

Annual Review 2016

RAISIO PLC





RAISIO GROUP 2016



INTERNATIONAL SPECIALIST IN PLANT-BASED NUTRITION

Operations in

12
COUNTRIES

FOUNDED IN

1939

1400
employees

KEY MARKETS:

Finland, UK,
Czech Republic,
Russia and Poland

TOP INNOVATIONS

Benecol

BALTIC BLEND

BENEMILK

STRONG OAT EXPERTISE

Elovena

provena

2016 EBIT

50.7 M€
comparable

2016 net sales

436 M€

LISTED COMPANY WITH

39 000
SHAREHOLDERS

INCREASING
DIVIDENDS FOR
10
CONSECUTIVE YEARS*



*If the Board's dividend proposal for 2016 is approved by the Annual General Meeting



WELL-KNOWN FOOD BRANDS



WELL-KNOWN FEED BRANDS

BENEMILK

RAISIO group
MAITURI

RAISIO group
MELLI





Raisio - Good profitability, focus on growth

Raisio's comparable EBIT of EUR 50.7 million in 2016 was a good performance in a situation where the exchange rate changes of the British pound had a negative impact of almost EUR 3 million on our EBIT and some EUR 20 million on net sales. With comparable exchange rates, Raisio would have reached clearly better comparable EBIT than in 2015.

Raisio's Board of Directors will propose the Annual General Meeting a dividend of 17 cents per share for 2016. If approved, Raisio has increased its dividend for ten consecutive years. It is a rare accomplishment for a listed company.

*The Board proposing the
tenth consecutive dividend
raise*

Targeting profitable growth

Raisio's Board has initiated work to renew the Group's strategy. The strategy creates a foundation for our future growth and success. The Board aims to complete the strategy work during May 2017. One key challenge is to turn

the Brands Division's declined net sales back to growth path.

In 2017, Raisio will invest in brands, product concepts, sales and marketing and in the enhancement of its operations. This will pave the way for future growth and success. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

Raisio targeting profitable growth

Megatrends provide opportunities for Raisio

For an international operator like Raisio, global megatrends offer first and foremost opportunities. Sustainably produced, healthy and safe food of high-quality is related to many of these trends. Population growth, ageing, urbanisation, sustainable development and digitalisation are examples of the global megatrends.

Increasingly common snacking continues to be one of Raisio's opportunities. As eating habits are changing and mobile lifestyles break traditional meal rhythm, an increasing part of the daily food intake is snacks. The demand for snacks is moving to ready and easy-to-use products, and the quality and healthiness of energy is becoming more and more important.

Profitability through responsible operations

At the beginning of 2016, we started to implement our three-year Responsibility Programme concerning all the company's operations. The themes of the programme – sustainable food chain, healthier food, and safety and wellbeing at work – will build a better future for all of us. We will continue our productive work for the wellbeing of people, animals and the environment.

Wellbeing for people, animals and the environment

In 2016, Raisio committed to the UN Global Compact sustainability initiative and its ten principles concerning human rights, labour practices, environment and corruption. We will continue to promote these principles in Raisio's operations and value chain.

I would like to thank Raisio's employees for their dedication and work well done. By working together, we will achieve profitable growth and make Raisio one of the best workplaces in Finland.

Jarmo Puputti
CEO
Raisio plc

Operating environment

Raisio is a diversified company, whose operations are affected by international and local, economic and political events, various policies and prospects. Raisio's strengths are its versatile food chain expertise, consumer and customer insight, and innovations supporting the sustainable development. Raisio's business areas include snacks, functional foods, confectionery, cattle and fish feeds, and grain trade.

Raisio = Brands and Raisioagro

	Brands	Raisioagro
Key figures 2016	<ul style="list-style-type: none"> Net sales 320 M€ EBIT* 50.5 M€ 	<ul style="list-style-type: none"> Net sales 127 M€ EBIT* 3.7 M€
Products	<ul style="list-style-type: none"> Benecol Healthy & ecological snacks Confectionery 	<ul style="list-style-type: none"> Cattle and fish feeds Farming supplies Grain trade
Operating model	<ul style="list-style-type: none"> Consumers International 	<ul style="list-style-type: none"> B2B Local
Competitive advantages	<ul style="list-style-type: none"> Brands Innovations IPR 	<ul style="list-style-type: none"> Feeding expertise Innovations Internet of Farming
* Comparable EBIT		

Brexit creating uncertainty

As a result of the referendum of June 2016, the UK will probably leave the European Union. Brexit details are still unclear and referendum-related uncertainty is expected to weaken growth prospects for the UK and eurozone and to continue causing high volatility in the British pound exchange rate.

Sales volatility of cholesterol-lowering foods in Raisio's European markets continued and the entire category decreased slightly. In the UK, Benecol was the only brand to improve its position despite the decrease of the whole spread category. Intense competition among retailers as well as consumers' price-conscious purchasing behaviour continued in the UK. Demand for products with less sugar and salt increased due to the lively public debate in the UK.

Benecol spreads showed growth in the UK despite the declining spread category

Retail trade is facing major changes



In Finland, retail sales slightly increased and growth is expected to continue at a moderate pace in 2017 due to slow growth in purchasing power and jobs. Retailers continued with their so called cheapening. With changing eating habits, the demand for healthy and ecological snacks increased.

In Poland, volume in cholesterol-lowering spreads increased as a result of extensive promotional sales. Polish consumers value traditional spreads with butter.

In Asia, potential new markets for Benecol products, regulation processes for foods vary greatly from country to country, and some countries have tightened these processes. Raisio has carried out several successful regulation processes with its licencing partners.

In the UK's confectionery market, consumer demand remained stable for the product categories in which Raisio is present. In the European markets, retail chains were actively launching new soft gum products under private labels.

Demand for healthy and ecological foods on the rise

Restructuring of milk farms continued in Finland



There were no major changes in the Finnish cattle feed market because the number of dairy cows did not reduce in the same proportion as that of dairy farms.

Lower prices paid for milk and farmers' challenging financial position increased the demand for affordable feeds and tightened competition. Russia is actively developing its own milk chain, which opens up new opportunities for consultative feed sales.

Increased demand for farmed fish



Fish feed market in the Baltic Sea region remained stable. Changes were more due to growth conditions. Global price increases in oily fish were also seen in Finland. Difficulties in the Chilean salmon farming collapsed the country's production, which resulted in price increases. The shortfall of farmed fish has been compensated with Norwegian salmon, the main product also in the Finnish market. The rise in the Norwegian salmon price also increased the price of Finnish rainbow trout.

*Fish increasingly popular
source of protein*

Raisioaqua is a responsible pioneer in fish feeds in Finland. The development and launch of the Baltic Blend fish feed continue to promote the responsibility of fish farming and reduce its environmental impacts.

Benecol to empower cholesterol lowering

Benecol is a 20-year-old cholesterol-lowering brand and one of the first functional foods in the world. Today Benecol is helping dozens of millions of consumers to manage their cholesterol levels daily across almost 30 different markets.

Raisio is investing in growing the global partner network to license the brand. We sell plant stanol ester, a unique Benecol product ingredient, to our licensing partners. Licensing partners sell and market Benecol products made using plant stanol ester in their own markets. Next to the growing licensing business, Raisio sells and markets Benecol products to consumers in six countries called Raisio's home markets. After buying the brand back from its long-term licensing partner Johnson & Johnson in UK, Ireland and Belgium, Raisio has been able to develop the brand in closer dialogue with the consumers than ever before.

Raisio invests in Benecol brand.

Benecol is largely recommended

Backed up by more than 70 clinical studies and the strongest possible EU health claim, the cholesterol lowering effect of plant stanol ester in Benecol is acknowledged by leading food safety authorities, such as the European EFSA and the US FDA, and also recommended by expert bodies like Atherosclerosis Society and European Society of Cardiology.

Benecol is an easy and effective solution to lower cholesterol.

New products in the pipeline



To get the desired cholesterol-lowering effect Benecol should be used daily. Therefore Raisio wants to make sure that the use of Benecol is as easy as possible. We are carefully listening to the consumers to make sure that we are really meeting the consumer needs of today and tomorrow.

As cholesterol is not the only topic on the consumers' radar, Benecol wants to be the everyday partner to support consumers in holistic wellbeing. In practice this means providing inspiration and guidance about healthy lifestyle in addition to offering food products which not only taste good and lower cholesterol but also fit in the overall lifestyle of the consumer. Examples of this are new Benecol soft chews, food supplements that are conveniently travelling with the consumer, or a range of low fat and low sugar spreads and yoghurts.

Benecol Soft Chew is the latest novelty.

Widening the product portfolio is one way to make Benecol consumption more relevant to wider audience so this remains to be one of Raisio's focus areas in the near future. We continue our work to ensure that more new consumers with elevated cholesterol perceive Benecol clearly as a healthy food.

Consumer behavior is changing so Raisio will increasingly focus on finding the right distribution channels to help the consumers find their daily Benecol in the same places they are naturally visiting anyway.

Empowering journey in cholesterol lowering

The vision of Benecol brand is to offer innovative solutions to consumers globally to help them on their cholesterol-lowering journey. With the changes we have made on the brand communication and offering in 2016 are already paying off. The market share of Benecol is growing in all the key markets as well as the number of new

users. This is an ensuring sign that the 20-year-old brand is vital and the careful brand refresh work that Raisio has done with the consumers will ensure that Benecol business will grow also in the future.

Benecol's vision is to offer innovative solutions to consumers globally.

Elovena responses to consumers' snack needs

As consumers' everyday life has changed busier and more mobile, snacking has become an increasingly important way to take care of wellbeing. Elovena brand is developing and growing in line with consumer needs.

Following a traditional meal rhythm is not always possible for today's active consumers. That is why we take care of energy levels by staving off hunger with snacks or even by replacing meals with snacks. Easy, half-ready and ready solutions are helping a growing number of consumers during the day. Studies show that already some 40% of daily energy intake comes from snacks.

Up to 40% of daily energy from snacks

Consumers value the health benefits of oats

Besides convenience, the composition of snacks and quality of energy are increasingly important selection criteria. Consumers are increasingly aware of the good nutritional properties of oats; high fibre content, long-lasting energy and ability to balance blood sugar levels.

Traditional boundaries between product categories are blurring as the supply of snacks is growing. Today, all ready, half-ready, easy-to-use and on-the-go foods are perceived as snacks. Elovena, the market leader in oat products, offers a wide range of snacks as it has expanded from the traditional breakfast brand into a modern snack brand.

Competition in the snack market has intensified while the number of snack manufacturing companies has increased. Retailers see snacks increasingly important and focus on them by growing the offering and by making shopping easier for consumers. Without the added value provided by the brand and products, it is not possible to succeed in the competition.

Elovena is a versatile snack brand.

Raisio developing products in line with consumer needs



Our development work on brands and product range is based on the information obtained through the interviews of more than 5,000 consumers. Consumers look for energy boost, balanced blood sugar levels and digestive health. In addition to these factors, overall wellbeing is a growing selection criterion. Authenticity, naturalness and simplicity of products are becoming increasingly important selection criteria for today's consumers. These factors support the success of beneficial, natural oat products.

Over the years, oat has become a hit among consumers. Its annual consumption is already 6 kilos per each Finn. As the market leader in Finnish oat products, Elovena has accounted for a large part of this growth. Net sales for the Elovena brand have tripled over the last ten years, which is a good indication of effective and up-to-date development work. At the moment, we use about 40% of the Finnish oats. We will continue our development work and bring the health benefits of oats into new product categories.

Consumers value authenticity and naturalness.

Global markets also interested in oats

Global demand for oat products is on the rise. Consumers in more and more markets are interested in oats that grows in the unique climate and clean Nordic environment. For over twenty years, Raisio's Nordic brand's oat products have been successfully exported to, for example, Russia. Studies show that the renewed Nordic brand is also raising great interest in Western Europe. Raisio will launch Nordic oat products in new markets.



Continued steady demand for confectionery

European confectionery markets are mature. Demand for soft gums and FreeFrom confectionery increased. In Raisio's home markets, the UK and Czech Republic, intense competition with major international confectionery producers continued.

Raisio produces confectionery in the UK and Czech Republic. The UK-made confectionery is largely sold locally while Czech-made soft gums are exported to more than 30 countries in addition to sales in the Czech Republic. Raisio has well-known brands of its own and the company is a versatile, cost-effective branded product producer for its contract partners and retailers.

In the UK confectionery market, consumer demand remained stable for the product categories in which Raisio is present. In the European markets, retail chains were actively launching new soft gum products under private labels.

Demand for soft gums continued to increase, which provides good opportunities for growth. Raisio continues to expand the range of its branded products with novelties, providing consumers with interesting alternatives and partners with cost-effective solutions.

Raisioagro is a feeding expert

Raisioagro's strength is its ability to innovate products that promote sustainable development and meet customer needs. Feeding expertise and high-quality feeds meeting the farm needs improve the profitability of farms in line with objectives while ensuring animal welfare.

Restructuring of milk farms continued in Finland

Despite the lowering number of Finnish milk farms, the number of dairy cows did not substantially decrease since some of the farms carried out extension investments. The key change impacting the feed market was that the number of TMR feeding farms and robotic milking farms continued to grow. TMR feeding means that all feed components are mixed with silage and a cow is given only one feed mixture.

As the challenging economic situation continued, milk farms continued their shift to more affordable feeds of lower added value. The main reasons for the milk farmers' challenging economic conditions are the Russian ban on imports of dairy products and the subsequent drop in the producer price of milk in Finland.

Benemilk added value feeds are mainly used at the robotic milking farms where farmers are satisfied with the added value they have received for their milk production. At the end of 2016, some six per cent of all Finnish dairy cows were fed with Benemilk feeds.

Raisioagro did not get involved in the aggressive price competition but focused on extending the expertise of sales employees, targeted marketing, developing of the product range corresponding customer needs and digital services.

Russia's economic challenges and weakening liquidity of dairy farms reduced Raisioagro's cattle feed sales to Russia. Russia is investing in its own milk chain, which means that the need to improve the quality of milk and to raise the yield levels will increase the demand for feeding expertise consultation. Due to its advanced expertise, Raisioagro has a strong potential to increase its exports to Russia.

Benemilk feeds have an established position in Finland

Internet of Farming is digital pioneering



Raisioagro continued its strong investment in the development of digital services. As part of the Internet of Farming project, Raisioagro changed its milking robot monitoring into Tuotostutka®. At the end of 2016, already 130 farms with over 10,000 cows were in the monitoring programme. With Raisioagro's real-time optimisation of cattle feeding, the average milk yield has increased by almost six per cent.

Raisioaqua's fish feeds promote sustainable development

Fish are cold-blooded, so growth conditions play a key role in the farming. Raisioaqua's range has fish feeds for many different species. The feeds for rainbow trout are by far the largest segment. The season for fish feeds is from spring to autumn as fish are virtually not fed in winter.

Raisioaqua is the only Finnish fish feed manufacturer. The key markets are Finland and Northwest Russia. Exports account for about 60 per cent of all fish feed manufactured.

Raisioaqua's forerunner position in fish feeds is based on the close cooperation with fish farmers as well as on sustainable innovations, which have significantly reduced the environmental impacts from fish farming.

Baltic Blend is Raisio's fish feed innovation

In the summer 2016, Raisioaqua launched Baltic Blend fish feeds and strengthened its position as a forerunner in the environmentally friendly fish farming in Finland and Northwest Russia. Raisioaqua's most significant investment included the development and launch of the Baltic Blend feed.

As a raw material, Baltic Blend feeds use fishmeal and oil made from herring and sprat fished from the Baltic Sea; fishmeal and oil are processed in Finland. Fishmeal and oil for Raisioaqua's feeds are made by Raisio's important partner in Kasnäs, Finland.

With the Baltic Blend feeds, nutrients are not brought to the Baltic Sea from elsewhere.

Healthy and responsible Benella Rainbow Trout



Sales season of sustainably produced, environmentally friendly Benella fish started in September. Benella fish are farmed using Raisioaqua's feeds, and the sale proceeds of this quality fish ensure the profitability of fish farming industry.

The entry of Benella Rainbow Trout to the Finnish kitchens was boosted significantly as Kesko started to distribute Benella in October 2016. After a successful pilot period, Kesko quickly made the distribution nationwide. Benella Rainbow Trout is also available at Stockmann throughout Finland.

Benella product line was expanded with three new products.

Raisioaqua has developed a contract farmer model for Benella

farming and as a result, consumers get to know the name of the Benella farmer at the fish counter.

*Benella is responsibly
farmed Finnish rainbow
trout*

Strategic objectives

Raisio's vision is to be a forerunner in ecological and healthy snacks with leading brands and an active developer of sustainable food chain. The core of Raisio's strategy is a whole that includes innovations and healthy, ecological snacks. In January 2017, Raisio's Board of Directors initiated work to renew the Group's strategy.

Raisio's HEM strategy



Raisio to renew its strategy

Raisio's Board of Directors has initiated work to renew the Group's strategy. The strategy creates a foundation for Raisio's future growth and success. The Board aims to complete the strategy work during May 2017.

Nosto: Raisio will publish its renewed strategy in May 2017.

In 2017, Raisio will invest in brands, product concepts, sales and marketing and in the enhancement of its operations. This will pave the way for future growth and success. Raisio's key challenge is the Brands Division's organic growth.



Raisio's mission: Saving the planet and myself

Healthier choices

Benecol supports consumers worldwide with cholesterol reduction. Our snacks provide the health benefits of oats and wholegrains, and we offer convenient and delicious choices.



Sustainable food chain

We promote the food chain sustainability by using responsibly produced raw materials and by reducing the environmental impact of production. Already more than 20 of our products are equipped with a carbon footprint label based on the product life cycle.



Innovative forerunner

Our unique Benecol innovation benefits heart health of millions in almost 30 countries. We make consumer's daily life easier with our new snacks. Our feed innovations improve the efficiency of milk production and promote sustainable fish farming.



Main events in 2016

- Benecol's market position strengthened in the UK, its largest market.
- Raisio licensed its Honey Monster brand in the UK
- Raisio divested its UK snack bar business
- Patent for Benemilk feeds in Finland
- Raisio reduced Benemilk Ltd's operations
- Raisio is building a bioenergy plant in Finland
- Raisio invested in a new fish feed line
- Product range of cattle feeds was renewed to better meet milk farmers' needs of more affordable feeds
- The first Internet of Farming (IoF) application Tuotostutka® uses the data generated by milking robots and creates added value to milk farmers

Financial review

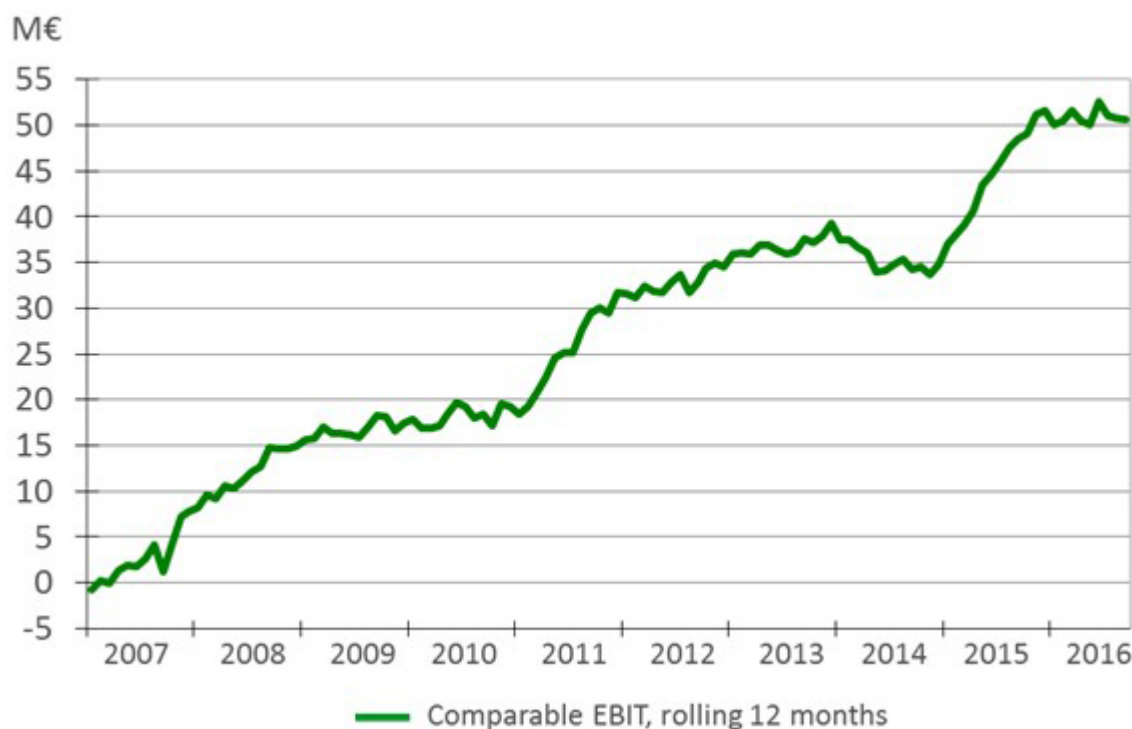
Raisio Group's comparable EBIT of EUR 50.7 million was a good performance in a situation where the exchange rate changes of the British pound had a negative impact on EBIT. With comparable exchange rates, Raisio would have clearly exceeded the comparable EBIT of 2015.

