



CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

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CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Rapala VMC Corporation has a responsibility to shareholders, employees, business associates and the society as well as all people who use the Group's products. The Group takes responsibility of its actions and their environmental impact wherever it operates. The Group's operations are continuously developed into an even more sustainable direction to promote a clean environment. The Group always respects local societies, practices and surroundings, and operates according to local legislation. The Group develops its products, manufacturing processes and operating methods in ways that reduce their environmental impact throughout the products' lifecycle.

THE GROUP STRATEGY, BUSINESS MODEL AND MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

The Group's strategic objective is profitable growth that is founded on four strategic cornerstones: brands, innovation, manufacturing and distribution. In 2020 the Group launched a new sustainability strategy aiming to be one of the leading fishing tackle companies in the world in terms of sustainability by 2024. This program is being implemented in all Rapala VMC business units. In 2021 sustainability was raised as one of Group's core objectives.

Rapala VMC's business model builds upon the brand portfolio, manufacturing and sourcing platform, research and development knowledge, as well as broad sales network and strong local presence around the world. Group Fishing products are manufactured or subcontracted by the Group and sold under the Group's brands. These products include lures, hooks, baits, lines and accessories for sport fishing. The Group also produces and distributes winter sport and outdoor products. The Group's fishing tackle manufacturing and sourcing platform consists of Europe's largest production facilities for lures with specialized factories in Finland, Estonia and Russia, sourcing operations for lures and accessories in China, a treble hook production facility in France, hook manufacturing operations in Indonesia, knife manufacturing operations in Finland and Estonia and carp bait manufacturing in the UK. The Group has a well-established sourcing unit in Taiwan managing the high-quality but low-cost external sourcing of accessory products not considered feasible to manufacture in the Group's own manufacturing units.

Main markets are located in North America and Europe. To ensure extensive regional product relevance, Rapala VMC's product and innovation team collaborates strongly with sales and marketing departments and product development and expertise in manufacturing also go hand in hand. As a result, the brand and product portfolio of the Group meets the needs of all kinds of fishermen.

The Group's own personnel operate in 42 countries. The Group runs distribution on six continents and works together with other distributors, which makes the products available in almost 50 000 stores in more than 120 countries. In addition to own brands, the Group distributes several third party brands that strengthen the Group's brand and product offering. The Group has been in the lure business, which was the first product category for the Group, for over 80 years. The VMC hook operations acquired in 2000 have over 100 years of experience. Marttiini knife manufacturing, acquired in 2005, has operated for over 90 years. Many products offered by the Group have a lifecycle of decades.

In addition to the new sustainability strategy the Group has a global Code of Conduct and internal control procedures in place

which were introduced and implemented during 2015. As an appendix to the Code of Conduct, an Anti-Corruption and Bribery Policy was created and implemented in 2018. The supplier Code of Conduct has been updated in 2021, and will be implemented gradually from 2022 onwards.

The Group's operations are continuously developed into an even more sustainable direction to promote a clean environment. Almost all of the Group's products are connected to experiences of nature and the outdoors. This close link to nature through sports and other activities makes a healthy environment integral to our business. The Group manages the impact of its business activities in ways that will allow future generations to enjoy fulfilling nature experiences while using its products.

In its operations, the Group takes responsibility of its actions everywhere it operates. The Group always respects local societies, practices and surroundings, and operates according to local legislation.

EU TAXONOMY REPORTING

The EU taxonomy is EU's judicial classification system for sustainable funding, which provides a harmonized method for defining economic activities that have the most significant impact on EU's measures to prevent climate change, other actions related to environmental protection, and the achievement of the set goals. The taxonomy promotes attainment of EU's environmental goals and the green transition by steering funding toward sustainable activities.

In the first phase, the EU taxonomy classification system covers the sectors with the highest potential to reach the EU-level goals set for climate change mitigation and adaptation (cutting net carbon dioxide emissions by 55% from the 1990 level by 2030 and achieving carbon neutrality by 2050). Based on this starting point, EU has specified the taxonomy classification system to cover the sectors that have the highest total carbon dioxide emissions (roughly 40% of listed companies, in sectors which are responsible for almost 80% of direct greenhouse gas emissions in Europe) and, according to research evidence, have the highest potential to avoid and reduce carbon dioxide emissions, remove carbon dioxide emissions or store them for long periods, or enable such activities in the context of other financial operations. The regulation states that economic activities are sustainable if they substantially promote one or more of the environmental goals and do not cause significant harm to any other goals and in addition meet the minimum social safeguard criteria. The regulation lays down technical screening criteria which determines when certain activities are concerned sustainable. For example, an activity is considered to cause significant harm to climate change mitigation if it generates substantial greenhouse gas emissions.

