carbon emissions. We have also implemented an internal recycling policy for large plastic packaging, resulting in a reduction of over 600 kg of plastic waste annually.

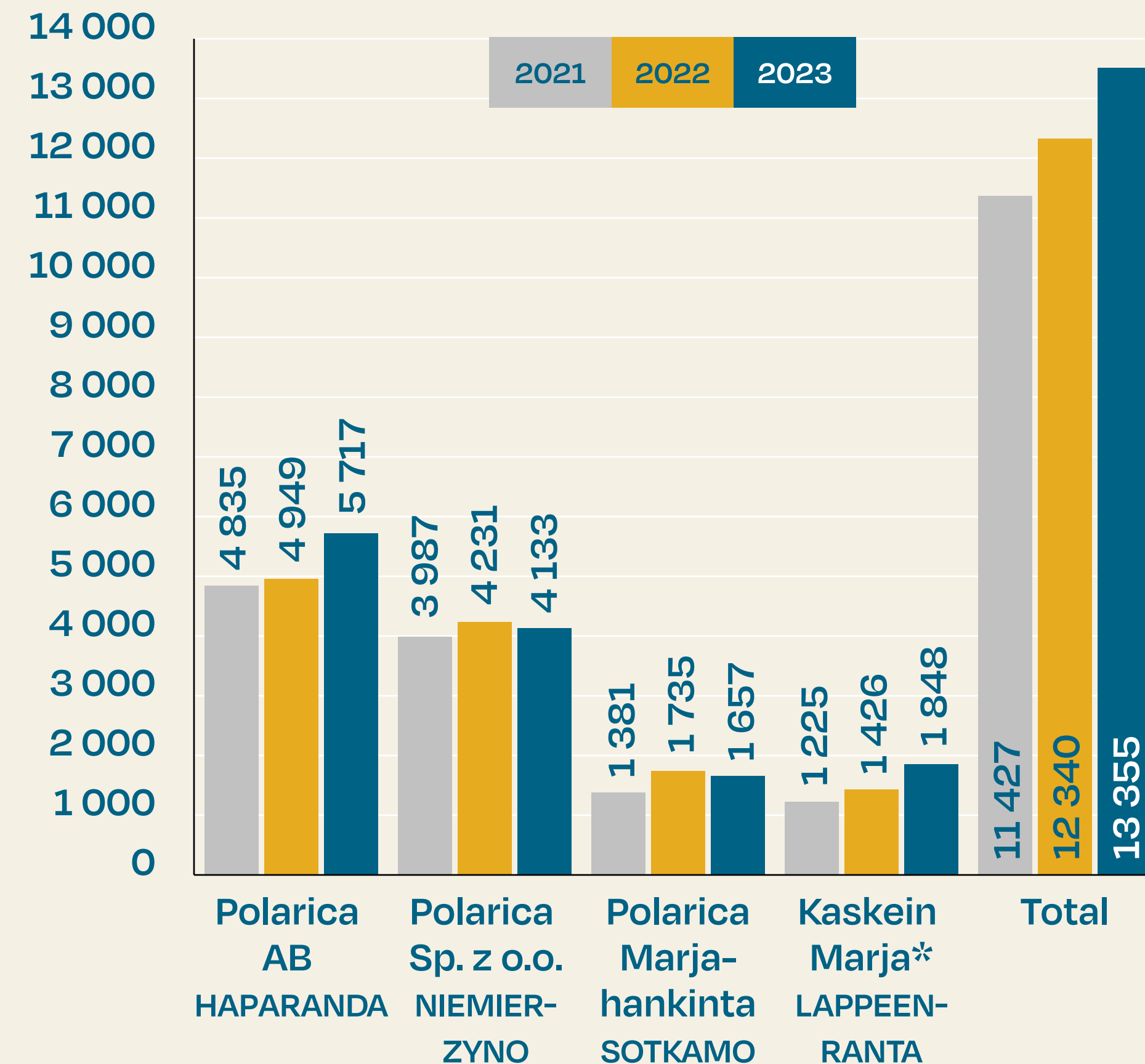
Additionally, we have successfully implemented ERP systems and achieved a 60 % reduction in the use of paper sheets in production.