Raisio's year 2016

- EBIT* 50.7 (51.7) M€
- EBIT* 11.6 (9.9)% of net sales
- Net sales 436.3 (521.2) M€
- Net sales change -16%
- Impact of the British pound on EBIT -3 M€ and on net sales -20 M€
- The Board's dividend proposal EUR 0.17 (0.16) per share
- Return on investment improved to 11.6%

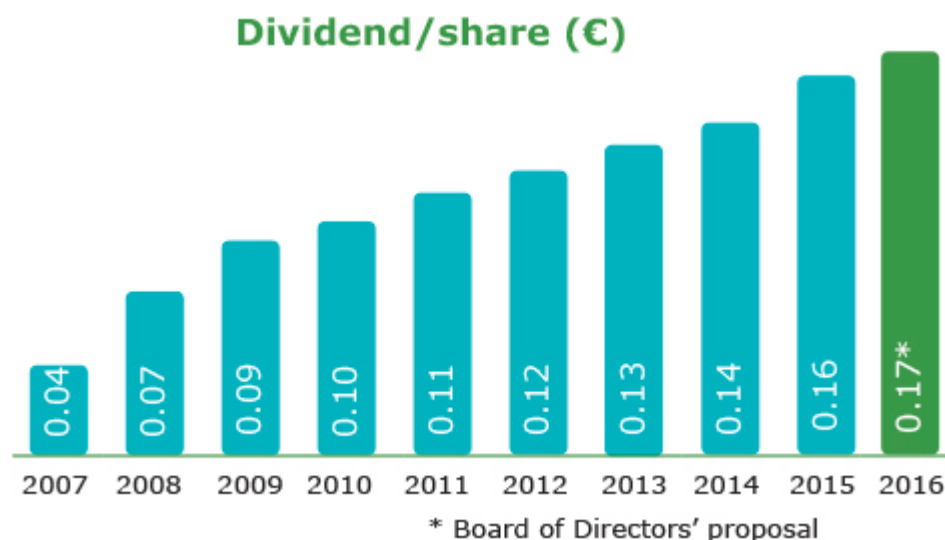
*Comparable EBIT

Raisio's EBIT 2007 - 2016



With comparable exchange rates, Raisio

Raisio's dividends 2007 - 2016



If the Board's dividend proposal is approved by the Annual General Meeting, Raisio has increased its dividend for 10 consecutive years.

Main events in 2016

- The Group's relative profitability improved
- Benecol's market share strengthened in the UK
- Sales of the Benecol ingredient to licensing partners increased in Asia
- Benecol product range expanded with a food supplement Soft Chew
- Raisio divested its UK snack business and licensed its Honey Monster brand
- Success in new products increased net sales of Elovena brand by almost 10%
- Net sales increase of almost 15% for the Czech confectionery business
- Challenges continued at the UK Leicester confectionery plant
- Brands Division's key challenge is organic growth
- Benemilk Ltd's operations for the international commercialisation of the innovation were reduced significantly
- Raisioagro renewed its cattle feed range as customers were shifting to feeds with lower added value
- Raisioaqua launched its Baltic Blend fish feed recycling the Baltic Sea nutrients

Raisio Group's key figures

		Q4/2016	Q3/2016	Q2/2016	Q1/2016	2016	2015
Result							
Net sales	M€	95.4	102.8	124.1	114.0	436.3	521.2
Change in net sales	%	-22.3	-23.5	-12.3	-6.9	-16.3	5.5
EBIT	M€	11.5	13.9	-6.2	9.7	28.9	42.4

EBIT	%	12.1	13.6	-5.0	8.5	6.6	8.1
Items affecting comparability	M€	0.5	0.1	21.2	0.0	21.8	9.2
Comparable EBIT	M€	12.0	14.0	15.0	9.7	50.7	51.7
Comparable EBIT	%	12.6	13.6	12.1	8.5	11.6	9.9
- Depreciations	M€	-2.6	-2.6	-3.1	-3.1	-11.3	-14.1
- Impairment	M€	0.3	0.5	-17.0	0.0	-16.1	-7.0
Depreciation and impairment, in total	M€	-2.3	-2.1	-20.0	-3.1	-27.4	-27.1
Items affecting comparable depreciations and impairment	M€	-0.3	-0.5	17.0	0.0	16.1	4.7
Comparable depreciations and impairment	M€	-2.6	-2.6	-3.1	-3.1	-11.3	-16.5
EBITDA	M€	13.8	16.0	13.9	12.7	56.3	63.6
Items affecting comparable EBITDA	M€	0.9	0.6	4.2	0.0	5.7	4.6
Comparable EBITDA	M€	14.6	16.6	18.1	12.7	62.0	68.1
Financial items	M€	0.2	-0.5	-0.9	-0.9	-2.2	-2.5
Earnings per share (EPS)	€	0.06	0.07	-0.05	0.05	0.12	0.22
Comparable earnings per share (EPS)	€	0.06	0.07	0.07	0.05	0.25	0.26
Balance sheet							
Equity ratio	%	-	-	-	-	66.8	62.3
Gearing	%	-	-	-	-	8.5	12.1
Net-interest bearing debt	M€	-	-	-	-	26.7	42.2
Equity per share	€	-	-	-	-	1.99	2.23
Dividend per share	€	-	-	-	-	0.17*	0.16
Investments	M€	5.0	5.1	4.3	4.0	18.3	11.0

*Board of Directors' proposal to the Annual General Meeting

Items affecting comparable EBIT

	Q4/2016	Q3/2016	Q2/2016	Q1/2016	2016	2015

Brands							
Write-down of Dormen and Fruitus brands	M€	-0.1	-0.1	3.9		3.7	
Halo Foods Ltd's saleable assets valued at fair value	M€		-0.4	15.1		14.7	
Restructuring costs of the UK snack business	M€		1.1	0.7		1.7	
Reorganisation costs, Southall site, UK	M€						11.3
Streamlining projects	M€	0.2				0.2	1.4
Capital loss for the Sulma divestment	M€						1.5
Sale of Carlshamn Mejeri trade mark	M€						-4.1
Raisioagro							
Restructuring of activities	M€						0.4
Common							
Other expenses and legal fees	M€	0.4	-0.5	1.5		1.4	
Subsequent one-off compensation related to a divested business	M€						-1.1
Impact on EBIT	M€	0.5	0.1	21.2	0.0	21.8	9.2

Raisio Group's key figures

		2016	2015
Result			
Net sales	M€	436.3	521.2
Change in net sales	%	-16.3	5.5
EBIT	M€	28.9	42.4
EBIT	%	6.6	8.1
Items affecting comparability	M€	21.8	9.2
Comparable EBIT	M€	50.7	51.7
Comparable EBIT	%	11.6	9.9

- Depreciations	M€	-11.3	-14.1
- Impairment	M€	-16.1	-7.0
Depreciation and impairment, in total	M€	-27.4	-27.1
Items affecting comparable depreciations and impairment	M€	16.1	4.7
Comparable depreciations and impairment	M€	-11.3	-16.5
EBITDA	M€	56.3	63.6
Items affecting comparable EBITDA	M€	5.7	4.6
Comparable EBITDA	M€	62.0	68.1
Financial items	M€	-2.2	-2.5
Earnings per share (EPS)	€	0.12	0.22
Comparable earnings per share (EPS)	€	0.25	0.26
Balance sheet			
Equity ratio	%	66.8	62.3
Gearing	%	8.5	12.1
Net-interest bearing debt	M€	26.7	42.2
Equity per share	€	1.99	2.23
Dividend per share	€	0.17*	0.16
Investments	M€	18.3	11.0

*Board of Directors' proposal to the Annual General Meeting

Items affecting comparable EBIT

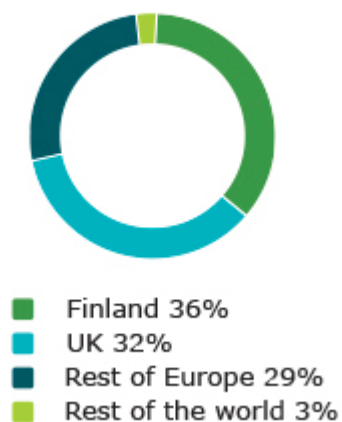
		2016	2015
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Capital loss for the Sulma divestment	M€		1.5
Sale of Carlshamn Mejeri trade mark	M€		-4.1
Raisioagro			
Restructuring of activities	M€		0.4
Common			
Other expenses and legal fees	M€	1.4	
Subsequent one-off compensation related to a divested business	M€		-1.1
Impact on EBIT	M€	21.8	9.2

Net sales (M€)



Net sales by region (%)



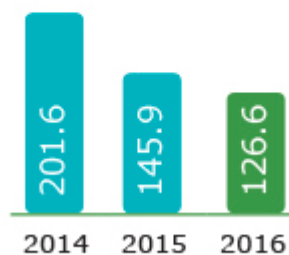
Net sales Brands Division (M€)

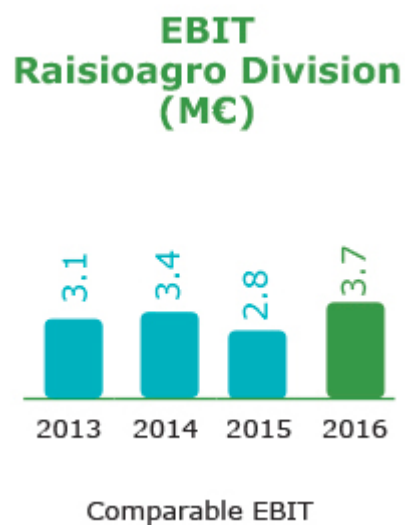
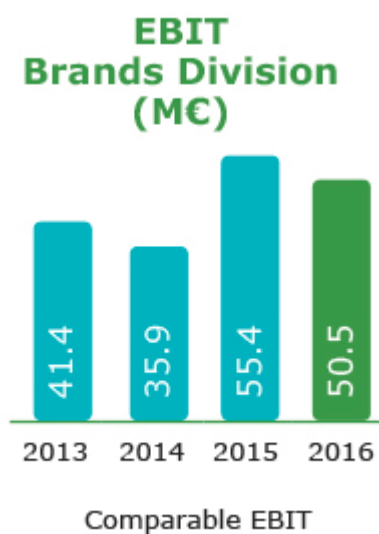
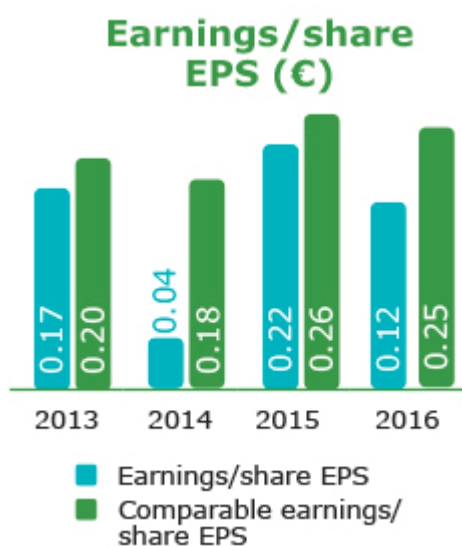
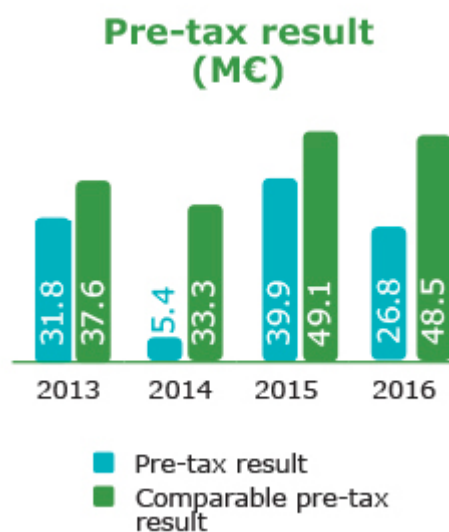
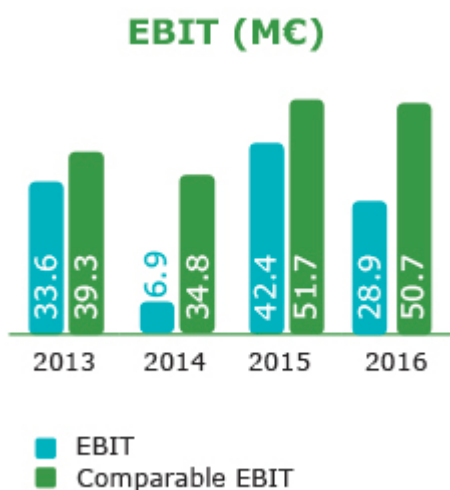


Net sales by division (%)

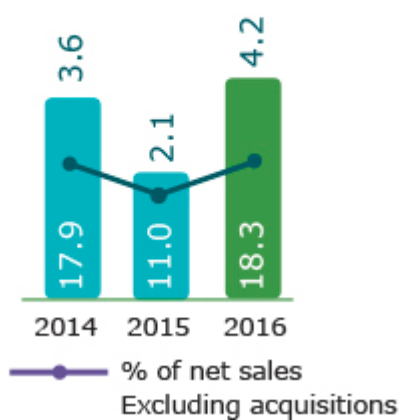


Net sales Raisioagro Division (M€)

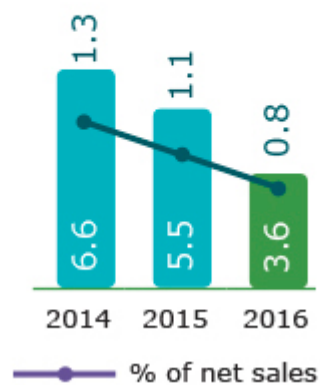




Investments (M€)



R&D expenses (M€)



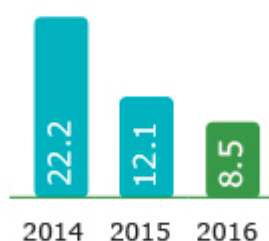
Equity ratio (%)



Equity per share (€)



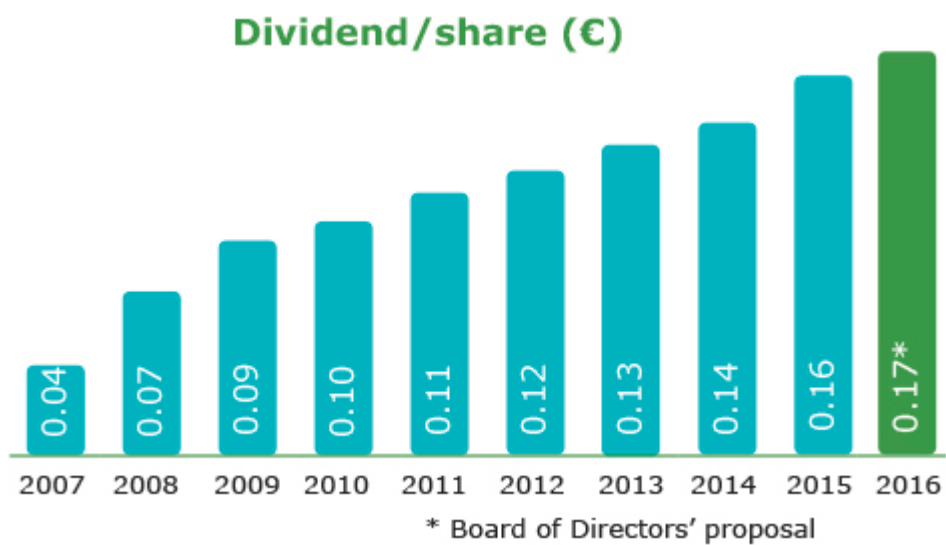
Net gearing (%)



Market capitalisation (M€)



Excluding the company shares held by the Group



Key figures 2016

Key figures, comparable result

	Q4/2016	Q3/2016	Q2/2016	Q1/2016	2016
NET SALES					
Brands, M€	73.3	68.4	88.2	90.2	320.1
Raisioagro, M€	24.7	37.1	37.7	27.1	126.6
Other operations, M€	0.2	0.2	0.2	0.2	0.8
Interdivisional net sales, M€	-2.8	-2.8	-2.0	-3.5	-11.2
Total net sales, M€	95.4	102.8	124.1	114.0	436.3
EBIT					
Brands, M€	13.8	11.1	14.2	11.4	50.5
Raisioagro, M€	0.0	2.3	1.4	0.0	3.7
Other operations, M€	-1.8	0.6	-0.7	-1.7	-3.5
Total EBIT, M€	12.0	14.0	15.0	9.7	50.7
% of net sales	12.6	13.6	12.1	8.5	11.6
Financial income and expenses, net M€	0.2	-0.5	-0.9	-0.9	-2.2
Share of result of associates, M€	0.0	0.0	0.0	0.0	0.0
Result before taxes, M€	12.2	13.5	14.1	8.8	48.5
Income tax, M€	-2.8	-2.4	-2.8	-1.3	-9.3
Result for the period, M€	9.4	11.1	11.3	7.5	39.2
Earnings per share, €	0.06	0.07	0.07	0.05	0.25

Key figures, balance sheet

	31 DECEMBER 2016	30 SEPTEMBER 2016	30 JUNE 2016	31 MARCH 2016

Equity ratio, %	66.8	63.1	61.4	58.7
Gearing, %	8.5	13.1	19.7	14.7
Net-interest bearing debt, M€	26.7	39.8	59.6	46.6
Equity per share, €	1.99	1.93	1.92	2.02
Gross investments, M€	18.3	13.4	8.3	4.0

Key figures 2016

Key figures, comparable result

	2016
NET SALES	
Brands, M€	320.1
Raisioagro, M€	126.6
Other operations, M€	0.8
Interdivisional net sales, M€	-11.2
Total net sales, M€	436.3
EBIT	
Brands, M€	50.5
Raisioagro, M€	3.7
Other operations, M€	-3.5
Total EBIT, M€	50.7
% of net sales	11.6
Financial income and expenses, net M€	-2.2
Share of result of associates, M€	0.0
Result before taxes, M€	48.5

Income tax, M€	-9.3
Result for the period, M€	39.2
Earnings per share, €	0.25

Key figures, balance sheet

	31 DECEMBER 2016
Equity ratio, %	66.8
Gearing, %	8.5
Net-interest bearing debt, M€	26.7
Equity per share, €	1.99
Gross investments, M€	18.3

Key figures 2014-2016

Key figures, comparable result

	2016	2015	2014
NET SALES			
Brands, M€	320.1	385.1	306.1
Raisioagro, M€	126.6	145.9	201.6
Other operations, M€	0.8	3.4	1.2
Interdivisional net sales, M€	-11.2	-13.2	-15.0
Total net sales, M€	436.3	521.2	493.9
EBIT			
Brands, M€	50.5	55.4	35.9
Raisioagro, M€	3.7	2.8	3.4
Other operations, M€	-3.5	-6.5	-4.5
Total EBIT, M€	50.7	51.7	34.8
% of net sales	11.6	9.9	7.0
Financial income and expenses, net, M€	-2.2	-2.5	-1.5
Share of result of associates, M€	0.0	0.0	0.0
Result before taxes, M€	48.5	49.1	33.3
Income tax, M€	-9.3	-8.7	-5.4
Result for the period, M€	39.2	40.4	27.9
Earnings per share, €	0.25	0.26	0.18

Key figures, balance sheet

	31 DECEMBER 2016	31 DECEMBER 2015	31 DECEMBER 2014
Equity ratio, %	66.8	62.3	60.2

Gearing, %	8.5	12.1	22.2
Net-interest-bearing debt, M€	26.7	42.2	72.2
Equity per share, €	1.99	2.23	2.07
Gross investments, M€	18.3	11.0	104.9

Business risks

Raisio Group is an international diversified company whose key products are plant-based foods, their ingredients and feeds for cattle and fish. Raisio is a significant user of renewable raw materials. Changes in quality, availability and prices of these materials are difficult to predict so they present a challenge to the Group's operations. In Europe, Raisio's key operational area, changes affecting consumer demand are closely monitored and the company strives to adapt to these changes.