The current taxonomy includes six environmental objectives and, to be eligible for the taxonomy, a certain activity must be classified as having a substantial contribution to at least one of the six environmental objectives without harming the others. Environmental objectives according to the taxonomy are:

- Climate change mitigation
- Climate change adaptation
- Protection and restoration of biodiversity and ecosystems
- Prevention and reduction of environmental pollution
- Transition to a circular economy
- Sustainable use and protection of water and marine resources

Rapala VMC conducted an analysis regarding the EU taxonomy based on existing information and as outcome of the analysis, it was found that none of the Group's business operations fall within the sectors or activities specified by the EU taxonomy as having a key role in achieving the climate-related and environmental objectives of EU. Rapala VMC values highly and is committed to these objectives and considers environmental factors alongside financial perspectives in its operations but as Group's operations cover manufacturing and distributing of fishing tackle equipment and outdoor and winter sports equipment to consumers, Rapala VMC anyhow does not represent any of the sectors or activities with the highest potential to reach the EU-level goals for climate change mitigation as currently specified in the taxonomy. Production and distribution of consumer goods does not yet have technical screening criteria but Rapala VMC sees that its economic activities may be able to make substantial contribution to upcoming objectives, for which technical screening criteria have not yet been developed.

As part of Group's own sustainability targets, Rapala VMC explores and utilizes possibilities of circular economy in raw materials and manufacturing processes and utilizes production sidestreams whenever possible. The Group also aims at reducing its greenhouse gas emissions by, e.g., changing to renewable energy in its manufacturing sites and prevents environmental pollution in operations when feasible but creating technologies for these solutions is not part of Group's operations. Healthy ecosystems and waters are key for successful current and future business for Rapala VMC but impacting these comes mostly from Group's voluntary restoration projects and designing own products to be as sustainable and harmless to environment as possible instead of developing solutions in ways described in the taxonomy. Rapala VMC has started risk assessment work to be better prepared to climate change mitigation and adaptation and will assess its operations against the taxonomy continuously in the future. The Group's sustainability work in these areas is described in more detail in other sections of this responsibility report.

KPI	TOTAL, MEUR	TAXONOMY ELIGIBLE FINANCIAL ACTIVITIES	NON-TAXONOMY-ELIGIBLE FINANCIAL ACTIVITIES
Net sales ¹⁾	294.3	0%	100%
Capital expenditure ²⁾	14.0	0%	100%
Operating expenditure ³⁾	7.7	0%	100%

¹⁾ Net sales according to the 2021 financial statements

²⁾ Investments into tangible and intangible assets

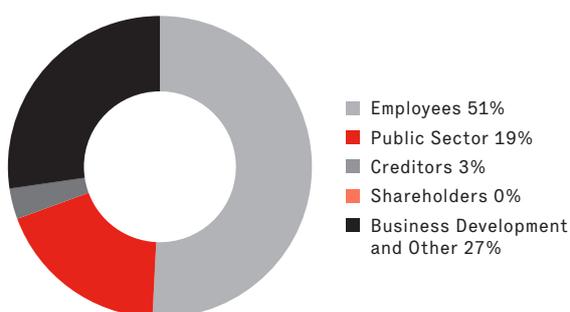
³⁾ Other expense items describing the expenditures that are necessary for ensuring the continuous and effective functionality of property, plant and equipment items, as reported under other expenses in the 2021 financial statements

ECONOMIC RESPONSIBILITY

Rapala VMC's purpose is to create value for its stakeholders including customers, personnel, suppliers and subcontractors as well as shareholders and investors who are interested in the Group's financial performance. The financial success provides the Group companies with the resources and possibilities to develop their operations in a responsible and sustainable way also in the future.

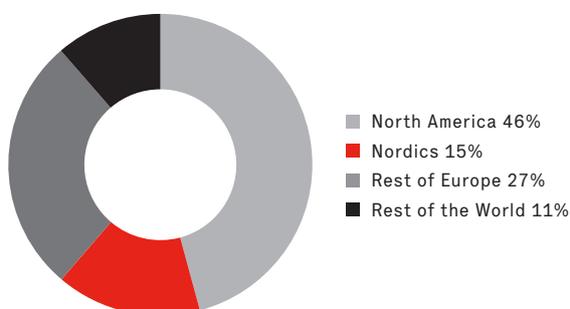
The Group focuses on profitable growth to increase shareholder value. This objective is achieved by providing customers with high-quality products and service, creating long-lasting partnerships with suppliers, subcontractors and customers, and offering employees competitive compensation and good working conditions. With operations in 42 countries worldwide, it also influences and creates well-being for the local societies. The Group's value added is distributed to these different stakeholders as shown in the graph below.