## Developing Better Packaging

We have made considerable progress by reducing paper, carton, and label usage through direct printing and switching to recycled paper. Thanks to direct printing, we have reduced the consumption of labels by 1,700,000 pieces annually, which is equal to 260 km of paper. Additionally, it has decreased the amount of empty label roll waste that was previously difficult to recycle.

Plastic usage has also been decreased using thinner pillow bags, monomaterial packaging, and reduced internal plastic bags. Furthermore, all the GD2 paper used for packaging is certified by the Forest Stewardship Council (FSC).

Energy consumption and source (MWh)



\*Kaskein Marja Oy has provided a correction of +272 MWh.



## Increasing Energy Optimization

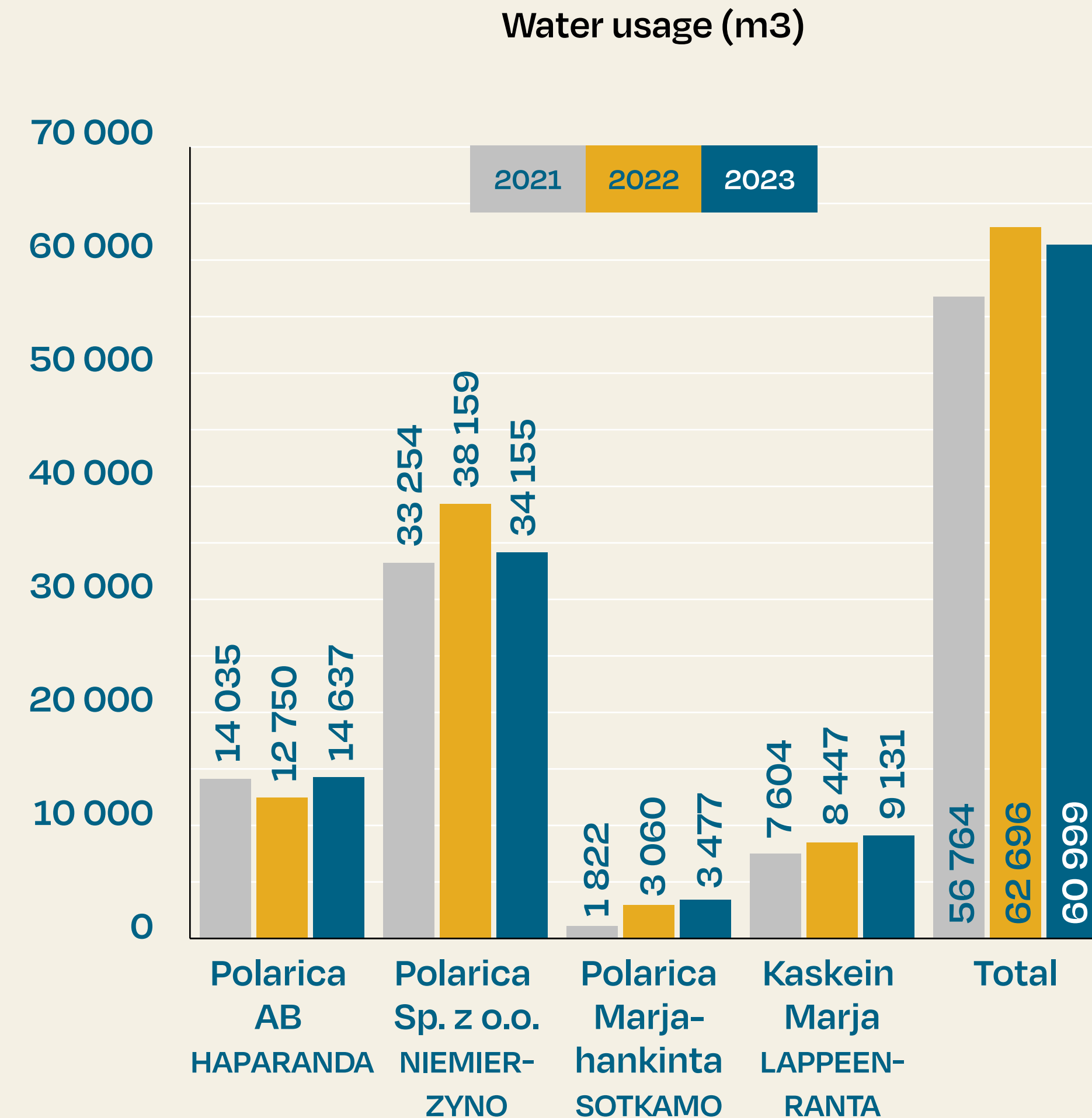
Energy optimization has been achieved through improved production processes, LED lighting, and heat recovery. The installation of LED lighting in 2022 is estimated to save 25,000 kWh per year in energy consumption.