The year 2016 was marked by many long-term election results, such as the UK decision to leave the EU and the election of Donald Trump as president of the United States. In spite of the prevailing uncertainty, the world economy is expected to grow moderately in 2017 and the growth is generated primarily by private consumption and increasing investments.

The euro area economy is expected to grow moderately in 2017. The recovery is still based on private consumption, supported by low oil prices, low interest rates and the weakening euro, particularly against the US dollar. European refugee crisis continues and its effects may extend not only to politics but also to the economy.

In 2016, economic growth in Finland was based on the domestic demand, especially on the growth of private consumption. In addition, construction investment has increased rapidly. The situation on the labour market has improved and the unemployment rate trend is downward. In Finland, the economy is expected to grow moderately in 2017, supported by domestic demand.

Although Brexit is causing uncertainty, the UK's economic growth is expected to continue, and employment and earnings are estimated to develop positively.

The UK's vote to leave the EU and related exit negotiations are creating uncertainty in the food industry's operating conditions and long-term business planning. Changes in the pound to euro exchange rate significantly affect Raisio's net sales and EBIT, directly and indirectly, as a significant portion of the Group's net sales and EBIT is generated in the UK.

A large portion of Raisio's net sales and EBIT is generated in the UK.

Volatility in the rouble's external value affects the exports of feeds and oat products to Russia and may also have an impact on the utilisation rates of production plants in Finland.

The price and availability of agricultural raw materials are a major challenge for Raisio's businesses. Global warming and extreme weather events rapidly affect the crop expectations, supply, demand and price of these commodities. In addition, changes in supply, demand, availability and price of other key raw materials are possible. In terms of business profitability, the role of risk management remains essential both for value and volume.

In Europe, various health taxes are discussed and related initiatives are being set up. Sugar may be one of the taxed raw materials. In case these initiatives result in new taxes, they will probably affect Raisio's operations.

Raisio expects the grocery market to remain fairly stable compared to other sectors. However, retail activities create pressure on the food industry too, through prices and sales terms.

Grocery market expected to remain stable.

Profitability problems in the Finnish agriculture and livestock farming weaken the purchasing power of the sector and put pressure on Raisioagro's profitability. Due to the crisis in Ukraine and Crimea, the EU's sanctions and Russia's counter-sanctions in 2014, especially the import ban of dairy products, will directly and indirectly hamper Raisioagro's operations.

To ensure growth and profitability of its operations, Raisio may carry out corporate restructuring which, as rationalisation projects, may result in significant one-off expenses.

Risk management

Raisio's risk management policy defines the targets, principles and responsibilities of risk management. The target of risk management is to identify risks and to secure the continuity of Raisio's operations, safety of products and operations, personnel and assets and to prevent events affecting negatively the shareholder value.

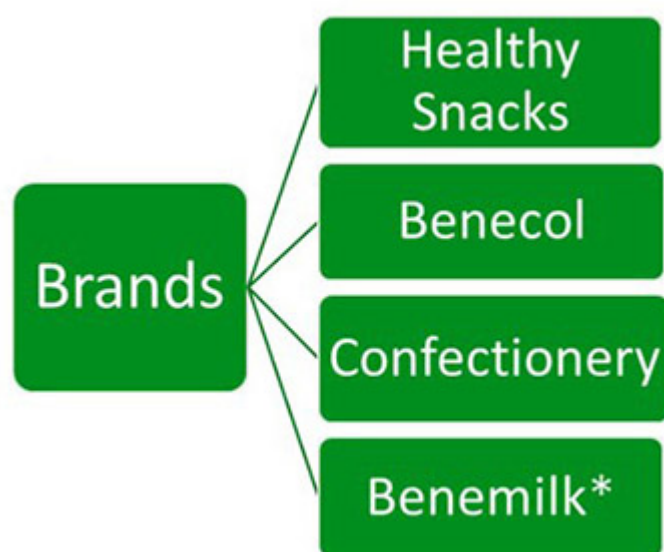
Raisio emphasises preventive measures in its risk management and strives to continuously improve the risk management in all of its aspects. In practice, the Divisions and service functions, such as financing, are responsible for identifying and surveying risks and report them to the Group's Management Team and Risk Management function. Risk Management function coordinates, develops and monitors risk management at the Group level. Possible findings of internal control and business risks are reported to the Board of Directors as part of monthly financial reporting.



Brands Division

Raisio's most international brand is Benecol. Benecol products are sold in almost 30 countries. Raisio's locally known brands in Finland are Elovena, Provena, Sunnuntai and Nalle, in Russia Nordic, in the UK Poppets, Fox's, Just and XXX and in the Czech Republic Pedro and Juicee Gummee.

Raisio Group's reported divisions are Brands and Raisioagro. The Brands Division includes Healthy Snacks, Benecol, Confectionery and Benemilk Ltd's business for international commercialisation and protection of the innovation.



*Joint Venture

Markets are global for the Benecol business. The key markets for Healthy Snacks business are Finland and Russia. Sales of confectionery made in the UK is focused on local markets. Czech-made confectionery is sold in the Czech Republic and exported to more than 30 countries.

Main events

- Brands Division's comparable EBIT totalled EUR 50.5 (55.4) million, accounting for 15.8 (14.4)% of net sales.
- Net sales for the Brands Division were EUR 320.1 (385.1) million, a change of -17%.
- Exchange rate changes had a clearly negative impact on the Brands Division's net sales and EBIT.
- Brands Division's key challenge is organic growth.

Financial review

Net sales for the Brands Division totalled EUR 320.1 (385.1) million. Net sales were down from the comparison period primarily due to the divestment of the UK Healthy Snacks operations and the negative impact of exchange rate changes.

The Brands Division's comparable EBIT totalled EUR 50.5 (55.4) million, accounting for 15.8 (14.4) per cent of net sales. EBIT was EUR 30.5 (45.4) million, accounting for 9.4 (11.8) per cent of net sales.

Exchange rate changes had a clearly negative impact on the Brands Division's net sales and EBIT.

Finland accounted for about 20% of Raisio Brands Division's net sales, the UK for almost 45%, the rest of Europe more than 30% and the rest of the world less than 5%.

Key figures for the Brands Division

		2016	2015

Net sales	M€	320.1	385.1
Healthy Snacks	M€	95.4	138.9
Benecol	M€	124.6	140.3
Confectionery	M€	100.2	105.4
Benemilk	M€	0.4	0.0
EBIT	M€	30.2	45.4
EBIT	%	9.4	11.8
Items affecting comparability	M€	20.3	10.0
Comparable EBIT	M€	50.5	55.4
Comparable EBIT	%	15.8	14.4

Business review

The Brands Division's businesses are dealt with in the reviews of each business:

[Benecol](#)

[Healthy Snacks](#)

[Confectionery](#)

[Benemilk](#)



BENECOL 2016



Wellbeing by
lowering
cholesterol



Top innovation



Strong health
claim in the EU



Products available
since 1995



Consumer products
available in almost



Used daily by millions
of consumers



50%

of the world's population
with elevated cholesterol

The goal is to expand into new markets
and to reach new users



MARKET-SPECIFIC
CONSUMER PREFERENCES
ACKNOWLEDGED

PRODUCT RANGE:

minidrink, spreads, yoghurts,
food supplements, powdered drinks

The goal is to expand into
new product categories

Top sellers:

YOGHURT DRINKS
AND SPREADS



CONSUMER PRODUCT SALES IN OWN MARKETS

The UK, Poland, Ireland, Belgium,
Finland and Hong Kong

NEW!

Soft Chew food supplement
available in pharmacies and
online store

▶ Sales in Asia on
a steady growth
▶ UK, the largest
market area



Licensing
B to B
10%

Home markets
B to C
90%

Benecol is Raisio's top innovation and the company's most international brand. Wellbeing and cholesterol lowering stand out in the Benecol products. Finnish consumers have used Benecol products for over 20 years already, and the products are available in some 30 countries. Consumers trust the Benecol brand proven to lower cholesterol safely and effectively. Raisio continues its efforts to open new Benecol markets and to launch new products in line with consumer needs.

Main events

- Benecol products continued to grow their market share in the highly competitive UK market.
- In the UK, Raisio negotiated price increases with retailers.
- In Poland, Raisio maintained its market leader position in spreads.
- Benecol Soft Chew food supplement was launched in Finland, Poland, Ireland, Belgium and the Netherlands.
- Sales in Benecol consumer products increased significantly in Indonesia, the Philippines and Thailand.
- Exchange rate changes had a clearly negative impact on net sales and EBIT of the Benecol business.

Financial review

EBIT for the Benecol business remained at the comparison year level even though volatile exchange rates had a clear negative impact on EBIT and net sales. On the other hand, EBIT was positively impacted by the streamlining of operations.

Net sales for the Benecol business were clearly down from the comparison year, totalling EUR 124.6 million (in 2015: EUR 140.3 million). The net sales decline was due to the volatility of currency and consumer product sales volume in Raisio's home markets. The UK is Raisio's by far the largest market for the Benecol consumer products so the sales prices and volumes of the products have an essential effect on the figures of the entire business. Benecol ingredient sales to licensing partners were up from the comparison year.

Wood-based sterols are a significant raw material in the manufacture of the Benecol product ingredient. The world market price of wood-based sterols rose and demand increased, which led to higher raw material costs for the Benecol ingredient also in 2016. In previous years, these costs were offset by favourable exchange rates.

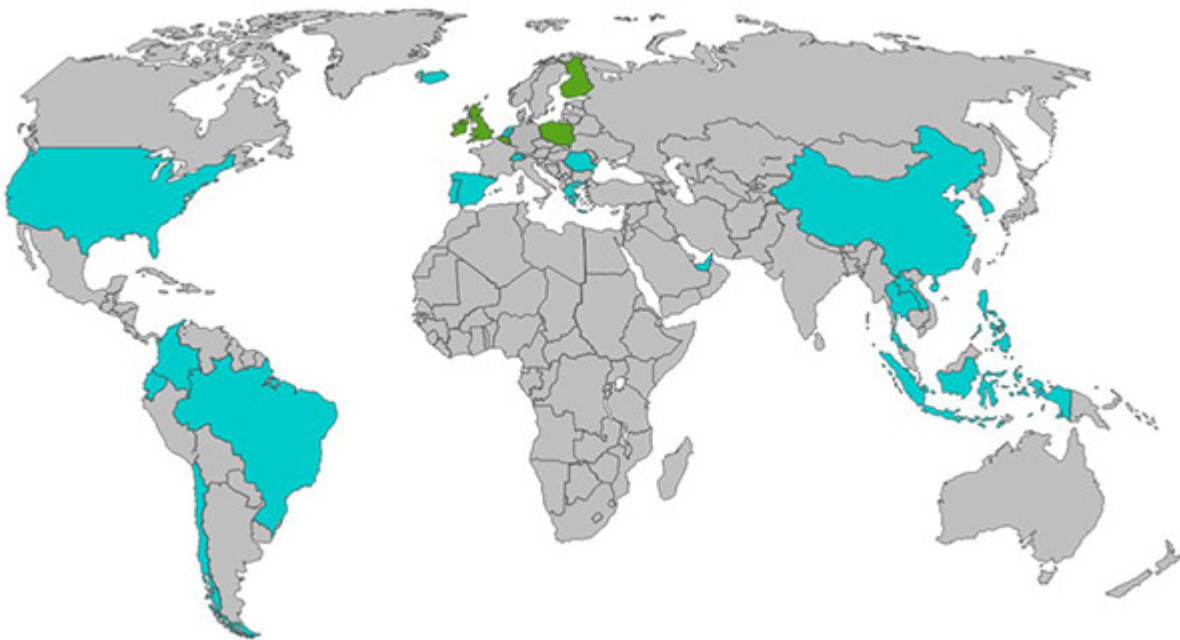
The UK is the largest market for Benecol products

Business operations

Benecol business is comprised of two business models:

- Sales and marketing of consumer products in Raisio's own markets. Home markets for Raisio's Benecol consumer products include the UK, Poland, Finland, Ireland, Belgium and Hong Kong.
- Licensing of the Benecol brand and sale of plant stanol ester, the Benecol product ingredient, to licensing partners. These partners have a license to use the Benecol brand and to sell and market Benecol products in their markets.

Plant stanol ester, the Benecol product ingredient made in Finland, is a top Finnish innovation. Benecol consumer products are available in some 30 countries.



Raisio's home markets for consumer products are Belgium, Finland, Hong Kong, Ireland, Poland and UK.

HEALTHY SNACKS 2016

HOLISTIC WELLBEING, HEALTHIER SNACKS



PRIORITIES IN PRODUCT DEVELOPMENT: SNACKS

WELLBEING

Health benefits of
wholegrains

TASTE AND CONVENIENCE

Expansion into new sales
channels and product
categories

MARKETS:

Finland, Russia, Ukraine, Sweden, Denmark and Estonia

Premium flakes from
Finnish raw materials to
Russia and Ukraine

Finland and Russia
the biggest markets
in terms of net sales



WELL-KNOWN, TRUSTED BRANDS



PRODUCTS:

snack biscuits, snack bars and snack drinks, instant porridges, flakes, baking products,
pasta and side dishes, mueslis and cereals, and cholesterol-lowering functional products

ELOVENA

- ▶ Easy snacks from natural raw materials
- ▶ Dark chocolate biscuit, a favourite in Finland

PROVENA

- ▶ Provena's key markets Finland and Sweden
- ▶ Digestive health + gluten-free + pure oats



SALES IN ELOVENA
SNACK BISCUITS
INCREASED BY
16%
IN 2016



Raisio's Healthy Snacks is a business of almost EUR 100 million. Raisio focuses on healthy and ecological snacks. In 2016, Elovena successfully expanded into new product categories as new snack bars and quarks were launched. The products are natural, tasty and convenient snacks in line with consumer needs. Finland accounted for over 80% of net sales for Healthy Snacks business.


Main events

- Net sales for the Elovena brand increased by almost 10% with good sales growth in new products.
- Quarks and snack bars were the most significant new Elovena products.
- Sales in gluten-free Provena products were at the comparison period level.
- Nalle brand was renewed to meet the needs of families with children.
- Sales in Nalle flakes and Sunnuntai flours declined as retailers invested in their affordable private label products.
- In Russia, Raisio successfully adjusted the product prices of its Nordic flakes to exchange rate changes. Price increases resulted in decreased sales volume.
- Honey Monster brand was licensed from the beginning of July.
- In August, Raisio divested its UK snack bar business.
- Consumers' interest in the health benefits of oats affected positively the oat product sales.

Financial review

EBIT for Northern European Healthy Snacks business was slightly lower than in the comparison year due to investments in brand renewals. In Finland, Raisio's largest market, sales remained at the comparison period level but, as a whole, net sales for the Northern European operations were down from the comparison year.

Eastern European operations continued good performance in the challenging market situation. In Russia, economic situation remained unstable as a result of exchange rate volatility, among other things. Net sales for the Russian operations increased slightly in local currencies, but decreased in euros. EBIT decreased both in euros and in the local currency but remained positive. Eastern Europe accounts for some 10% of net sales for Healthy Snacks business.



Raisio's focus on the development and marketing of its brands.

Raisio discontinued the unprofitable UK snack operations by licencing its Honey Monster brand and by divesting its snack bar business.



CONFECTIONERY 2016



Raisio's
consumer brands

Big Bear
Confectionery

**Candy
plus**

Contract
manufacturer
for retailers and
industry

RAISIO'S BRANDS

FOX'S
CONFECTIONERY



PEDRO

**Juicee
Gummies**
POWERFUL JUICES

Poppets



NIMBUS
INNOVATION AND TECHNICAL EXCELLENCE

Inclusions and toppings
for industrial customers



The share of Raisio's brands
of the manufacturing

Exports from the
Czech Republic to over

30
COUNTRIES

- ▶ In the UK, sales growth for Nimbus continues
- ▶ Challenges continued at the UK Leicester plant

Central Europe,
an important sales region
Strong sales growth in the
Czech Republic

PRODUCT RANGE

soft gums, boiled sweets, fudge,
chocolate-covered sweets, liquorice,
lollipops, mints



New products,
new distribution channels,
new package options,
free from products,
seasonal and gift products



Confectionery is Raisio's significant business of EUR 100 million. Confectionery became part of Raisio's product range through acquisitions. In the UK, Raisio has well-known local brands. In the Czech Republic, Raisio has its own brands and the company is also a significant confectionery exporter. The UK and Czech confectionery businesses are trusted manufacturers of the branded products for contract partners and retailers. Approximately 30% of confectionery made by Raisio are Raisio's own branded products.

Main events

- The Czech net sales increased by almost 15% due to the increased demand for soft gums.
- Sales growth of the local Pedro brand continued in the Czech Republic.
- The UK net sales in pounds were almost at the comparison year's level.
- Nimbus, a producer of industrial inclusions and toppings, continued to show good sales growth.
- Challenges with service levels continued at the Leicester factory.

Financial review

Net sales for the confectionery business were down from the comparison year. Net sales for the Czech operations increased. In the UK, net sales of operations in pounds were at the comparison year level but declined clearly when converted in euros. Nimbus, a producer of industrial inclusions and toppings, showed clearly increased sales. The UK accounts for approximately 60 per cent of the confectionery business net sales.

EBIT for the confectionery business was down from the comparison year. Good profitability of the Czech operations generated almost 50 per cent of the confectionery business EBIT. Challenges with service levels continued at the Leicester factory, negatively affecting the results. In the UK, higher raw material prices could not be entirely added into selling prices.

The Czech operations account for almost 50% of the confectionery business EBIT.

Business operations

Raisio produces confectionery in the UK and Czech Republic. The UK-made confectionery is largely sold in the UK market while the confectionery made in the Czech Republic is exported to more than 30 countries in addition to sales in the Czech Republic.

Raisio has well-known brands of its own and the company is a versatile, cost-effective branded product producer for its contract partners and retailers.