DISTRIBUTION OF VALUE ADDED



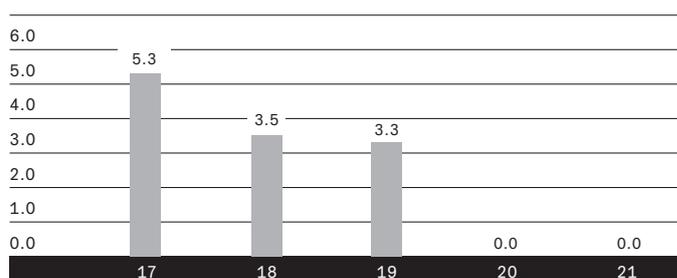
The Group creates value for its customers by offering its products and services worldwide. By unit location, North America contributed 46%, Nordic countries 15%, Rest of Europe 27% and Rest of the World 11% to the Group's total external net sales in 2021. More detailed geographical information is presented in note 2 to the consolidated financial statements.

SALES BY GEOGRAPHICAL AREA



In 2021, Group companies paid interests and other expenses of EUR 3.7 million to financial institutions and corporate income taxes of EUR 6.8 million to tax authorities worldwide. In 2021 no dividends were paid to the shareholders as presented in the graph below.

DIVIDENDS PAID



SOCIAL RESPONSIBILITY

Importance of Competent and Motivated Personnel and Human Rights

With 1 757 employees in 42 countries worldwide, Rapala VMC recognizes the importance of competent and well-motivated personnel. The Group's principles regarding social responsibility and respecting human rights have been stated in the Code of Conduct. Operating globally in various different cultural areas creates challenges and risks regarding personnel and their rights and emphasizes the importance of good governance of these issues. Possible risks especially when using external suppliers can include using child or forced labor, following agreed working hours, ensuring safety at work and respecting equality and personal beliefs of employees. The Group requires its suppliers to comply with Group's Code of Conduct. The Group has no knowledge of material non-compliances regarding personnel or human rights but monitors the realization of these rights in its units frequently.

The Group appreciates the continuous development of its employees who have possibilities to both on-the-job learning and special training or education. The Group's strategy for profitable growth requires that the management systems, the group-wide knowledge sharing and the everyday practices are developed systematically in all Group companies.

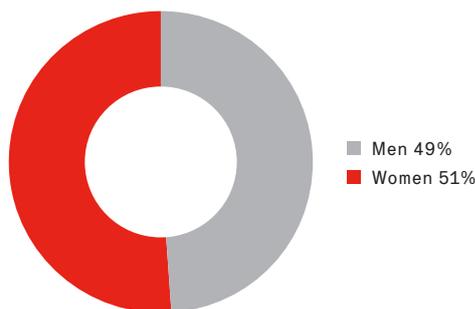
Personnel is treated with respect, and health and safety issues are a priority. Everyone who works for the Group have the possibility to constantly develop in their work and working practices and operations are systematically developed throughout the Group.

One of the Group's key values in the corporate culture is entrepreneurship. Organization structure of the Group is relatively low and subsidiaries around the world have the liberty and responsibility to plan and execute their business operations adjusting to local circumstances, nevertheless complying with the Group's regulations and policies. The Group respects diversity and equal opportunities of all employees irrespective of color, nationality, gender, age or religion. The Group employs men and women of all ages. Employees represent tens of different nationalities worldwide. There is no use of child labor in any of the Group's operations. At the end of 2021, 55% of the employees worked in manufacturing, innovations and PD, 15% in supply chain, 16% in sales and marketing and 13% in administration.

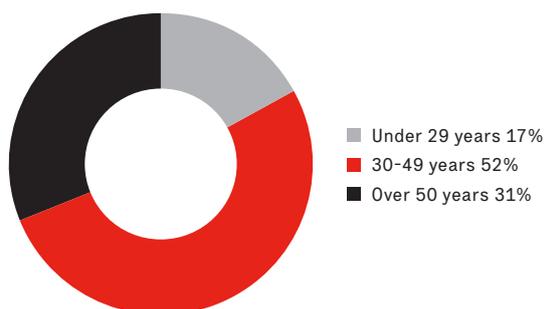
The Group's employee benefit expenses of EUR 71.6 million in 2021 represent 24% of the consolidated net sales. The employee benefits include wages, salaries, pension and other social security costs as well as other performance incentives. The CEO and senior management participate in the Group's senior management bonus scheme encouraging the achievement of the Group's targets and performance improvement. More information on top management remuneration is presented in Corporate Governance Statement and in Remuneration Policy and Remuneration Report.