The installation of heat recovery systems has allowed us to efficiently heat water for the cleaning process without the need for additional heating. In 2022, this initiative resulted in a significant reduction of 3,000 liters of heating oil burned and a decrease of 9,003 kg of CO<sub>2</sub> in our carbon footprint. Moving forward to 2023, our target is to further reduce heating oil consumption by 4,500 liters and our carbon footprint by 13,504.5 kg of CO<sub>2</sub>.

Our enhanced production processes have contributed to a reduction in energy consumption by 236 MWh/year. Furthermore, we have successfully reduced pellet usage for winter heating by over 30% compared to 2021. Our objective for the year 2023 is to eliminate pellet consumption entirely, aiming for 0 Mg (metric tons) of pellets used.

Additionally, larger containers have been placed in our warehouse to minimize the energy consumption of forklifts.

To optimize logistics efficiency and reduce our environmental footprint, we prioritize maximizing load capacity during transportation, resulting in an average occupancy rate of approximately 90 %.





## Management and Recycling

Kaskein Marja Oy	2020	2021	2022
Concrete (Mg)	7,68	0	7,38
Biowaste (Mg)	19,194	22,314	47,266
Energy waste (Waste-to-energy) (Mg)	28,022	35,231	36,38
Paper waste (Mg)	0,096	0,048	0,048
Wood (Mg)	13,86	6,041	0
Packaging glass (Mg)	12,62	14,04	25,96
Metal waste (Mg)	0	0,605	0
Electronic waste (Mg)	1,3	2,193	0
Construction waste (Mg)	61,84	18,426	1,74
Secure paper waste (Mg)	0,079	1,476	0,095
Hazardous waste (Mg)	0,218	0,41	0,071

Polarica AB	2020	2021	2022
Wood (Mg)	12,400	20,849	7,060
Iron (Mg)	0	1,120	2,300
Burnable waste (Mg)	5,660	9,580	22,160*
Cardboard (Mg)	13,420	20,540	14,980
Plastic (Mg)	5,580	7,180	0,680
Bio (m3)	968	968	1738
Paper (Mg)	0,190	0,160	0,141
Oil (liter)	240	-	1100
Paper (Mg)	0,190	0,160	0,141
Oil (liter)	240	-	1100

\* 2022 dirty plastic changed from plastic to burnable waste according to instructions from Haparanda Renhållning

Polarica Sp. Z o.o.	2020	2021	2022
Paper and cardboard packages waste (Mg)	497,2	525,09	444,918
Plastics waste (Mg)	98,0021	87,555	56,09
Production waste - fruit and berries (Mg)	228,6	249,4	231,8
Municipal solid waste (litres)	143 000	198 000	219 140
Iron and steal waste (Mg)	78,715	6,4	0
Used equipment (Mg)	0	0,564	0,256
Used equipment with dangerous elements (Mg)	0	0,15	0,024
Waste printing toner (Mg)	0	0,042	0
Waste from the rubber industry and rubber production (Mg)	0	0,085	0
Other plastic waste (Mg)	0	0,608	0
Mixed metals waste (Mg)	5,96	5,96	0
Other engine, gear and lubricating oils (Mg)	0,454	0,937	1,3



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