RAISIOAGRO 2016



FEEDING EXPERT



Healthy animals



Key markets: Finland and Northwest Russia



Cattle feeds, fish feeds and farming supplies for dairy and grain farms



An expert partner in animal feeding and plant cultivation



Feed factories in the heart of dairy Finland, Ylivieska and Kouvola, and a fish feed factory in Raisio

INNOVATIONS FOR MILK PRODUCTION AND FISH FARMING



BENEMILK



TUOTOSTUTKA
TUOTTEIDEN TILITILAILLA



ADVANCED DIGITAL SERVICES

IoF | INTERNET OF FARMING



MILK FARMERS' FAVOURITE BRANDS

RAISIO AGRO
MAITURI

RAISIO AGRO
OPTI

RAISIO AGRO
MELLI

RAISIO AGRO
NURMI

BENEMILK

TUOTOSTUTKA PROCESSES THE DATA OF MILKING ROBOTS INTO RESULTS

130

farms within the monitoring programme

6%

increase in milk yields

RAISIOAQUA IS THE ONLY FINNISH FISH FEED PRODUCER



HERCULES



60%
of fish feeds exported

Raw material in Baltic Blend fish feeds: herring and sprat fished from the Baltic Sea

Decreasing significantly the nutrient emissions from fish farming

Recycling the Baltic Sea nutrients

Raisioagro helps its customers produce healthy food for consumers sustainably, effectively and profitably, promoting animal welfare. Strong feeding expertise as well as innovative and ecological feeds for milk production and fish farming are at the core of Raisioagro's operations. Raisioagro's innovations and expertise create added value to customers.

Main events

- Net working capital decreased by almost 50% due to enhanced management of raw materials and stocks.
- Average return on restricted capital 11.4%
- Dairy farms continued their shift to more affordable feeds.
- Already 130 farms within the milking robot monitoring. With the monitoring, the average milk yield of cows has already increased by some six per cent.
- Strong investment in digital services and their development continued.
- Launch of three new Benemilk products for TMR feeding, which is increasingly common at dairy milk farms.
- In the summer 2016, Raisioaqua launched Baltic Blend fish feeds and strengthened its position as a forerunner in the environmentally friendly fish farming in Finland and Northwest Russia.
- Distribution of sustainably produced, eco-friendly Benella fish expanded in Finland.
- Launch of new feeds for horses and for additional feeding of deer.

Financial review

Raisioagro's net sales totalled EUR 126.6 (145.9) million. Despite the net sales decline, the Division clearly improved its relative profitability. Net sales were down primarily due to lower fertiliser sales, milk farmers' shift to more affordable feeds and lower grain exports.

Raisioagro's comparable EBIT was EUR 3.7 (2.8) million. EBIT totalled EUR 3.7 (2.4) million. The key factors behind the EBIT improvement were the successful development and launch of new products in line with customer needs, and improved production and material efficiency.

*Raisioagro's EBIT improved
+0.9 M€*

Raisioagro's net working capital at the turn of the year decreased by almost 50 per cent, totalling EUR 5.8 (11.3) million. The decrease in net working capital was particularly due to improved raw material and stock management in both the fish feed business and cattle feed business.

Raisioagro's average return on restricted capital increased to 11.4 per cent due to decreased net working capital and improved profitability.

Businesses

Raisioagro consists of three business areas: Cattle feeds and farming supplies, fish feeds and grain trade.

In cattle feeds, Raisioagro did not get involved in the aggressive price competition but focused on improving of its operations, on developing of the product range meeting customer needs and on digital services.

*Raisioagro continued its
investment in Internet of
Farming*

In Finland, milk farmers' challenges continued due to the import ban imposed earlier by Russia on dairy products and the subsequent drop in the producer price of milk. Benemilk feeds are mainly used at the robotic milking farms where farmers are satisfied with the added value of their milk production.

Raisioagro continued its strong investment in the development of digital services. With these services, customers can make better use of the company's advanced feeding skills.

Raw material used in Raisioaqua's Baltic Blend fish feeds is fishmeal and oil processed in Finland and made from herring and sprat of the Baltic Sea. With the Baltic Blend feeds, nutrients are not brought to the Baltic Sea from elsewhere. Raisioaqua's forerunner position in fish feeds is based on close cooperation with fish farmers and on innovations in line with sustainable development.

The entry of Benella rainbow trout to the Finnish kitchens was boosted significantly as Kesko started its distribution in October 2016.

Grain exports were clearly down from the comparison year. The global grain market was oversupplied, which significantly weakened grain export and its profitability.

*Benella is sustainably
farmed Finnish rainbow
trout at its best.*

Key figures for the Raisioagro Division

		Q4/2016	Q3/2016
Net sales	M€	24.7	37.1
EBIT	M€	0.0	2.3
EBIT	%	0.0	6.1
Items affecting comparability	M€	0.0	0.0
Comparable EBIT	M€	0.0	2.3
Comparable EBIT	%	0.0	6.1



Benemilk

Benemilk is Raisio's cattle feed innovation that helps improve milk production efficiency and the fat and protein levels of milk. It also makes cows produce more milk. By the end of 2016, Benemilk feeds had been granted a patent in four countries. These patents are an indication of the patentability of the innovation in different markets. In Finland, Benemilk feeds are sold and marketed by Raisioagro. Benemilk feeds have an established market position in cattle feeds.

Main events

- Patents granted for Benemilk feeds and their production method in Finland and New Zealand at the end of 2016.
- In August 2016, Raisio's Board of Directors decided to reduce Benemilk Ltd's activities to internationally commercialise the innovation as the company's short-term outlook was not favourable.
- The office in Seattle, USA, was closed in the autumn 2016.

Patents



Benemilk feeds and their production method were granted a patent in Finland on 30 December 2016. After a thorough investigation, the Finnish Patent Authority determined that the Benemilk innovation meets the criteria for patentability; it is new, inventive and industrially applicable. In Finland, the first patent applications related to the Benemilk innovation were filed in January 2012.

Furthermore, patent authorities in New Zealand examined the patent applications, and granted patents for the Benemilk feeds and their manufacturing method as well as for the milk produced by Benemilk fed cows.

So far, Benemilk has been granted patents in Finland, New Zealand, Australia and South Africa, which is a strong indication of the patentability of the innovation in various markets. Now that the first important patents have been received, Raisio will not publicly analyse the Benemilk patent portfolio.

Business operations

In November 2015, Benemilk Ltd launched a process to examine the conditions and opportunities to obtain new financing. Based on the completed assessment, Benemilk Ltd's Board of Directors concluded in June 2016 that it is not justified to implement the equity financing scheme as the company valuation indicated by potentially interested investors was not satisfactory for owners.

Benemilk Ltd's operations were significantly reduced in the autumn 2016 and the investment to internationally commercialise the innovation was minimised in accordance with the decision taken by Raisio's Board of Directors in August. Global crisis in the milk market as well as potential customers' unwillingness to change their feeding models affected the decision, and for these reasons, the company's short-term prospects for the international expansion of the business were not favourable. The office in Seattle, USA, was closed.

Benemilk Ltd was founded in the spring 2013, and Raisio holds 57 per cent of its shares.

Raisioagro has a licence to the Benemilk innovation. In Finland and Russia, Benemilk feeds are sold and marketed by Raisioagro.

Corporate Responsibility

Sustainable food chain, healthier food and workplace safety and wellbeing are the key responsibility themes for Raisio. The Group's ambitious sustainability programme sets objectives and indicators for important, selected sustainability themes.

In 2016, Raisio began the determined implementation of its three-year Responsibility Programme. During the first year, the focus of the programme was on the development of sustainable procurement, healthy foods and the harmonisation of processes and data management.

Responsibility lays the foundation for Raisio's operations

Sustainable development and responsible way to operate are an essential part of all Raisio's operations. Raisio's vision is the basis of our responsibility work:

[Raisio's vision is to be a forerunner in ecological and healthy snacks with leading brands, and an active developer of sustainable food chain.](#)

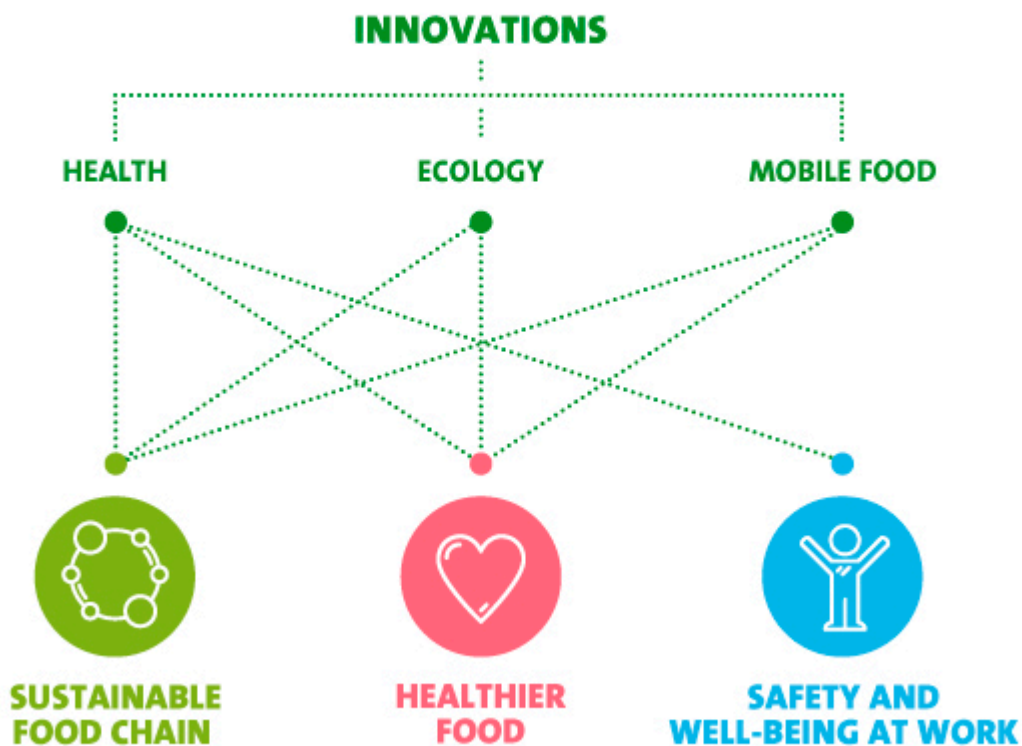
Responsibility is strongly present in our employees' daily activities and in our strategy. The core of Raisio's strategy is a whole that includes innovations and healthy, ecological snacks. Responsibility work supports Raisio's strategic objectives and business operations.

[Read more about Raisio's strategy.](#)

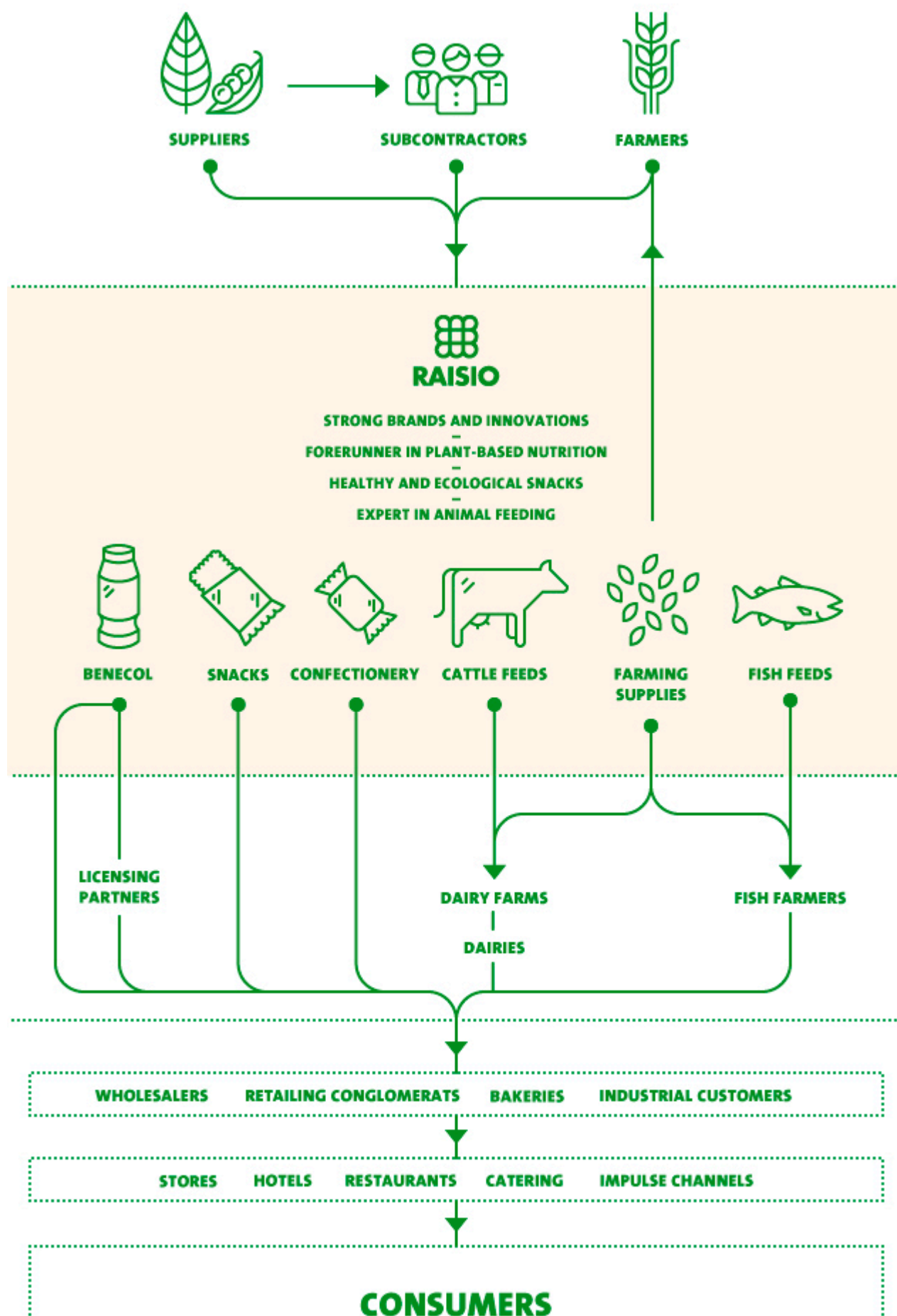
Relationship between Raisio's strategy and material responsibility themes

Raisio's material responsibility themes support the realisation of the Group's strategy.

RAISIO'S STRATEGY



Diverse value chain



Raisio's value chain extends from primary production to consumers. In different parts of the value chain, the company's influence and way of interacting are different. Raisio's ability and willingness to develop responsible foods and feeds promote the sustainable food chain.

Raisio affects the beginning of the value chain, i.e., suppliers, by following its responsible procurement principles. Raisio expects its suppliers to commit to the Supplier Code of Conduct concerning, for example, environmental responsibility, working conditions in accordance with international regulations, prohibition of child and forced labour and anti-discrimination.

Some of Raisio's branded products are manufactured by subcontractors. They are required to follow operating and production practices outlined by Raisio. The agreements specify, for example, the quality requirements of raw materials used. Raisio purchases all its grain from areas near its production plants whenever possible. Raisio's grain products are mainly manufactured in Finland. In Finland, the company purchases some 85 per cent of the grain directly from farmers. Due to close cooperation, Raisio has an opportunity to develop farming practices together with the farmers.

Raisio continuously examines consumer needs and behaviour. This way, Raisio can provide retailers with interesting branded products and innovations that meet consumer needs. The company also invests in its brands to keep them commercially interesting. Furthermore, Raisio must meet the increasingly stringent requirements of trade organisations, restaurants and catering companies, and industrial customers regarding the responsibility of products.

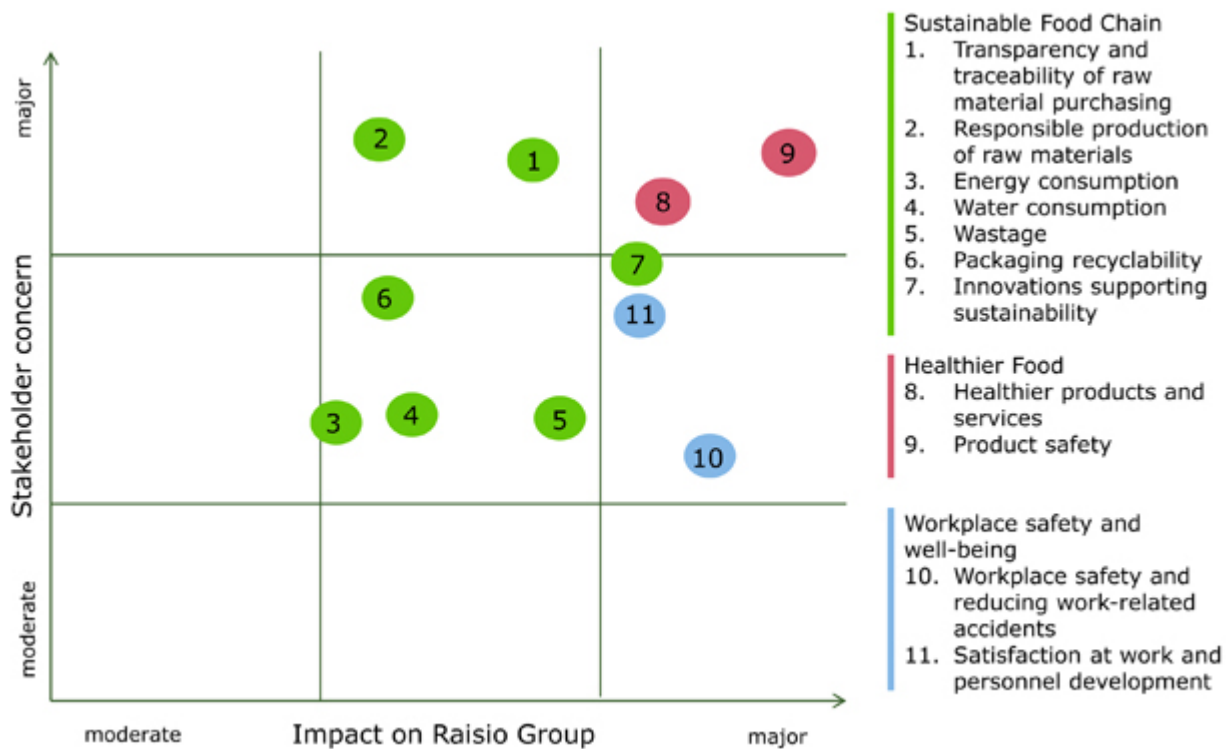
In terms of the international Benecol ingredient business, Raisio's influence extends to the assistance and counselling of licencing partners. Licensing agreements define in detail matters related to the products and use of the brand. In addition, Raisio's licensing partners are committed to Raisio's Benecol Partner Code of Conduct.

At the higher end of the value chain of consumer products, Raisio influences consumers by communicating on nutrition, environmental labels, recipes and tips to use the products, among other things. Raisio is engaged in a continuous dialogue with consumers in, for example, social media and customer service channels.

Raisio influences dairy and fish chains by providing producers with feeds that promote profitable and sustainable agriculture. Raisio's feeding solutions affect animal welfare and improve the yields. In the fish chain, our feeding innovations have significantly reduced the environmental impacts.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd. The company has over 39,000 shareholders and about 1,400 employees. Raisio operates in 12 countries and has production plants in nine places in three countries.

Materiality Assessment defines the key responsibility themes



Raisio's Materiality Assessment was renewed in 2015 together with stakeholders. We have discussed with them and listened to their views. The Materiality Assessment, confirmed by Raisio's Board of Directors, took all stakeholders into consideration both locally and internationally in the countries where Raisio operates.

Based on the views of the businesses and stakeholders, key responsibility aspects were identified and prioritised, and then grouped in the matrix below. Material aspects concern the entire Raisio Group. Raisio's Materiality Assessment guides the company's responsibility work and reporting.

The timeliness of the Materiality Assessment is reviewed annually. In 2016, no changes were made and Raisio continued its work to promote the key themes.

Goal-oriented Responsibility Programme

Raisio's Responsibility Programme for 2016 – 2018 sets objectives and indicators for important, selected sustainability themes. In 2016, Raisio began the determined implementation of its Responsibility Programme.