In order to secure profitability and enhanced efficiencies and quality, the Group occasionally carries out performance improvement initiatives, which may result in personnel reductions. When carrying out such initiatives, the Group strives to act responsibly and in accordance with local legislation and practices as well as good human resources management principles.

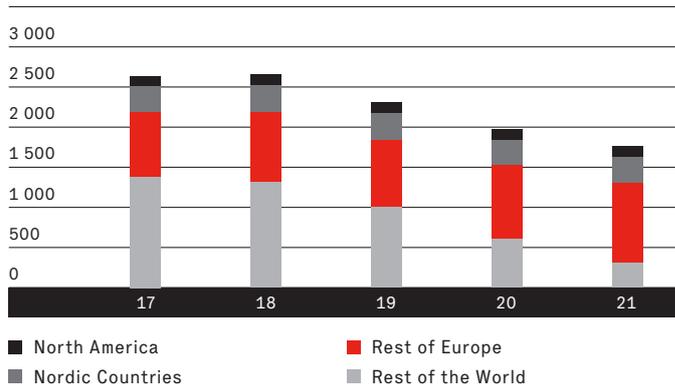
PERCENTAGES OF MEN & WOMEN



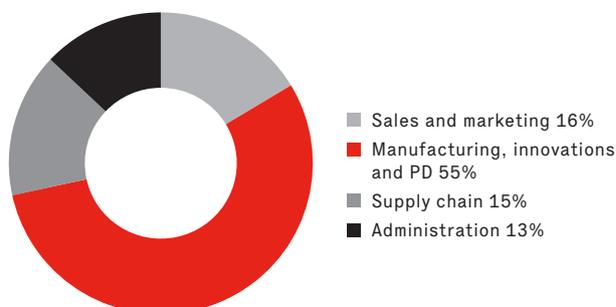
AGES OF PERSONNEL



PERSONNEL BY GEOGRAPHICAL AREAS



PERSONNEL BY FUNCTIONS



Supporting Local Societies

As the Group operates in 42 countries and expands its business into new markets, the Group supports sustainable development of local societies and protection of human rights. The Group or its subsidiaries are internationally, regionally and locally members of several associations and cooperate with various stakeholder organizations. Group companies worldwide contribute to many fundraising campaigns of local societies, and, for example, donate fishing equipment as prizes and encouragement for fishing competitions and environmental cleaning projects organized by non-profit organizations.

Rapala VMC Corporation was a founder member of the European Fishing Tackle Trade Association (EFTTA) which was established in London in 1981, as an international, independent association to serve the European fishing tackle trade by campaigning to promote sport fishing, environmental conservation, fishing legislature and international business. Rapala VMC Corporation has its own representative in EFTTA's Board. EFTTA supports annually several environmental and training projects across Europe.

The Group's subsidiary in the USA continued its participation in the American Sportfishing Association (ASA). ASA builds and maintains relationships with other conservation agencies to ensure that sportfishing interests are represented when policies are established. The subsidiary also contributed again to the International Game Fish Association. Its mission is the conservation of game fish populations and promoting responsible and ethical angling practices through science, education and rulemaking.

In Canada, the Group has participated in a national organization to promote sports participation for underprivileged youth and is also in an active member of local sports fishing associations. Also in the USA, the Group has provided products to many different local elementary, middle and high schools for their outdoor curriculums and sponsored tournaments and competitions as well as other organizations focusing on offering fishing experiences for children.

In Sortavala, Russia, the company supports the local community by participating in school renovation and by supporting building new playgrounds for children.

In Finland, the Group supports sport fishing organizations' youth initiatives and school programs that provide children access to fishing. The Rapala Fund also helps various fishing clubs and other grass-roots organizations on their children and youth fishing events. The group also launched a lure recycling campaign to collect and refurbish excess lures from the anglers, which were repaired by local fishing organizations and donated to young anglers to support their hobby. This campaign was organized by Rapala VMC together with Finnish Federation for Recreational Fishing (SVK) and a retail chain Motonet.

High-Quality Products and Services

Rapala VMC's distribution network covers six continents and is locally present in 38 different countries. Strong local presence and decision-making makes it easy to adapt to different kinds of business environments and various types of customers. Customers range from smallest fishing tackle shops to world's largest retailers and local presence leads to close customer relations and market understanding everywhere. Manufacturing and R&D also benefit from insights gathered through the global distribution network, which in turn makes new products instantly available to the mass market globally.