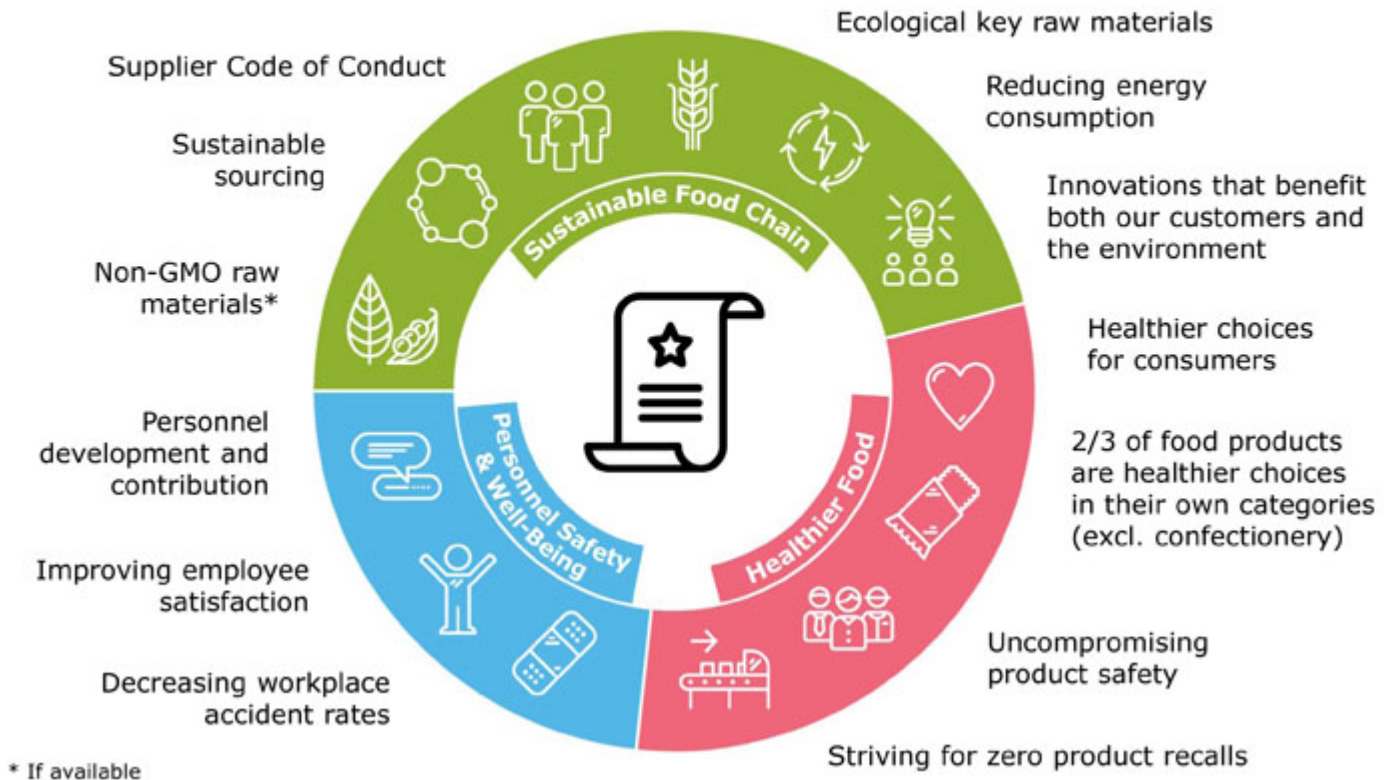
Objectives of the Responsibility Programme support the implementation of Raisio's business strategy.

Responsibility Programme is a practical tool to be used in Raisio's responsibility work: it sets targets and indicators for important sustainability themes to the company management and personnel. All Raisio's businesses actively participated in the preparation of the Responsibility Programme and are committed to its implementation.

Raisio operates in many countries and in several sectors. Therefore, important responsibility themes vary by business. The Group's Responsibility Programme has three themes that are material to every business. To promote these themes, concrete goals and indicators were determined to monitor progress. Some of the objectives are business-specific.

Raisio's clear and concrete Responsibility Programme supports the business strategy and is focused on material responsibility issues. Main parts of Raisio's value chain are matters related to responsible procurement of raw materials, innovations and product development, healthiness and work safety. Since these themes were also highlighted in Raisio's Materiality Assessment, they are also the key themes of the Responsibility Programme.

Raisio's corporate responsibility programme 2016 - 2018



Key themes in Raisio's Responsibility Programme

- Sustainable food chain
 - Ethical and environmental aspects are related to the procurement of raw materials. Management of these aspects is material to Raisio. In addition, Raisio aims to reduce the environmental impacts of its own production and affects the sustainability of milk production and fish farming through its feed innovations.
- Healthier food
 - Development of healthier products and services is important to consumers and at the core of Raisio's strategy. At Raisio, we never compromise on product safety.
- Safety and well-being at work
 - Staff safety and wellbeing are of particular importance in Raisio's operations so that we can ensure product safety, process reliability and the ability to develop new innovations that interest consumers and customers.

Raisio's businesses have also identified other responsibility-related issues on which Raisio is actively working. Our

Responsibility Programme brings together all responsibility themes material to the whole Group, on which Raisio will focus 2016 - 2018.

During the first year, the focus of the programme was on the harmonisation of processes and data management, the development of sustainable procurement and healthy foods. To achieve the targets, we set an internal schedule. Part of the programme implementation is continuous work and quality assurance.

Objectives of Raisio Group's Responsibility Programme 2016-2018

The targets of Raisio's Responsibility Programme are under three material themes. The situation with our goals at the end of 2016 (below). More detailed information on the progress of the Responsibility Programme in the Corporate Responsibility Report.

Sustainable food chain 2016 – 2018

Objective	Status
We will further develop the responsible procurement of our key raw materials. Raw materials that we use the most include grains, particularly oats and wheat, and rapeseed.	Work underway
We require our suppliers to operate in accordance with the company's ethical guidelines (Supplier Code of Conduct).	Work underway
We require that the suppliers to complete a Supplier Self-Assessment Questionnaire at least every three years.	Work underway
We continue to purchase Proterra or RTRS certified soy.	Achieved
We are committed to the use of GMO free raw materials.	Achieved
We use only responsible palm oil. The responsibility of palm oil used in foods is improved by transferring to the use of physically traceable palm oil.	Work underway
We use only UTZ certified cocoa in our foods (excl. confectionery).	Work underway
We continue to reduce raw material purchases from risk countries.	Work underway
We will improve energy efficiency	Work underway
We will perform energy audits at all our production plants at least every two years.	Work underway
We will analyse material efficiency in terms of raw materials and other production inputs. We will decrease	Work

waste at our production plants.	underway
We will use recyclable materials in our product packages.	Work underway
We continue to develop and commercialise innovations that benefit the environment and our customers.	Work underway

Healthier food 2016 - 2018

Objective	Status
2/3 of our foods are healthier alternatives in their own categories.	Work underway
We will develop cattle and fish feed innovations promoting well-being of people and animals.	Work underway
We will maintain the BRC certification at our food sites.	Achieved
Raisioagro aims at an excellent recipe accuracy in its feeds.	Work underway
The number of product recalls will be zero.	Achieved

Safety and well-being at work 2016 – 2018

Objective	Status
Continuous reduction in the frequency of workplace accidents	Work underway
Continuous reduction in sickness absences	Work underway
Improved employee satisfaction	Work underway
Continuous development of employees and the scope of performance appraisals toward the target of 100 per cent.	Work underway

Responsible Code of Conduct and Policies

Promoting responsibility and responsible way of operating are part of each Raisio employee's work. Raisio's vision and strategy guide Raisio's responsibility work and its priorities are defined in our Materiality Assessment. Responsible course of action is defined by the Group's principles and policies harmonised in 2016.

Raisio's Board of Directors approved the Raisio Code of Conduct in December 2016. It applies to all the Group's operations, employees, management as well as the Board and Supervisory Board. Raisio Code of Conduct guides our day-to-day work and sets a foundation for profitable and responsible operations.

[Raisio Group Code of Conduct](#)

[Policy on quality, environment, health and safety](#)

[Raisio Group's Supplier Code of Conduct](#)

In 2016, Raisio committed to the [UN Global Compact's](#) sustainability initiative and its ten principles concerning human rights, labour practices, environment and corruption.

Advice on the ethics and legality of operations

Our ethical code is defined in Raisio Code of Conduct and our employees are provided regular training on these issues. In addition, Raisio employees can have confidential support in corporate ethics and legal compliance, primarily from their own superiors, the company's legal department and Compliance Director.

Employees are encouraged to report suspected or actual misconduct to the immediate superior or his/her superior. In 2016, Raisio updated its procedure of misconduct reporting. In order to address possible misconduct as early as possible, employees can report their observations of misconduct using a certain email address or anonymously mail a letter to Raisio's Vice President of Legal Affairs, CFO or Compliance Director. Employees' reports of misconduct are always treated strictly confidentially.

Responsibility management model

The table below presents the roles and responsibilities in Raisio's responsibility work.

Board of Directors	Monitoring the implementation of responsibility and confirming material themes
Management Team	Managing the responsibility work. Confirming responsibility objectives. Dealing with the progress of the Responsibility Programme and the Materiality Assessment regularly during the year.
Businesses	Organisation and implementation of practical measures related to Corporate Responsibility
Steering group of responsibility	Developing the principles guiding the Group's responsibility and defining policies regarding the responsibility work.
Responsibility Working Group	Promotion of the Group's responsibility issues, coordination of practical measures, internal consulting and support for the implementation of the objectives, communication. Responsibility Working Group reports to the Steering Group

Continuous dialogue with stakeholders

Raisio is engaged in a continuous dialogue with its stakeholders. Based on this dialogue, our Materiality Assessment is reviewed annually. Continuous open interaction is a vital part of planning, management and implementation of Raisio's Corporate Responsibility.

The table below shows Raisio's key stakeholder groups and the ways we communicate with them. The groups selected to the table have been identified in the workshops of our businesses.

STAKEHOLDER	WAY OF ENGAGEMENT
Personnel	Continuous and open interaction in the work community, performance appraisals, staff info, superior letters, intranet, opinion surveys, Cooperation Working Groups
Consumers	Consumer service, product demonstrators, Sunnuntai and Elovena Clubs, social media, brand websites and sustainability communications online, newsletters, advertising, consumer surveys
Customers (foods); e.g. retailers, wholesalers, bakeries and industry, catering, exports, partners	Direct customer contacts, websites, extranet, events, fairs and exhibitions, online store
Customers (Raisioagro) Livestock producers, dairy and fish farmers, farmers, Raisio's contract farmers	Direct contacts, events for producers and farmers, Contract Farmer Days, fairs and seminars, cruises for customers, websites, online store, customer magazines Agro- and AquaMakasiini, extranet
Owners	Meetings, events, annual general meeting, stock exchange releases and publications, annual report and corporate responsibility report, interim reports, websites
Institutional investors and analysts	Roadshows, meetings and events for investors, Capital Markets Day, stock exchange releases and publications, interim reports, annual report and corporate responsibility report
Financiers	Meetings, stock exchange releases, publications, financial statements, interim reports

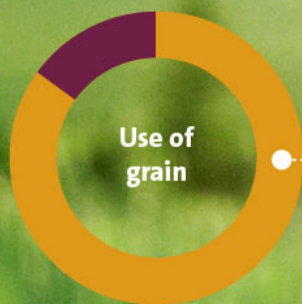
Authorities	Meetings, influencing in organisations, Raisio's memberships
Subcontractors	Direct contacts, meetings, audits, Supplier Code of Conduct, Supplier Self-Audit
Partners	Direct contact, meetings
Suppliers	Direct contacts, meetings, audits, Supplier Code of Conduct, Supplier Self-Audit
Media	Direct contacts, meetings, interviews, press conferences, seminars, releases, social media, websites
Local communities	Events, company visits, websites, projects (e.g. Me & MyCity, Southwest Finland)
Schools and institutions	Sponsor schools, speaker visits, company visits, projects
Universities	Personal contacts, research cooperation, projects, cooperation through Raisio's Research Foundation
Organisations and memberships	Joint seminars and events, Raisio's representation and memberships in organisations, websites, cooperation with, e.g., WWF
Food, nutrition and health experts	Meetings, newsletters, brochures
Trade unions	Meetings, agreements, cooperation with other companies, development projects

SUSTAINABLE FOOD CHAIN 2016



QUALITY, RESPONSIBILITY AND SAFETY
– the key criteria for our
raw materials

RAISIO IS A VERSATILE PROCESSOR
OF FINNISH GRAIN



WE ACQUIRED
85%
OF GRAIN DIRECTLY
FROM FARMERS

Finland's biggest
oat processor in
branded products

WE HARMONISED THE PROCESSES OF
RESPONSIBLE PROCUREMENT



Only certified,
responsible soy

1% of raw materials



Only responsible
palm oil in foods

1% of raw materials



OUR FEED INNOVATIONS PROMOTE THE
SUSTAINABILITY OF FOOD CHAIN

RAISIO agro

BENEMILK

Benemilk feeds improve
the efficiency of
milk production



TUOTOSTUTKA
LYPSYROBOTTISEURANTA

Tuotostutka Milking robot
monitoring supports
the sustainability of
milk production



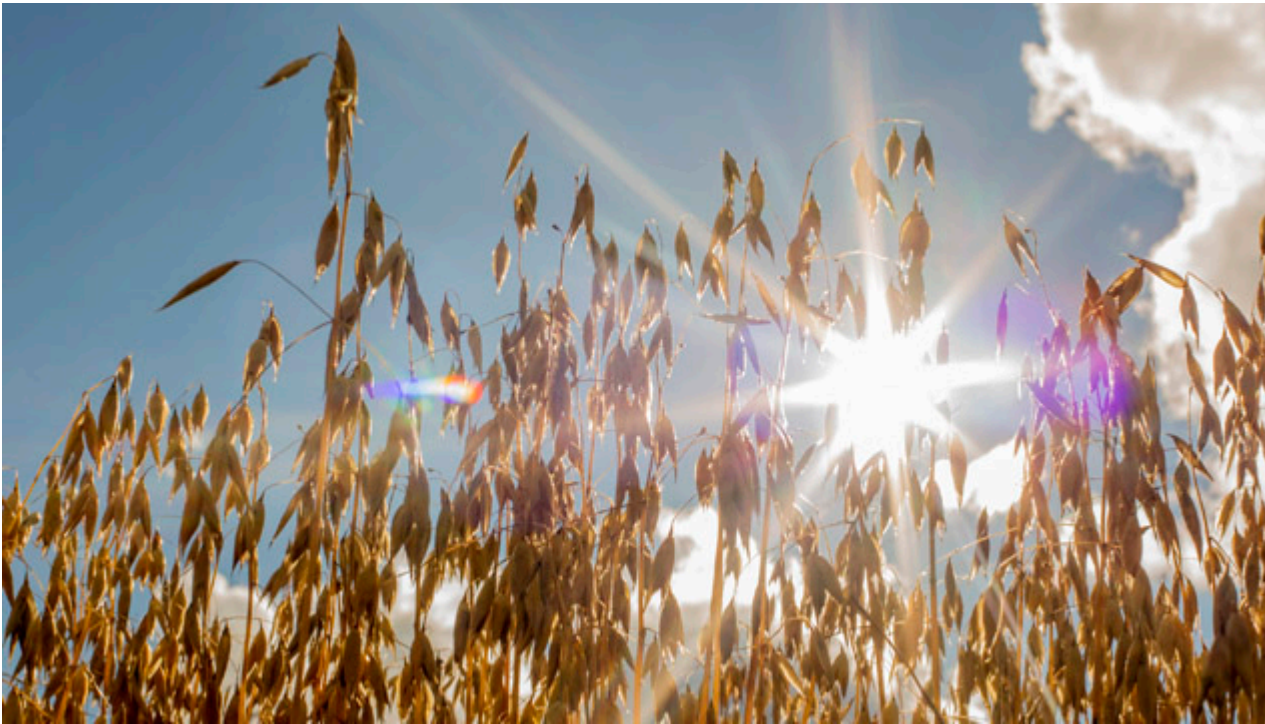
Baltic Blend feed
significantly reduces
nutrient emissions
from fish farming
in the Baltic Sea



Energy
consumption
of Raisio's
production
decreased

4%

/ product tonne



Responsible procurement promotes sustainability of the food chain

Quality, safety and responsibility are the key criteria for Raisio's raw material procurement. Raisio's consumers and customers are increasingly interested in the traceability of product raw materials and in the production in line with sustainable development. As an expert in animal feeding and healthy foods, Raisio has an ability and opportunity to promote the sustainable food chain with its raw material choices.

Main events in 2016

- Raisio harmonised its responsible procurement practices. The Group's common Supplier Code of Conduct will be introduced in all our businesses during 2017.
- Healthy Snacks business prepared its transfer to the use of UTZ certified cocoa.
- At the Nokia mill, Raisio decided to get the RSPO Supply Chain certificate and it will enter into force in the spring 2017.

Raisio's value chain is part of the sustainable food chain. All the company's raw materials are renewable. Raisio's key raw materials are grains (wheat, oats, rye, barley) and rapeseed. These account for some 70 per cent of all raw materials. Raisioagro's share of the Group's all raw materials is almost 70 per cent. Key raw materials in the feed

manufacturing are wheat, barley and rapeseed.

Raisio has almost 80 years of experience in contract farming and the company acquires 85 per cent of its grain directly from farmers. Raisio's grain products are largely made in Finland and the grain transport distance from the producer to the factory is on average less than 100 kilometres.

Subcontractors manufacture part of Raisio's branded products. Quality criteria for the raw materials used in contract manufacturing are defined in the agreements. Raisio acquires raw materials for part of its Finnish subcontractors.

Raisio secures the responsibility of raw materials by requiring its suppliers to commit to the Supplier Code of Conduct regarding, for example, human rights, working conditions in accordance with international regulations, environmental responsibility and anti-corruption.

Certified raw materials

To secure the responsibility of soy, palm oil and cocoa, Raisio has drawn up policies regarding the use of certified raw materials.

Soy accounts for about one per cent of all raw materials and the company uses it mainly for fish feeds. All the soy Raisio used in feeds is either ProTerra or RTRS certified. Raisio is a member of the Round Table on Responsible Soy association.

Since 2014, all the palm oil used in Raisio's foods has been responsible. In 2016, 70 per cent of the palm oil used in Raisio's foods was physically traceable (mass balance or segregated) and 30 per cent was Green Palm certified. Our long-term goal is to transfer to the use of physically traceable palm oil in food products. Palm oil accounts for less than one per cent of all Raisio's raw materials. Raisio is a member of the Roundtable on Sustainable Palm Oil.

Raisio's goal is that the cocoa used in its own branded products is certified by the end of 2018. This does not, however, apply to the confectionery since major part of the confectionery is produced for contract partners who themselves define the certification requirements of raw materials. During 2016, we were preparing the transfer to the use of certified cocoa, and the first products containing certified cocoa will be available in 2017. Cocoa accounts for less than 0.5 per cent of all raw materials of our branded products.

Origin of the fishmeal and oil used in fish feeds is always known, and no endangered fish species are used in the manufacturing of our feeds.

Certified raw materials account for some four per cent of all Raisio's raw materials. In addition to certified palm oil and soy, Raisio uses, for example, small amounts of organic oats and other organic grains.

Objectives for 2016-2018

- We will further develop the responsible procurement of our key raw materials. Raw materials that we use the most include grains, particularly oats and wheat, and rapeseed.
- We require our suppliers to operate in accordance with our Supplier Code of Conduct.
- We expect the suppliers to complete the Supplier Self-Assessment Questionnaire at least every three years.
- We continue to purchase Proterra or RTRS certified soy.

- We are committed to the use of GMO free raw materials.
- We use only responsible palm oil. The responsibility of palm oil used in foods will be improved through our transfer to the use of physically traceable palm oil.
- We only use UTZ certified cocoa in our foods (excluding confectionery).
- We will further decrease our raw material acquisitions from the countries classified as [risk countries](#).



Environmental efficiency through innovation and production development

Raisio operates in a sustainable manner, respecting the environment. We follow environmental impacts of our operations, and develop the operations in a sustainable and goal-oriented way. Raisio's environmental priorities are the reduction of energy usage, the improvement of material efficiency and innovations benefiting the environment and customers.

Main events in 2016

- Reporting and monitoring of the Group's environmental impacts were harmonised with a new data management system.
- All the Group's production functions drew up plans to improve energy and material efficiency.
- Raisio developed several innovations promoting sustainability of the primary food production. Baltic Blend fish feeds, milking robot monitoring (Tuotostutka) and a urea index describing greenhouse emissions from milk production are good examples of these innovations.
- WWF Finland added Finnish farmed whitefish on the green list of its Seafood Guide in 2016. Several Raisio's fish feed innovations have reduced the environmental impacts of fish farming.
- The Czech Confectionery business invested in the wastewater treatment that resulted in improved wastewater quality and enabled the use of recovered biogas. The investment improved energy efficiency and

allows the expansion of production.

- The UK Confectionery business is involved in the Climate Change Act aiming to reduce energy consumption.

Raisio reports on the environmental impact arising from its production. Raisio's operations cause environmental impacts throughout the life cycle of products. In 2016, Raisio had nine production plants in Finland, the UK and Czech Republic. Our environmental efficiency development is goal-oriented, particularly in energy and material efficiency.

The company invests in renewable energy. Raisio started building a bioenergy plant in its industrial area. The plant will be completed during the spring 2017. As a result, the carbon footprint of Raisio's production plants will decrease significantly as, at the same time, the company will discontinue its use of coal-based industrial steam.

Raisio operates in accordance with rules and regulations. No environmental damages were identified in the Group's offices and the Group received no fines or sanctions for violations of environmental legislation in 2016.

Raisio's production plants are not located in protected areas or in areas of high biodiversity value, or in their immediate vicinity.

Results 2016

- Environmental investments were carried out to enhance energy production and consumption, waste reduction and wastewater treatment.
- In the fish feed production, heat recovery was renewed, which improved the energy use.
- In the production of cholesterol-lowering Benecol ingredient, a new operating model resulted in significant energy savings.
- The Group's energy consumption per produced product tonne decreased by four per cent.
- The amount of landfill waste declined by 62 per cent. The amount of recovered waste increased to 94 per cent. Investments and improvements in the equipment contributed to the results.
- Raisio's product packages are mainly made of recycled material.

Objectives for 2016-2018

- We will enhance our energy use.
- We will perform energy audits at all our production plants at least every two years.
- We will analyse material efficiency in terms of raw materials and other production inputs. We will decrease waste at our production plants.
- We will only use recyclable materials in our product packages.
- We continue to develop and commercialise innovations that benefit the environment and our customers.

Raisio's environmental impact

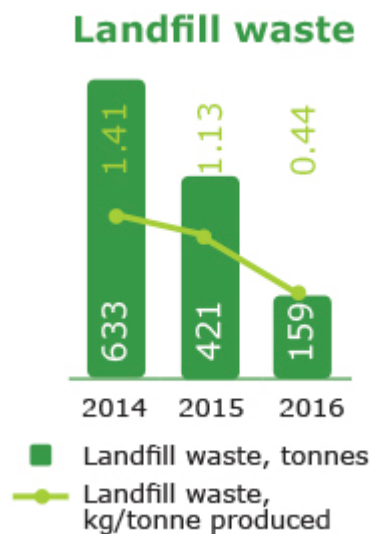
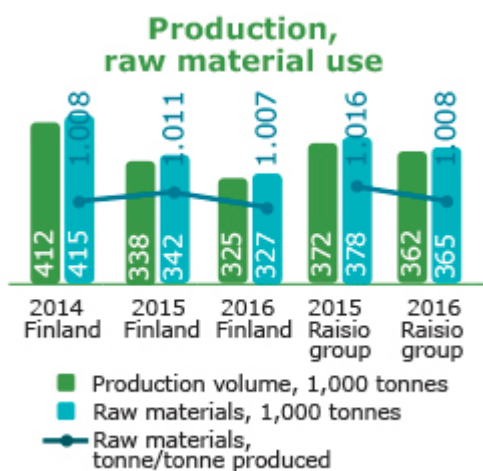
Raw materials and material efficiency

Raw materials used in Raisio's products are renewable. The company's goal is a material-efficient use of raw materials. To achieve this, all the Group's production plants have drawn up plans. Material efficiency is promoted particularly through the development of monitoring and reporting.

Raw material use at Raisio's production plants decreased by over three per cent and per tonne of product by one per cent.

Recoverable waste accounts for more than 94 per cent of the total waste. The amount of landfill waste declined by 62 per cent from the previous year. The amount of hazardous waste decreased by 38 per cent and that of total waste by two per cent.

Scope of reporting: In terms of raw material use, Finnish production plants are reported for 2013 – 2016, while the Group's continuous operations are reported for 2015 – 2016. Landfill waste is reported for the whole Group's continuous operations. Water use for products is not included in the raw material quantities shown below.



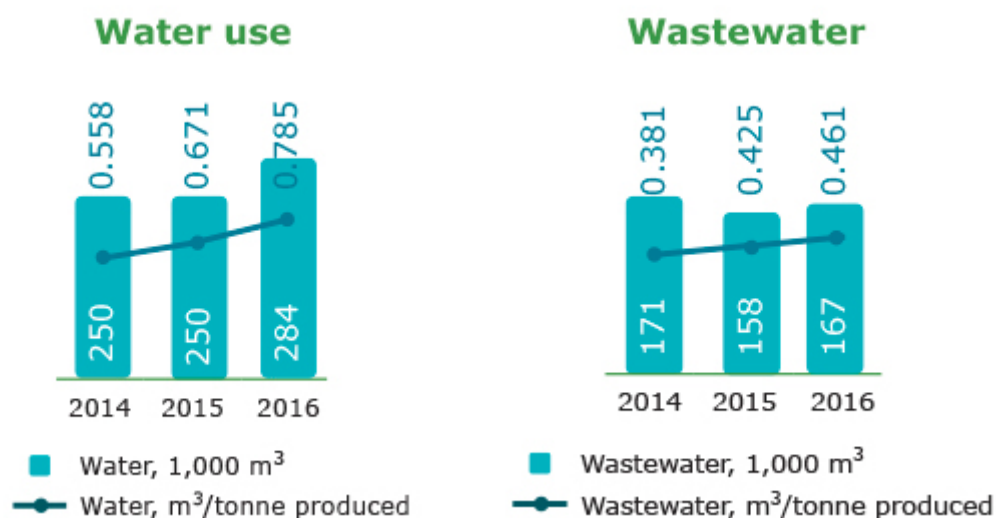
Water

Water use is an important environmental factor at Raisio, as water is needed in production and cooling processes. Water use is monitored continuously and water is recycled effectively. Furthermore, we actively examine means to decrease water use.

Household water use increased by 14 per cent in the Group. Despite various enhancement measures, a number of pipeline leaks in the UK resulted in the increase in the Group's water use. In Finland, household water use decreased by over four per cent.

The amount of wastewater increased by six per cent in the Group while decreased significantly in Finland.

Scope of reporting: Continuous operations of the whole Group

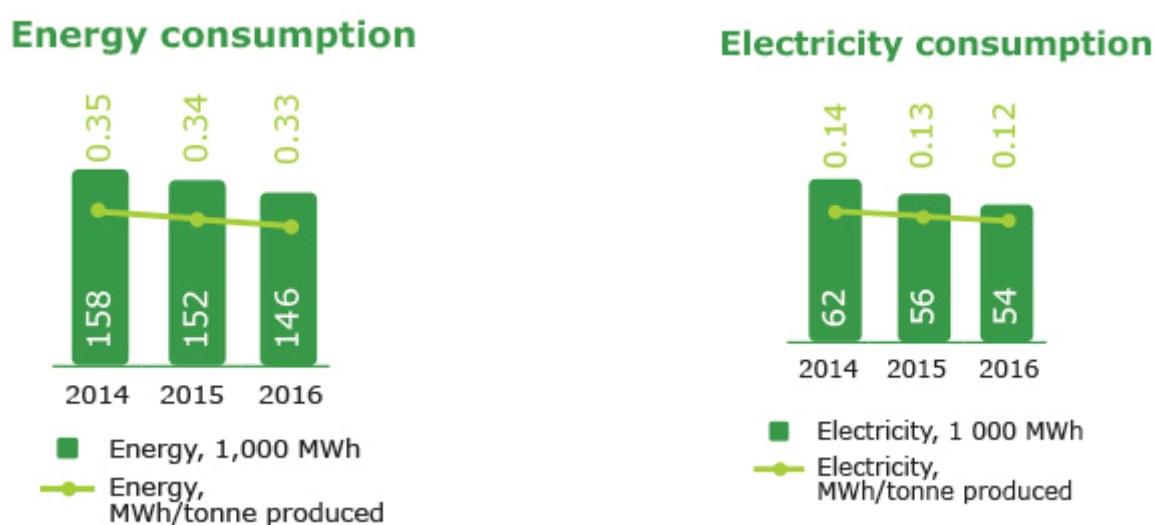


Energy

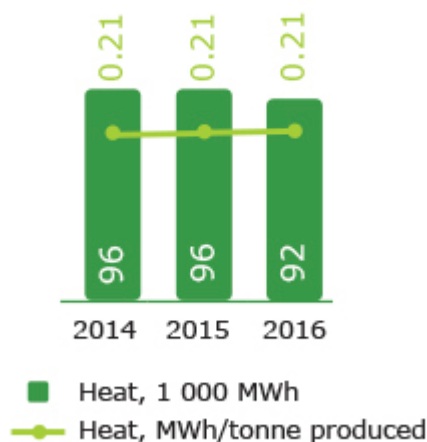
Raisio's total and specific consumption of energy per tonne of product decreased by four per cent. All the Group's production plants are committed to reduce the specific energy consumption per tonne of product. Through the enhancement and renewal of equipment, we achieved savings in energy consumption. Led lights were purchased for several locations.

Raisio's electricity is purchased energy. In terms of heat, the company's own production accounts for 53 per cent.

Scope of reporting: Continuous operations of the whole Group



Heat consumption



Emissions from energy production

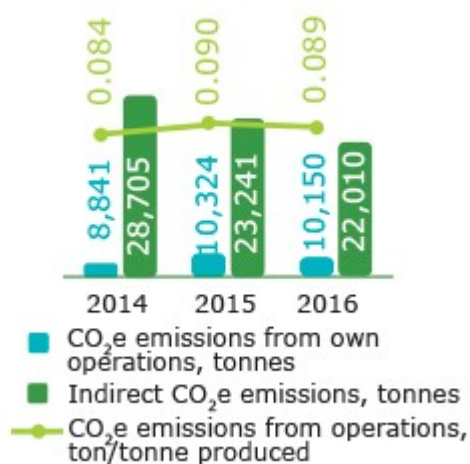
Raisio reports direct greenhouse emissions of its own energy production and indirect emissions of purchased energy as CO₂e values. Emissions generated in Raisio's production are calculated while for the purchased energy, emissions are defined as CO₂e values of emissions reported by suppliers. Carbon dioxide equivalent (CO₂e) describes the total climate warming effect of greenhouse gases.

The Groups' electricity is purchased energy. Electricity that Raisio buys in Finland is eco-labelled and its production does not cause greenhouse gas emissions. Electricity purchased in Finland accounts for almost 60 per cent of the Group's electricity use.

The UK and Czech production plants produce heat from natural gas. In Finland, our thermal energy is purchased with the exception of the Kouvola plant that has a steam boiler plant using natural gas. In Raisio's industrial area, there is a power plant operating as a reserve plant. It will be closed during the spring 2017 when the new bioenergy plant is completed.

Raisio continues its work to improve energy efficiency and to reduce carbon dioxide emissions.

CO₂e emissions





Leading through information results in more sustainable milk production

Modern barns generate plenty of information that results in more profitable and sustainable milk production. Internet of Farming also reduces the environmental impact of milk production.



Milk increasingly comes from free-stall barns where one or several milking robots take care of the milking. A robot generates a large amount of data on, for example, the cow's milking, activeness and production phase. Raisioagro developed a milking robot monitoring service so that the information gathered could be used more effectively.

Monitoring service is meant for farms using robotic milking; real-time data on the yields, feeding and health of dairy cows is gathered. Raisioagro's experts analyse the data and prepare a report for the producer who can then optimise the feeding, improve milk yield and enhance economic profitability of the farm. This service is a concrete example of the opportunities offered by the Internet of Farming.

The development of the service started in 2015 together with a few farms and milking robot manufacturers. With the innovation, the aim is to create added value through feeding plans and feeds as well as through specialists and investments made in a milking robot.

Cattle welfare in focus

Raisio Annual Report / Sustainable food chain / Case: Leading through information results in more sustainable milk production

Raisioagro's monitoring service uses cow-specific information gathered by the milking robot. Based on the data, it is possible to monitor, for example, the impacts of changed feeding on yield as well as their effects on the relationship between milk yield and feed costs. The report provides results regarding the entire cattle, while it is also possible to follow the yields of different animal groups or individual cows.

Only healthy cows produce a lot of milk. With the data analysis, it is possible to closely monitor the cow's wellbeing, quickly detect anomalies and make necessary feeding changes.

In addition, the feed efficiency improves as concentrated feed can be optimised faster with the silage used. As the feed efficiency improves, environmental impacts in relation to the milk produced in kilograms are reduced.

*Monitoring service -
strengthening the
partnership between
Raisioagro and producers.*

Already more than 130 dairy farms, almost 15 per cent of the Finnish robotic milking farms, use the monitoring service, with very positive results. The energy-corrected milk yields of the farms involved have grown by 6.5 per cent on average resulting in higher producer milk income.

Raisioagro is the strongest Finnish expert in the use of Internet of Farming. The company continues to further develop its milking robot monitoring and other services using digitalisation.



The feed innovation Baltic Blend made fish farming more sustainable

Since June 2016, the innovation Baltic Blend® has been used in all Raisioaqua feeds. Fish meal and oil made of the Baltic Sea fish are used as raw materials for the Baltic Blend feeds. When the fish farmed in the Baltic Sea area are fed using local feeds, nutrients are recycled and not brought to the Baltic Sea from outside. With Baltic Blend, the environmental impact of Raisioaqua's feed customers will be significantly lower as the phosphorus load from fish farming turns negative and the nitrogen load is reduced to a fraction of what it was before.



Nutrient recycling is one of the pillars of sustainable food chain. Until now, fishmeal and oil made of the fish from the world's oceans have been used also in the Finnish fish feeds; now they can be replaced by fishmeal and oil made of the Baltic Sea fish. This way, nutrients will not be brought to the Baltic Sea from outside.

With Raisioaqua's innovation Baltic Blend, the same amount or even more phosphorus and nitrogen is removed, in the form of herring used for fishmeal production, from the Baltic Sea than generated from the farming. According to

Raisio Annual Report / Sustainable food chain / Case: The feed innovation Baltic Blend made fish farming more sustainable

the Natural Resources Institute Finland, strong herring and sprat stocks in the Baltic Sea are considered sustainable, so the local feed production is not harmful to natural fish stocks.

A significant reduction in the Baltic Sea nutrient loading

A total of 13,000,000 kg of fish a year is farmed in Finland. The feeding earlier based on raw materials brought from the world's oceans has produced 60,000 kg of phosphorus load and 507,000 kg of nitrogen load each year. When the Baltic Sea feed Baltic Blend is introduced, significant nutrient load reductions will be achieved. On an annual basis, phosphorus will be reduced by 75,000 kg and nitrogen by 377,000 kg, so sustainable fish farming will decrease the nutrient load in the Baltic Sea.

Raisioaqua has also developed a feeding concept Hercules Opti allowing the replacement of fish oil used in fish feeding by rapeseed oil while maintaining high levels of omega-3 fatty acids of fish. Already from 2009, the Hercules feeds contain phytase enzyme. Due to the enzyme, the phosphorus load into the water system decreased by 26 per cent.

Feeds have a significant impact on the sustainability of fish farming. WWF Finland added Finnish farmed rainbow trout on the green list of its Seafood Guide in 2014 and Finnish farmed whitefish in 2016. Several Raisio's fish feed innovations have reduced the environmental impacts of fish farming

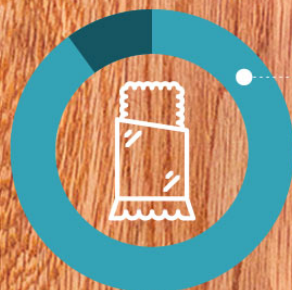
HEALTHIER FOOD 2016



CHANGING EATING HABITS:
we eat more and more snacks

40%
of daily energy
from snacks

NATURALLY HEALTHY SNACKS



90%
of novelties are
healthier
alternatives



OVER
60%
HEALTHY



85%
RICH IN FIBRE

TRUSTED BENECOL HELPING MILLIONS OF CONSUMERS TO LOWER THEIR CHOLESTEROL



FOR OVER 20 YEARS

Benecol products support
heart health as part of
an active lifestyle



EPA and DHA fatty acid content
of Benella Rainbow Trout
ensured with Raisio's feeding
innovation

Benecol innovation is an international success story

BENELLA

HEALTHY OATS

Elovena



provena
PURE OAT

NO PRODUCT RECALLS!



Healthy choices for everyday life

Raisio's product range includes healthy and ecological alternatives for everyday eating. Cholesterol-lowering Benecol products support heart health as part of an active lifestyle. We make good and healthy food choices easy for consumers.

Main events in 2016

- More than 90 per cent of our new foods are healthy products.
- 60 per cent of all Raisio's foods are healthier alternatives in their own categories.
- Based on expert recommendations, Raisio defined the criteria for healthy foods.
- Benecol Soft Chew food supplement is a new, convenient way for cholesterol lowering; it is portable and can be stored at room temperature.
- Raisioagro's milking robot monitoring service provides milk producers with solutions to develop animal feeding and to ensure the well-being of cows.
- Hercules Opti feeding innovation secures the EPA and DHA fatty acid levels in the Benella Rainbow Trout.

Raisio's products are mainly plant-based. Healthy wholegrains are important raw materials for us. Vitamins, minerals, fibres and good fats are naturally present in, for example, oats and rye. 85 per cent of our grain products are rich in fibre.

Raisio's product range includes, for example, porridges, snack biscuits, snack drinks, snack bars, flours, side dishes as well as cholesterol-lowering spreads and minidrinks.

When developing healthy products, we pay attention to the levels of wholegrain and fibre, the quality of fat, and the

salt and sugar content. In the development of Raisio's confectionery production, our focus has been on alternatives for artificial colours and flavours instead of nutritional values.

Eating habits are changing, and fewer and fewer people have time or opportunity to follow traditional meal rhythm. Since up to 40 per cent of daily energy intake comes from snacks, their nutritional composition is important.

Elovena product line has several oaty snacks, and particularly sales of snack biscuits have increased significantly. In 2016, Elovena expanded into new product categories, such as mueslis and quarks with healthy oats creating added value to consumers. Nalle and Provena lines also include a number of healthy wholegrain products.

*85% of our grain products
rich in fibre*

*Snacks make all the
difference*

Cholesterol-lowering Benecol products are functional foods. EU has granted plant stanol ester of these products a disease risk reduction health claim. According to the claim, plant stanol ester is proven to lower serum cholesterol levels. High cholesterol is a risk factor for coronary heart disease. Benecol product marketing highlights the importance of a healthy lifestyle in cholesterol lowering. Our new Benecol Soft Chew food supplement launched in 2016 is an easy way to lower cholesterol while travelling or at work.

Cooperation with organisations

- Raisio cooperates with several organisations promoting heart health, such as European Atherosclerosis Society, Heart UK and Finnish Heart Association.
- Raisio and the Finnish Athletics Federation (SUL) continued their long-term cooperation in the children's nutrition and physical education. Elovena Power Days were organised in primary schools around Finland.
- Raisio and WWF Finland have conducted cooperation since 2010. We aim to, for example, promote sustainable development, make responsible consumer choices easier, ensure environmentally responsible raw materials and promote sustainability of Finnish fish farming.
- With its Pink Bales campaign, Raisioagro raised a total of EUR 9,300 to the Breast Cancer Association Europa Donna Finland. Pink bale wraps were sold and part of the proceeds was donated to The Breast Cancer Association's national peer support activities.