Over the years, the Group has produced many proven classics that fishermen rely on. But the ability to create new products with the potential to become future classics equals consistent success.

As a proof of the quality and continuous development the Group holds the world record of catching world record fish. With

Rapala, Storm, Sufix, and VMC products the Group has gained over 1200 International Game Fish Association (IGFA) world records.

The Group's research and development expenses totaled to EUR 1.2 million in 2021 and represent 0.4% of the Group's net sales for the period.

ANTI-CORRUPTION AND BRIBERY

Preventing corruption and bribery is a key element of Rapala VMC's corporate responsibility due to the international nature of operations and operating in different cultural areas. Different cultures and practices globally create a risk for corruption and bribery which the Group needs to monitor. To minimize these risks the Group created an anti-corruption and bribery policy which was implemented in 2018.

The Group has zero tolerance towards all forms of bribery and corruption. The Group requires that its employees and associates act honestly and with integrity at all times. Rapala VMC Corporation employees do not pay, offer to pay, authorize or accept illegal or improper payments or bribes in order to obtain or maintain business, or for any other reason. All employees are required to safeguard all Group's material, immaterial and human resources for which they are responsible. All claims of bribery and corruption, anonymous or otherwise, will be investigated thoroughly without regard to the suspected person's position, length of service or relationship with the Group. Based on the findings, appropriate corrective measures will be taken which may include further training or disciplinary action.

The policy defines actions constituting corruption and bribery, concerns engagement with third parties, gives information about incident reporting channels and defines the responsibilities of management and employees. The policy is a part of the Group's Code of Conduct.

Starting from 2021, Rapala VMC Corporation provides an open whistleblowing channel, managed by a third-party WhistleB. The whistleblowing channel ensures the confidentiality of the so-called whistleblower and can be used to alert the company about suspicions of misconduct in a confidential way. The channel is available at Rapala VMC Corporation's corporate website www.rapalavmc.com.

The Group has no knowledge of material malpractices but monitors the situation continuously, e.g., through the new whistleblowing channel and pays attention to the compliance with the anti-corruption and bribery policy.

ENVIRONMENTAL RESPONSIBILITY

Approach to Environmental Affairs

Almost all of the Group's products are connected to experiences of nature and the outdoors. This close link to nature through sports and other activities makes a healthy environment integral to our business. We aim to actively recognize and decrease the impact of our business activities to environment so that also future generations are able to enjoy fulfilling nature experiences while using the Group's products. The Group's general principles and approach to environmental affairs is stated in the Code of Conduct. The Group has also prepared a sustainability strategy in 2020, which aims at developing our operations to be more environmentally friendly and through that to diminish our negative impact on biodiversity.

The use of raw materials, airborne emissions through manufacturing and transport of products and waste are the most significant environmental impacts of the Group. This impact can be controlled through selection of used energy form, careful selection of raw materials used, optimization of processes and utilizing recycled raw materials. Most of the Group's products

are used for years or even decades. The Group develops its products, manufacturing processes and operating methods in ways that reduce their negative environmental impact throughout the products' lifecycle. Anyhow changes in production volumes and product mix may have greater short-term effects than the development trend as such.

Around half of the products sold by the Group are produced in its own manufacturing facilities. The Group's manufacturing sites develop their environmental operations in accordance with local legislation and regulations. Possible safety risks in manufacturing operations are caused by handling of flammable and toxic raw materials during the production process. The Group's production doesn't consist of materials or processes which would include a risk for major environmental accidents but e.g. wastewater processing may cause environmental risks. The Group takes care of its processes to minimize these risks and no material non-compliance, environmental accidents or hazards occurred in 2021.

The rest of the Group's sales come from selling and distributing outsourced and third party products. The most significant environmental impacts of these products, while in Group ownership, are related to transportation and storage of goods. The Group updated its supplier Code of Conduct in 2021 and will implement the new document gradually from 2022 onwards. This aims at better control of the ESG (economic social governance) aspects of also sourced products. Later, the Group undergoes a project to standardize and further enhance auditing processes for our suppliers.

In addition, the Group promotes environmental issues beyond its own operations. Several Group companies are members of local and national environmental organizations. They take part in the funding of these organizations, providing education on clean and healthy waters and other environmental issues and participating in clean-up actions.

The following is a summary of practical actions and measurements the Group is taking to minimize the negative impacts of its business to environment and actions to improve environmental affairs in areas where it operates.

Production Processes

In Group's own production, in order to minimize the waste in painting, the lures are electronically engaged for better adherence of the paint. With this advanced painting technique, also usage and waste of lacquer is minimized.