Objectives for 2016-2018

- 2/3 of our foods are healthier alternatives in their own categories.
- We will develop cattle and fish feed innovations promoting well-being of people and animals.



Uncompromising product safety to guarantee confidence

Product safety is of primary importance to Raisio. Customers and consumers can trust the quality and safety of Raisio's products. The product safety of foods and feeds is assured with certifications, audits, staff training, high-quality raw materials and effective processes.

Main events in 2016

- Several external and internal audits were conducted in the production plants related to certification, quality and traceability of raw materials.
- In the production of fish feeds, Raisio carried out a significant investment to improve product quality and environmental efficiency. The investment will be completed in 2017. In addition, an investment enhancing the energy consumption of the fish feed production was already completed in the spring 2016.

Certifications of Raisio's production sites

Certifications and quality systems support the safety of production. The systems ensure, for example, the functionality of our traceability processes.

- All Raisio's food manufacturing sites have the BRC certification of product safety and quality.
- Our units in the UK and Czech Republic are Sedex members. Sedex is an international tracking system of responsible supply chain.

- Quality management system ISO 9001 at the Finnish production sites
- Environmental management system ISO 14001 in the Czech Republic and Finland
- Organic production certificate at the Finnish food production plants
- Kosher and halal certificates in the production of Benecol ingredient
- Kosher certificate at the Finnish food production sites
- OHSAS 18001 occupational health and safety certificate in the Czech Republic

Product recalls in 2016

Raisio aims to produce safe products of high-quality so that product recalls are not necessary. However, if a product quality problem is detected, the recall is made without delay and reasons leading to the situation are examined carefully. In 2016, we achieved an excellent product quality and no recalls were needed.

Objectives for 2016-2018

- We will maintain the BRC certification at our food sites
- Raisioagro's focus will be on recipe accuracy
- The number of public recalls will be zero



Cholesterol lowering now easier also when travelling

Raisio actively develops its Benecol® product range so that it would be increasingly easy for consumers to lower their cholesterol. The food supplement Benecol Soft Chew launched in autumn 2016 is a new, convenient way to lower cholesterol for example during the workday or while travelling as it does not require cold storage.

With changing eating habits and today's mobile lifestyle, consumers increasingly eat away from home. Since the efficacy of Benecol products is at its best when consumed with food, Raisio developed a new, portable Benecol product storable at room temperature.

Lemon and lime flavoured Benecol Soft Chew food supplement is easy to pack as it is light and small. It is sweetened with xylitol and the daily dose, 3-6 Soft Chews, is taken with one or more meals, with or without water. The food supplement launched in the autumn has been well received. Unlike other Benecol products, Benecol Soft Chew is primarily sold by pharmacies. It is available in Finland, Ireland, Belgium, Poland and Holland as well as in Raisio's online Oatlet Store that supplies goods within the European Union.

Benecol products sold in Raisio's home markets are mostly cold chain items. The best-selling products are Benecol minidrinks and spreads. Product diversification is an integral part of the renewed Benecol. We want to provide effective and tasty alternatives to lower cholesterol so that as many consumers as possible could find a suitable Benecol product.

Raisio's brand Benecol is a Finnish top innovation promoting people's well-being in about 30 countries. It has helped millions of consumers to lower their cholesterol levels for over 20 years.

SAFETY AND WELLBEING AT WORK 2016

PERSONNEL COMPETENCE IS OUR STRENGTH



In Finland,
employees had an
average of

3.4
TRAINING DAYS



Development of operations
together with employees:
dozens of development
projects



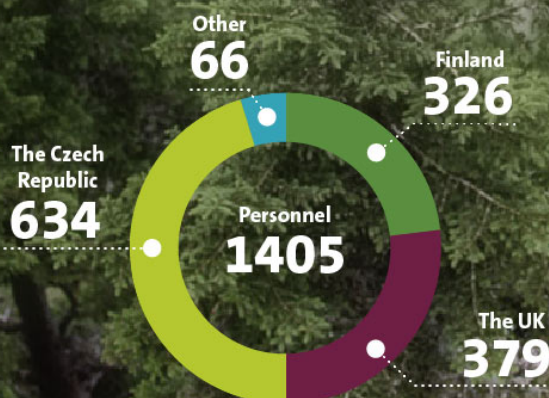
Safe workplace for
all as a theme



Break exercising and
workplace ergonomics
important



RAISIO CODE OF CONDUCT INTRODUCED:
guidelines on, for example, wellbeing at work and equality



Average
length of
employment

9
YEARS

Raisio's personnel 2016

Competent and goal-oriented employees enable Raisio's successful business operations. In order to secure its competitiveness, Raisio invested in the competence and well-being of its employees with numerous training events and internal development projects in 2016.

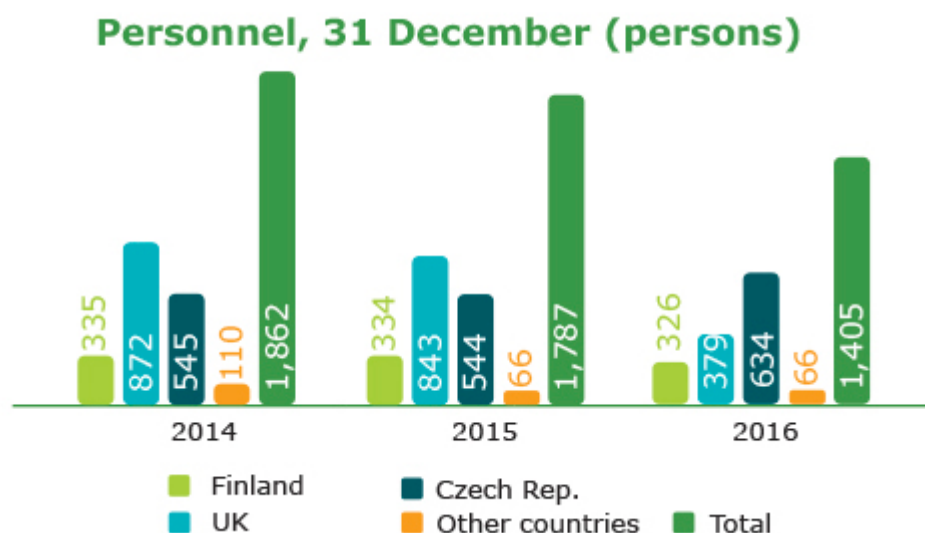
Main events in 2016

- At the end of 2016, Raisio had 1,405 employees (1,787 at the end of 2015) in nine countries
- With the UK's snack business divestment, the number of employees decreased by some 450 persons; some 320 of them transferred to the new owner of Newport and Swindon plants.
- In the Czech Republic, the number of employees grew by some 90 persons as a result of the increased demand for confectionery.
- At Raisioagro, lean management philosophy and continuous improvement tools and processes were introduced.
- Raisio Code of Conduct for the entire staff and administration was updated and related training events started at the end of 2016.

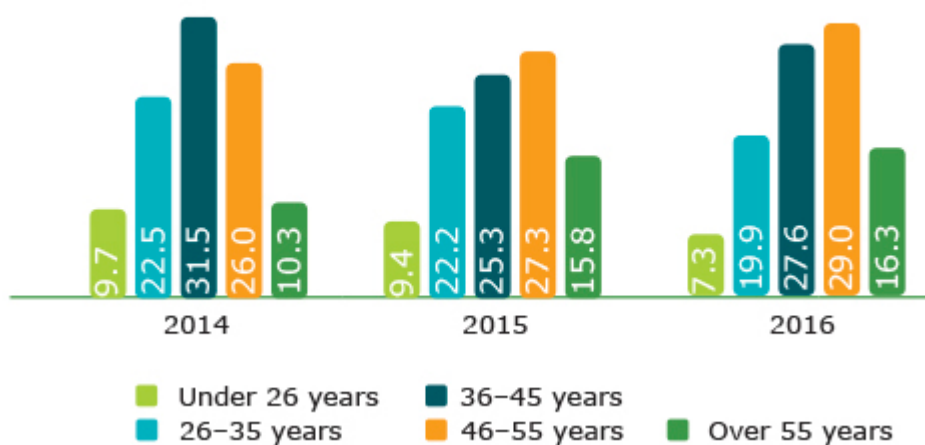
Raisio regularly reviews market salaries in order to maintain its competitiveness. In 2016, Raisio's wages and fees from continuing operations totalled EUR 58.0 (2015: 77.2) million including other personnel expenses.

In the Czech Republic, competition for skilled labour intensified as the industrial production increased in the Rohatec region. To ensure competitiveness as well as availability and stability of the workforce, Raisio raised the factory workers' wage levels in 2016.

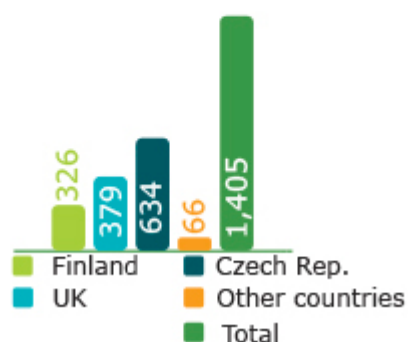
Raisio complies with local collective agreements, regulations and laws related to work in the countries where the company operates.



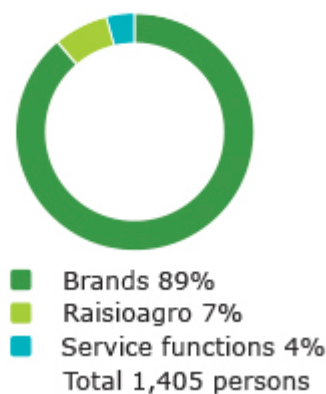
Age distribution of personnel (%)



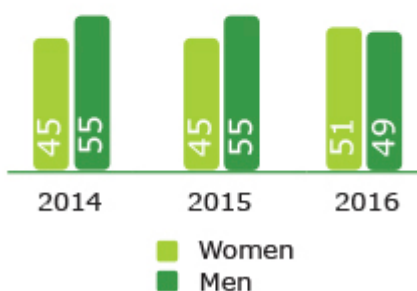
Personnel, 31 December 2016 (persons)



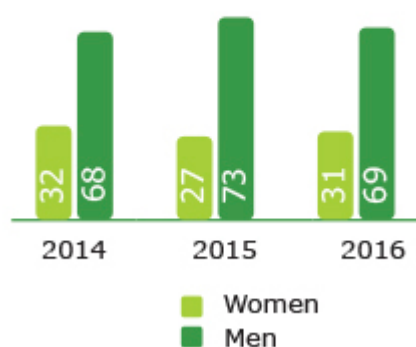
Number of employees by businesses (%)



Gender distribution of personnel (%)



Gender distribution in managerial positions (%)



Average age of personnel (years)



Finland
UK
Czech Rep.
Other countries

The average age of Raisio Group personnel is 43.2 years.

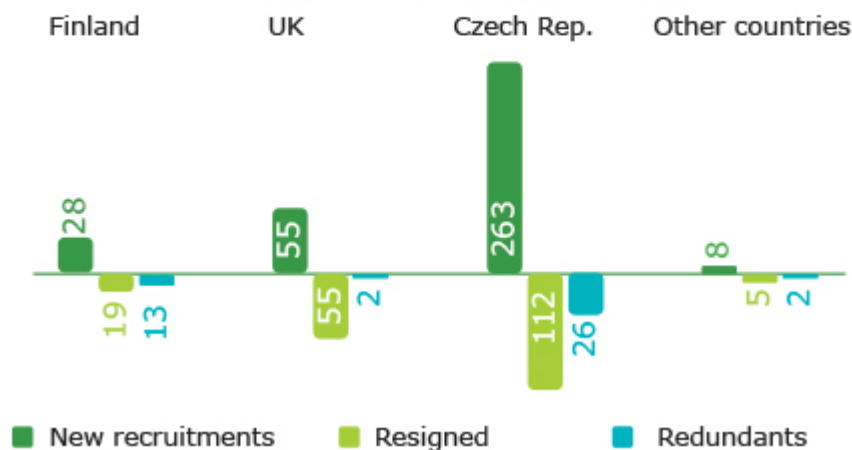
Average age of personnel by gender (years)



Average age women
Average age men

The average age of women working for Raisio Group is 42.6 and that of men 44.1 years.

Personnel turnover entered/left 2016 (persons)



New recruitments Resigned Redundants



Wellbeing at work and competence development

Raisio promotes wellbeing at work by investing in the leadership and effective interaction. Employees' competence development is supported through training, workplace learning and development of activities. Priorities for the skills development are defined on the basis of the business needs, human resources assessment and employee survey. In addition, personal development plans are agreed in performance appraisals.

Main events in 2016

- The Group spent EUR 420,000 (2015: EUR 550,000) on the employee training. In addition, employees were provided with several internal training events.
- Skills development efforts focused on the occupational training and development of internal activities as well as on the customer and consumer insight and issues related to work community, safety, information security and responsibility.
- On the basis of employee survey results, dozens of development projects were carried out to promote wellbeing at work.

Raisio continued to strengthen the customer and consumer insight, supervisory work and personnel communications by means of internal development. Employees were provided with coaching and information events

that focused on Raisio's topical issues and the development of the company in terms of responsibility, wellbeing at work and issues related to nutrition and product knowledge. Broad participation was enabled with remote connections.

In Finland, managers of Raisio and some other companies attended a management and development training programme focusing on the business management and development. In addition, employees attended trainings related to the understanding of differences in people and different communication and interaction styles.

Work induction continued to have a key role and it was particularly important in the Czech Republic where personnel turnover was high and the total number of employees increased considerably.

Raisio Group's appraisal discussions covered 33 per cent (2015: 36 per cent) of the entire personnel. The company's target is that all employees will have appraisal discussions every year with their superior. In the Finnish offices, performance appraisals covered almost 100 per cent. In the UK and Czech Republic, performance appraisals have been introduced gradually, starting with the management and key personnel.

In Finland, Raisio's cooperation with schools and institutes continued in the form of, for example, practical training period and final project, particularly among students working in the procurement function. Raisio also continued as a partner in the sixth graders' Me & MyCity project.

Employee satisfaction

Raisio carries out an employee survey every two years in order to allow sufficient time for development measures. The next survey will be conducted in the spring 2017.

The measures initiated based on the 2015 survey results were continued during 2016. Superior work, communications, cooperation, induction and wellbeing at work were promoted with various development projects.

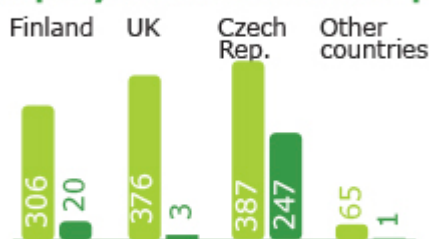
Results

- Based on the personnel survey of 2015, dozens of development projects were launched. The implementation of the projects was continued during 2016.
- The scope of performance appraisals decreased by three percentage points, from 36 to 33 per cent.

Objectives for 2016-2018

- Improved employee satisfaction
- Continuous development of employees and the scope of performance appraisals toward the target of 100 per cent.

Number of permanent and fixed-term employment relationships



■ Permanent
■ Fixed-term

80.7% of Raisio's employment relationships are permanent and 19.3% of fixed-term nature.

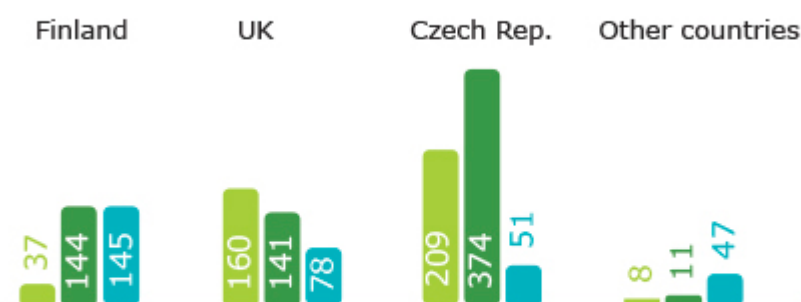
Number of full-time and part-time employment relationships



■ Full-time
■ Part-time

98% Raisio's employment relationships are full-time and 2% are part-time nature.

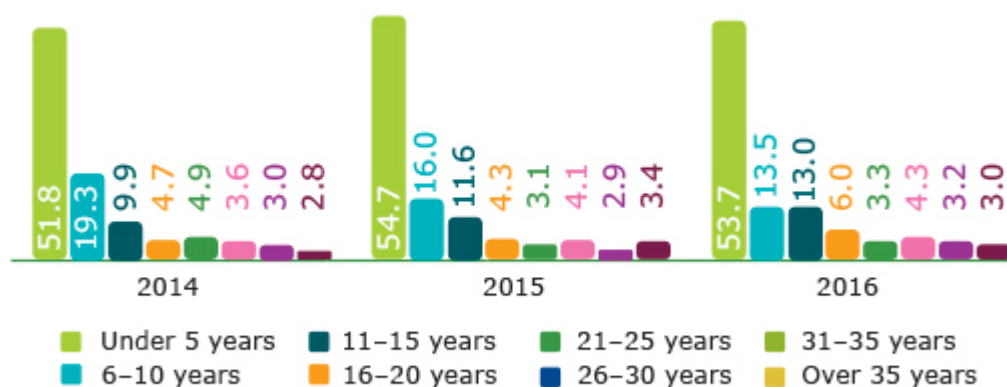
Employees' education



■ Comprehensive school, secondary school graduate or corresponding
■ Vocational education

■ Higher or lower academic degree

Lengths of employment relationships (%)



The average length of employment is 9 years.



Safety at work and reduction of accidents

Raisio Group is a safe and comfortable workplace for its employees. Accident frequency continued to decline through staff training and the development of safe work conditions.

Main events in 2016

- In Finland, work safety remained at a good level. The figures of Raisio's workplace accidents and sickness absences are significantly lower than the Finnish food industry average.
- In the UK's confectionery business, work safety communications improved through, for example, safety bulletins.
- In the Czech Republic, the number of workplace accidents remained at low levels. The Czech factories have a certified occupational health and safety management system OHSAS in use.

In 2016, the number and frequency of accidents at work among Raisio's employees fell from the 2015 levels. The company carries out annual action plans to improve workplace safety. Each Raisio's unit has a work safety organisation; safety tours and inspections are conducted on a regular basis and each accident is investigated.

Results

- The number of accidents at work fell. In 2016, accidents totalled 152 whereas in 2015, the figure was 199. The number of accidents per one million hours worked was 64 (2015: 66).

- The number of paid sick days slightly increased. The number of sick days decreased in Finland, remained the same in the UK and increased in the Czech Republic.

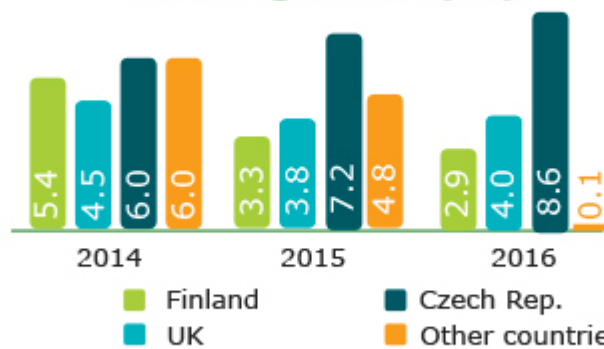
Objectives for 2016-2018

- Continuous reduction in the frequency of workplace accidents
- Continuous reduction in sickness absence

Accidents at work



Absences due to illness of theoretical working hours (%)



Employees' absence due to illness on average in 2016 was 5.7%.



Quality and customer satisfaction through lean thinking

Raisioagro has determinedly implemented lean thinking. Over the last few years, many of the company's processes have been simplified and Raisioagro has established its way to focus on the work creating value for customers.