Production waste is separated into energy, plastics, biomaterials, metals, carton, paper waste and hazardous materials to promote and increase recycling. The Group has developed new ways through which waste generated in production processes can be utilized in new products or new processes adding value to these materials. In addition, some of the Group's factories have replaced oil as an energy source with gas, which is more environmentally friendly. The lure manufacturing units in Finland and Estonia shifted to renewable energy in 2020 decreasing generated CO2 emissions considerably. The same transformation has been done in Marttiini factories and in Russian lure manufacturing unit during 2021. Additionally, the Group compensated the carbon dioxide emissions of Marttiini production in 2021 in co-operation with a Finnish company Reforest. In the European lure manufacturing units, the Group has invested and will further invest in waste management systems that considerably reduce VOC (volatile organic compounds) emissions.

Raw Materials

Hard-body lures manufactured by the Group are made of balsa, apache and various plastics. The wood is sourced from registered farms that respect local law and regulations and sustainable development rules in farming and forestry. For example, the

balsa used in hard lure bodies is FSC-certified. The Group's R&D department continuously seeks to replace currently used raw materials with more environmentally friendly substances – yet still maintaining the products' functionality. For example, some metal lures contain lead, but to the extent that it's functionally feasible, lead is being replaced with other materials. The Group is also working in cooperation with external suppliers in order to find more environmentally friendly raw materials. Rapala aims all lures to be lead-free by 2023.

Products

Most of the Group's products are long-lasting, kept and used by consumers for years and even decades. All of the wooden parts of the Group's products are biodegradable and most of the metal used in the Group products can be recycled. The biggest environmental challenge has been the plastic products but the Group has successfully progressed in using environmentally friendly plasticizers in the soft plastic products. Even if some of the products may end up in the water or nature during, e.g., the sport fishing activities, the important challenge is to get the consumers to make their used or damaged products available for recycling.

Also, increasing emphasis has been given on sustainable packaging. We have given more attention to the materials used in packaging, amount of packaging material used and to efficient packaging altogether. Our goal is to avoid unnecessary packaging, reduce the amount of virgin plastics used in packaging and increase the share of bio-based materials like paperboard in our packaging. This helps in saving energy both in manufacturing the packaging as well as transporting the products and reduces the amount of waste generated. More efficient packaging, for example, reducing the package size, decreasing the count in the inner packs and using recyclable packages saves energy in production and transportation in addition to creating less waste. The Group has replaced a lot of PVC used in packaging with PET and increased the use of post-consumer PET. We have replaced virgin, fossil-based plastics with recycled plastics in our packaging and implemented a plastic recycling process in the production. Marttiini introduced a plastic-free packaging during 2021 for some of its products. Rapala also introduced a plastic-free packaging for metal spoons Nauvo and Harmaja, and plans to introduce new ecological packaging also in 2022. Similar actions have been done also for other brands, such as Sufix.

Transportation and Storage of Goods

To reduce the environmental impacts of transportation, the Group aims to maximize sea transportation and minimize air transportation between the continents, from the factories to distribution units. The Group also aims to consolidate the shipments so that small quantities will not be shipped separately. The storage of goods does not have much impact on environment other than use of energy for heating and lighting of the premises. The Group also optimizes its production to minimize the shipping volumes between factories and distribution companies and manages inventories to minimize the volume of goods stored.

Special Issues and Actions in 2021

The Group continuously develops reporting and follow-up of environmental affairs. In 2020 Rapala VMC launched a new sustainability strategy aiming to be one of the leading fishing tackle companies in the world in terms of sustainability by 2024. Implementing this strategy has progressed during 2021 and, e.g., manufacturing sites in France (VMC) and UK (Dynamite Baits) have gotten their own specific sustainability strategies. More work is still needed to further develop indicators according to strategy and to standardize the measurement and especially to implement

new ways of working to ensure long-term improvement in the underlying environmental effects. This work continues during 2022 and in the coming years.

Together with Rapala VMC North Europe Oy, Rapala VMC Corporation founded in 2011 Rapala Fund to support locally or regionally important fisheries conservation projects, to help volunteer work-based projects by participating in the material costs, to start off more extensive and long-term projects as well as aid fisheries studies. A new website for the Rapala fund was launched in 2021 to celebrate its 10 years of active work. The site can be found at rahasto.rapala.fi (only in Finnish). During its lifespan, the fund has supported more than 200 projects. Among the recipients have been foundations working for aquatic restoration and sustainable use, fishery boards, fishing clubs involved in voluntary youth work and researchers and students. Similar to previous years, Rapala Fund supported several sustainability-themed global projects during 2021.

In 2021 Marttiini became the first carbon neutral brand in the Group's brand portfolio. To compensate its annual carbon dioxide emissions Marttiini has started co-operation with a Finnish company Reforest. The companies planted trees in Forssa region in Finland to old and currently unused field areas. As the trees grow, they store carbon dioxide and thereby lower the concentration of CO2 from the atmosphere. The number of trees planted is based on the annual CO2 emissions of Marttiini. Through shifting to renewable energy and planting trees to compensate emissions, Marttiini became carbon neutral in 2021.

As outlined in the sustainability strategy, the Group is calculating and monitoring its carbon footprint for several production units to identify and eliminate the most significant sources of carbon dioxide. The carbon footprint of our production units has also been set as a KPI. This work has been extended during 2021 to new brands and production units and the Group plans to further extend this activity during 2022.

In the beginning of the year, we launched a groundbreaking Sufix Recycline monofilament fishing line that is made entirely from recycled raw materials. We also introduced Rapala Disposal Container that can be used to collect trash, such as pieces of fishing line, during fishing trips. Both Sufix Recycline and Rapala Disposal Container are made of recycled raw materials.

To extend our sustainability work also to our supply chain, we updated our Supplier Code of Conduct (sCoC) to better reflect with our current sustainability targets. The new sCoC will be gradually implemented in our units from 2022 onwards.

The inclusion of Rapala VMC employees in our sustainability work has taken a striking start. During the year, our staff in Helsinki headquarters attended Clean Beaches event in Helsinki (organized together with Keep the Archipelago Tidy Association, PSS ry) to educate the staff on environmental matters. Similar campaign was also organized in the UK for Dynamite Baits' staff. As planned, we successfully established multiple internal channels to communicate our sustainability targets to our staff. We have also activated in our communication outside the company by publishing several articles regarding our sustainability ambitions. To further enhance our visibility in this topic, we will launch a new sustainability website for our brands and considerably update our sustainability reporting during 2022.

Initiatives to streamline the Group's supply chain continued during 2021, focusing on consolidating logistics processes and consolidating warehousing operations to regional distribution centers in Europe.

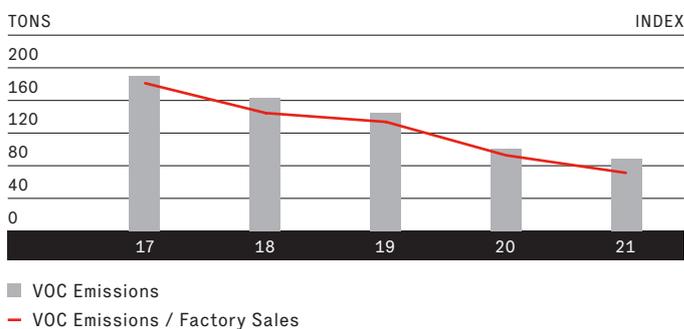
During 2021, the Group established an ESG risk group to assess and identify ESG-related risks that could have an effect on Group's business and operations. This group will meet repeatedly and prepare a complete risk assessment during 2022. The group will also assess the impacts of Rapala's operations to its operating environment.

Environmental Performance in 2021

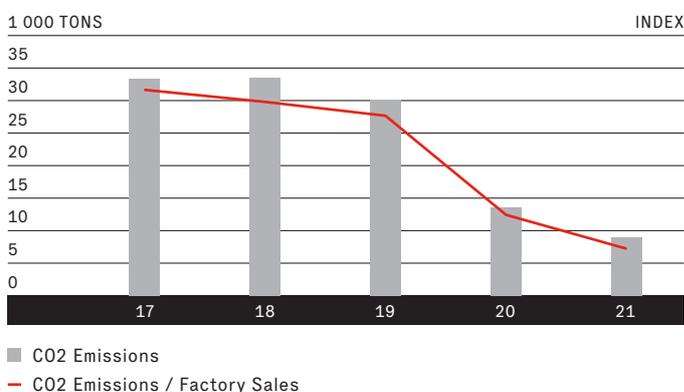
The Group monitors the environmental performance of its own manufacturing operations globally. Depending on the level of use of outsourcing partners in manufacturing the environmental measures of Group's direct manufacturing operations may fluctuate from one year to another as shown in the presented graphs. The Group will monitor the carbon dioxide emissions in a more detailed manner in the future as outlined in the sustainability strategy.

The most significant emissions for the Group are the volatile organic compounds (VOC) and carbon dioxide (CO2). The Group's VOC emissions are calculated based on materials used in production, and CO2 is calculated based on energy purchased and fuel used. In 2021, Group's VOC emissions were 89 (101) tons and CO2 emissions 9 (13) thousand tons. VOC emissions originate mainly from different types of solvent used in conjunction with painting operations. Closure of Batam lure manufacturing unit in Indonesia contributed to the decrease in VOC-emissions in 2021. Majority of the CO2 emissions are created indirectly when energy produced elsewhere is purchased and consumed by the Group's factories. The lure manufacturing units in Finland and Estonia shifted to renewable energy during 2020 and the same shift was

VOC EMISSIONS



CO₂ EMISSIONS

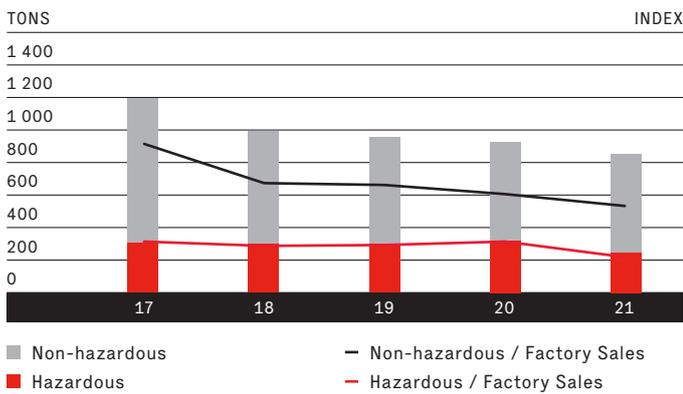


done in Marttiini manufacturing and in Russian lure manufacturing unit in 2021. This decreased generated CO2 emissions considerably.

The Group's operations generate e.g. metal, wood, plastics, cardboard and municipal waste. Significant part of the waste is biodegradable like wood or recyclable like metals. Waste is recycled in compliance with local regulations and practices.

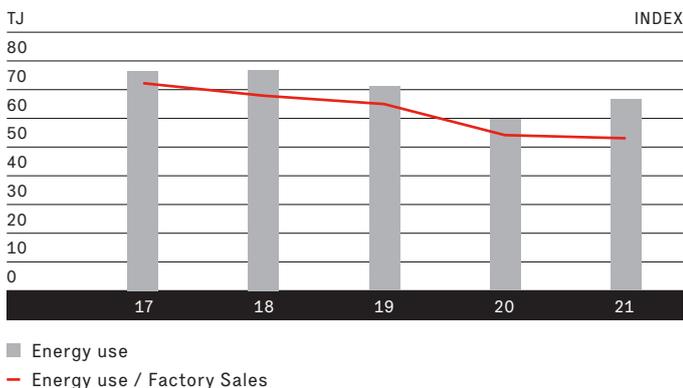
All the waste that can't be recycled can still be utilized and used as energy fraction towards energy production. In 2021, the Group's manufacturing operations generated 851 tons (926 tons) of waste of which 245 tons (320 tons) were hazardous waste, which is processed by disposal facilities dedicated for hazardous waste.

WASTE



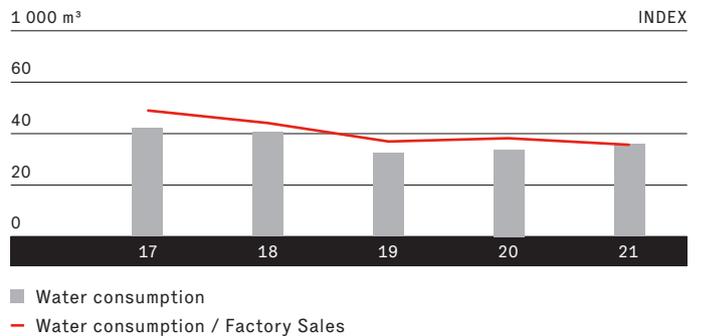
The Group's manufacturing is not very energy-intensive compared to many other industries but energy consumption is an environmental aspect measured by the Group. The majority of the energy is consumed in the form of electricity, natural gas and district heat. Fuel oil is used in some units for reserve and additional energy. In 2021, the Group's total energy consumption was 66 TJ (59 TJ). Majority of this is electricity. This amount does not include the fuels used in transportation and vehicles.

ENERGY USE



Manufacturing units do not use much water in their processes. Most of the use is for sanitation and catering purposes. In 2021, the water consumption was 36 000 m³ (34 000 m³).

WATER CONSUMPTION



In 2021, environmental expenses were some EUR 0.3 million (EUR 0.5 million) and environmental investments were some EUR 0.0 million (EUR 0.1 million). These figures are calculated according to Group's own classification and not based on EU taxonomy. It is expected that environmental investments will increase significantly during the coming years.