Lean thinking is a management philosophy aiming to improve customer satisfaction, quality and cost-effectiveness. Raisioagro has implemented lean thinking since 2014. All employees have attended multi-day lean training events; practices and processes have been discussed from a new perspective using lean tools. After the events, business processes have been described according to lean, and wastes - non-value adding phases – have been cut down and shortened. Earlier, particularly the production focused on the improvement of resource efficiency, but now the focus is on the development of the flow efficiency.

In lean thinking, value is defined as something that the customer is willing to pay for. Roughly speaking, all other activity is waste that should be avoided or at least minimised. The idea is to make things in a simple way and to focus on activities adding value. Continuous improvement and learning are fundamental principles in lean thinking.

Lean has helped to focus on the essential

Encouraging results

The new management approach has brought significant results. As the manufacturing is based on customer demand, lead time has been reduced and stocks of raw materials and finished goods have decreased. At the same time, we have been able to serve customers more flexibly and employees have learned to better understand the

Raisio Annual Report / Workplace safety and well-being / Case: Quality and customer satisfaction through lean thinking

functioning of the whole organization. Many business processes are now simpler and faster.

What is encouraging is that employees themselves have started to question their established practices. In addition, they are empowered to change, when necessary, processes related to their duties. The change in the workplace culture has had a good start. Employees have found the trainings and lean thinking inspiring and useful.

Raisioagro will continue to use the lean approach and to share best practices.. The company has achieved an overall picture of the value stream, and defined development areas.

Competent and motivated personnel is seen as a significant resource at the Raisio Group. The Group used EUR 420,000 to train its employees in 2016. In addition, several internal training events were organised.



A comfortable work environment improves employee interaction and work atmosphere

Work environment plays a significant role in the employee wellbeing and work routines. Raisio's Benecol unit in Poland moved to new offices early 2016. Employee engagement, work climate and internal communication improved with the new open-plan office.

Poland is one of Raisio's biggest markets for Benecol products. At the beginning of 2016, over ten Raisio's office employees moved to an open office with better transport links. The open-plan office had many positive impacts. The bright office is in a modern building, with premises of other international companies.

Workspace affects work routines

New premises with mainly open-plan space have changed work routines. The staff now have a common break room which has increased interaction among employees.

With the open-plan office, internal communication has significantly improved. Members of different teams - customer service, finances, marketing and sales - now sit next to each other which makes communication easier. The number of internal emails has decreased considerably as people work together and communicate face-to-face. A sense of togetherness and work atmosphere have improved.

Raisio Annual Report / Workplace safety and well-being / Case: A comfortable work environment improves employee interaction and atmosphere

Working in teams has increased, and there is more collaboration among people from different functions. Cross-functional teams can quickly respond to business needs and solve problems more effectively.

Employee feedback has been very positive. They appreciate the flexibility of work routines, improved internal communication and the short commute.

Raisio employees in Poland appreciate team work and the flexibility of interaction.

Financial responsibility

Financial review

[Raisio Group's key figures, net sales and information about profitability](#)

Financial reporting

Raisio Group reports on its performance in line with the continuing operations. All figures mentioned in Raisio's Financial Statements are comparable. The Divisions that are reported in line with continuing operations include Brands and Raisioagro.

[Raisio's Financial Statements 2016](#)

Profitability and continuity

- On 31 December 2016, the Group's equity ratio totalled 66.8 (62.3 in 2015) per cent and net gearing was 8.5 (12.1) per cent.
- The average return on equity was 5.7 (10.4) per cent.
- The average return on investment was 6.6 (9.2) per cent.

FINANCIAL VALUE GENERATED BY OUR OPERATIONS TO OUR STAKEHOLDERS 2016

NET SALES EUR 436 MILLION



BREAKDOWN OF ECONOMIC VALUE

SUPPLIERS AND PRODUCTION:

Purchases of raw materials,
energy and services as
well as depreciations

EUR
305
million

PERSONNEL: salaries and fees

EUR
58
million

SHAREHOLDERS: dividends

EUR
25
million

INVESTMENTS

EUR
18
million

PUBLIC SECTOR: income taxes

EUR
8
million

CREDITORS: net financial expenses

EUR
2
million

Reporting period and the scope of reporting

Raisio reports on its corporate responsibility performance as a Group and the reporting covers all the Group's operations. The Group's boundaries include the parent company, Raisio plc, its subsidiaries and the subsidiaries owned by them that are listed in the notes to the financial statements. Key figures concerning food industry are reported without Raisioagro. Any deviations in the boundary are reported in connection with the key figures.

Raisio's Corporate Responsibility Report includes the effects of the Group's own operations. We report on corporate responsibility once a year in connection with the Annual Report. This report concerns the financial period of 2016. Raisio's previous Corporate Responsibility Report was published in March 2016.

Raisio plc's headquarters is located in Raisio, Finland.

Contact information

Please send your inquiries regarding the Corporate Responsibility Report at [communications \(at\) raisio.com](mailto:communications@raisio.com).

GRI G4 index

Raisio's Corporate Responsibility Report complies with the Global Reporting Initiative (GRI), version G4, guidelines for core-level reporting. The report has not been assured by a third-party.

CODE	GR CONTENT	LOCATION	FURTHER INFORMATION	UN GLOBAL COMPACT
	Strategy and analysis			
G4-1	Statement from the CEO	CEO's review for 2016		x
	Organisational profile			
G4-3	Name of the organisation	Scope of reporting		
G4-4	Primary brands, products and services	Benecol Healthy Snacks Confectionery Raisioagro		
G4-5	Location of the organisation's headquarters	Scope of reporting		
G4-6	The countries where the organisation operates	Benecol Healthy Snacks Confectionery Raisioagro		
G4-7	Nature of ownership and legal form	Corporate governance		
G4-8	Markets served	Benecol Healthy Snacks Confectionery Raisioagro		
G4-9	Scale of organisation	Financial Statements		
G4-10	Employee profile	Raisio's Personnel 2016		

G4-11	Employees covered by collective bargaining agreements	Raisio's Personnel 2016	Information on trade union membership is not available.	
G4-12	Organisation's supply chain	Diverse value chain		
G4-13	Significant changes during the reporting period regarding the organisation's size, structure , ownership, or its supply chain	Financial Statements		
G4-14	Precautionary principles	Business Risks		
G4-15	Externally developed principles or initiatives to which the organisation is committed	Responsible Code of Conduct and Policies		
G4-16	Memberships of associations	Memberships of Associations		
	Identified Material Aspects and Boundaries			
G4-17	Organisations's entities included in the report	The scope of reporting		
G4-18	Process of defining the report content	Materiality Assessment		
G4-19	Material aspects	Materiality Assessment		
G4-20	Aspect boundary for each material aspect within the organisation	Responsible procurement Environmental responsibility Healthy choices for everyday life Product safety Job satisfaction and competence development Safety at work and reduction of accidents		

G4-21	Aspect boundary for each material aspect outside the organisation	Responsible procurement Environmental responsibility Healthy choices for everyday life Product safety Job satisfaction and competence development Safety at work and reduction of accidents		
G4-22	Restatements of information provided in previous reports	No restatements.		
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	No significant changes in the scope and aspect boundaries.		
	Stakeholder engagement			
G4-24	List of stakeholder groups engaged in the organisation	Continuous dialogue with stakeholders		
G4-25	Basis for identification and selection of stakeholders with whom to engage	Continuous dialogue with stakeholders		
G4-26	Organisation's approach to stakeholder engagement	Continuous dialogue with stakeholders		
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Materiality Assessment		
	Report profile			
G4-28	Reporting period	Scope of reporting		
G4-29	Date of the most recent previous report	Scope of reporting		
G4-30	Reporting cycle	Scope of reporting		

Raisio Annual Report / Scope of reporting / GRI G4 index

G4-31	Contact point for questions regarding the report of its contents	Scope of reporting		
G4-32	GRI content index	GRI G4 Index		
G4-33	Organisation's policy with regard to external assurance	GRI G4 Index		
	Governance			
G4-34	Governance structure of the organisation and committees	Corporate governance Responsibility management model		
	Ethics and integrity			
G4-56	Organisation's values, principles and codes	Responsible Code of Conduct and Policies		x
G4-57	Advice on the ethics and legality of operations	Responsible Code of Conduct and Policies		x
	Disclosures on management approach			
G4-DMA	Disclosure of management approach	Responsible procurement Environmental responsibility Healthy choices for everyday life Product safety Job satisfaction and competence development Safety at work and reduction of accidents		
	Economic impacts			
		Financial		

G4-EC1	Direct economic value generated and distributed	responsibility		
	Environmental impacts			
G4-EN1	Raw materials	Responsible procurement Raisio's environmental impact	We report raw materials used in our products.	x
G4-EN3	Energy consumption within the organisation	Raisio's environmental impact		x
G4-EN8	Total water withdrawal	Raisio's environmental impact		x
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental responsibility		x
G4-EN23	Waste	Raisio's environmental impact		x
G4-EN29	Fines and sanctions for non-compliance with environmental laws and regulations	Environmental responsibility		x
	Social impacts			
G4-LA1	New employee hires and employee turnover	Raisio's Personnel 2016		x
G4-LA6	Work-related accidents and sickness absences	Safety at work and reduction of accidents	No distribution by gender.	x
G4-LA11	Percentage of employees receiving regular performance appraisals	Job satisfaction and competence development		
	Food processing, sector disclosures			
		Responsible		

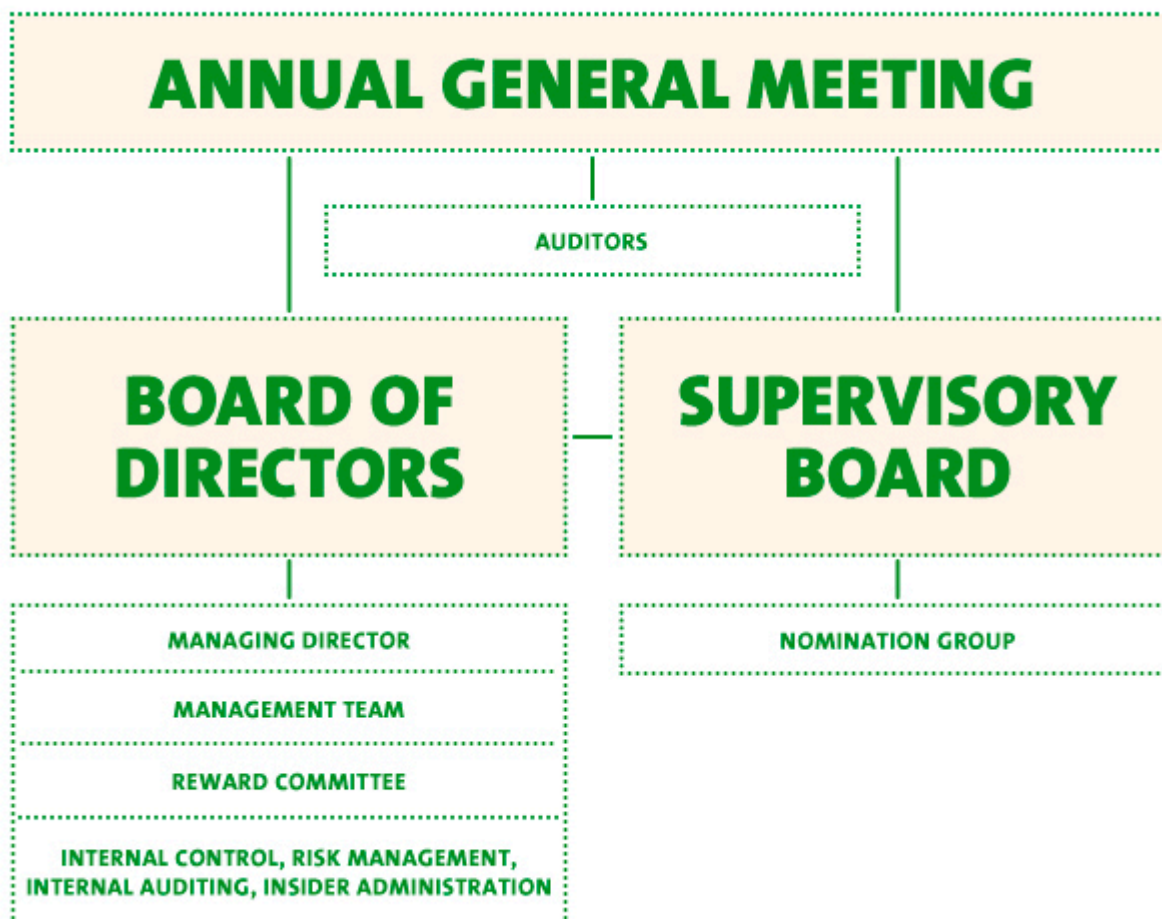
Raisio Annual Report / Scope of reporting / GRI G4 index

FP1	Certified raw materials	procurement		x
FP5	Products manufactured in certified sites	Product safety		

Corporate Governance

Raisio plc's Corporate Governance Model

Raisio plc has some 39,000 shareholders.



Investor relations

Investor relations policy

Raisio's Investor Relations is responsible for providing Finnish and foreign investors with reliable, timely information to support their decision-making. The target is fulfilled with written materials, such as financial statements bulletin and interim reports, annual report, corporate responsibility report, stock exchange and press releases and website, as well as materials related to investor and analyst meetings. The main task of Investor Relations is to ensure that the markets have correct and sufficient information to determine the value of Raisio shares.

In all of its communications, Raisio complies with the requirements as defined by the Securities Markets Act, the rules of the Nasdaq Helsinki Ltd and any other applicable regulation concerning prompt and simultaneous disclosure of information.

Investor Relations activities

Raisio's Group Communications coordinates all Investor Relations activities of the company. This ensures simultaneous disclosure of information as well as equal access to meet the company's management. Raisio's Investor Relations strives for accurate, transparent and high-quality service.

Silent period

Raisio observes a period of silence before the Group's financial results are published. Raisio observes a six-week silent period before the publication of its financial statements bulletin and four-weeks before half-year financial report and interim reports. During this time, the company does not meet with capital market representatives or comment on its finances. This applies to meetings, telephone conversations and other forms of communication.

Analysts

A list of banks and analysts following Raisio can be found on the company's website, Investors section, at www.raisio.com under heading Investors, or by clicking on the link below

[Link to analysts list](#)

Contact information

Communications and IR Manager

Tel. +358 50 567 3060

email: [heidi.hirvonen\(at\)raisio.com](mailto:heidi.hirvonen@raisio.com)

Information to shareholders

Annual General Meeting (AGM)

Raisio plc's Annual General Meeting will be held on Thursday, 23 March 2017 at 2 p.m., Finnish time, in the Turku Fair and Congress Centre. The address is Messukentäkatu 9-13, 20210 Turku.

Registration

A shareholder who is registered in the share ledger kept by Euroclear Finland Ltd on 13 March 2017 can attend the AGM. Shareholders who wish to attend the AGM should notify the Company no later than 3.00 p.m. on Thursday 16 March 2017 by

- email at [osakaspalvelu\(at\)raisio.com](mailto:osakaspalvelu(at)raisio.com), or
- phone at +358 50 386 4350, or
- fax at +358 2 443 2315, or
- a letter to Raisio plc. Address: Share issues, P.O. Box 101, 21201 Raisio

The notification shall include the shareholder's name, personal or corporate identification number, address and phone number, the name of any possible assistant as well as the shareholder's possible intention to use a proxy, and the proxy's name and personal identification number.

Under the Companies Act, shareholders have the right to have a matter falling within the competence of the general meeting dealt with by the general meeting, provided that the shareholder so demands in writing from the Board of Directors well in advance, so that the matter can be included in the meeting notice.

Dividend payment

Raisio's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.17 per share be paid for the financial period 2016. The dividend will be paid to a shareholder who is registered in the share ledger kept by Euroclear Finland Ltd on the record date 27 March 2017. The payable date is 3 April 2017.

Change of address

Raisio's shareholders are kindly requested to report changes of address to the bank where they have their book-entry account.

Raisio's financial reviews in 2017

PUBLICATIONS	PUBLICATION DATES
Financial Review January-March 2017	Wednesday 10 May 2017
Half-Year Financial Report January-June 2017	Wednesday 9 August 2017

Publication of financial information

Raisio publishes its financial reviews, annual review, corporate responsibility report and stock exchange releases in Finnish and in English. Raisio's annual review will be published on line. Corporate Responsibility Report is part of Raisio's annual review.

Financial reports and releases can be found on Raisio's web site

www.raisio.com.

You can also subscribe to Raisio's releases to your e-mail using the link

www.raisio.com/en/subscribe-releases.

Board of Directors 31 December 2016



Chairman

Matti Perkonoja

Born 1949

Place of residence: Mynämäki, Finland

Education: Commercial College graduate

Key employment history: HKScan Oyj: CEO 2009-2012, CFO 2000-2009

Board membership: Member since 2011 and the Chairman since 2013

Other simultaneous positions of trust: Mutual Employment Pension Insurance Company

Varma: Employers' Consultative Committee Member

Meeting attendance: 16/16

Holdings in Raisio: series V 24,301



Deputy Chairman

Michael Ramm-Schmidt

Chairman of the Board, Oy Executive Leasing Ab

Born 1952

Place of residence: Espoo, Finland

Education: B.Sc. (Econ. & Bus.Adm.)

Key employment history: Oy Executive Leasing Ab 2004-; Hackman Oyj Abp: President & CEO 2004; Hackman Metos Oy Ab: CEO 1995-2004, Hackman Designor Oy Ab: CEO 1989-1994, International Masters Publishers Inc.: CEO 1986-1989, Skandinavisk Press AB: CEO 1984-1986

Board membership: Member since 2005, Deputy Chairman since 2006

Other simultaneous positions of trust: Levanto Oy: Member of the Board of Directors, Stala Oy: Member of the Board of Directors; Stalatube Oy: Chairman of the Board of Directors; Stiftelsen Svenska Handelshögskolan: Member of the Supervisory Board; Menumat Oy: Member of the Board of Directors

Meeting attendance: 14/16

Holdings in Raisio: series V 56,661



Erkki Haavisto

Farmer

Born 1968

Place of residence: Raisio, Finland

Education: M.Sc. (Agr. & Forestry)

Key employment history: Farm owner 1993-

Board membership: Member since 2004

Other simultaneous positions of trust: Lounametsä Forestry Association: Deputy Chairman of the Board of Directors; Raisio plc Research Foundation: Member of the Board of Directors; Salaojituksen Tukisäätiö s.r.: Deputy Chairman of the Board of Directors, Turun Seudun Osuuspankki: Member of the Board of Directors; The University of Turku: Member of the Consultative Committee

Meeting attendance: 16/16

Holdings in Raisio: series K 364,940 and series V 144,210



Ann-Christine Sundell

Senior Advisor

Born 1964

Place of residence: Parainen, Finland

Education: MSc, Biochemistry

Key employment history: PerkinElmer Oy: President, Strategic Business Enterprise (SBE) Genetic Screening 2000-2010; Segment Manager, Sales & Marketing Director 1999-2000; Marketing Director 1999; Product Group Director 1996-1998

Board membership: Member since 2015

Other simultaneous positions of trust: Oy Medix Biochemica Ab: Chairman of the Board of Directors; Oy Medix Ab: Member of the Board of Directors; Minerva Foundation: Member of the Board of Directors and Member of the Finance Committee, Serres Oy: Member of the Board of Directors, Zymonostics ApS (Denmark): Member of the Board of Directors, Ledil Group Oy: Member of the Board of Directors; Revenio Group Oyj: Member of the Board of

Directors; Immunovia Ab (Sweden): Member of the Board of Directors

Meeting attendance: 16/16

Holdings in Raisio: series V 1,900



Antti Tiitola

CEO, Motonet Oy, Varaosamaailma Oy, BG Varasto Oy

Born 1967

Place of residence: Helsinki, Finland

Education: Commercial College graduate, Gross- und Aussenhandelskaufmann

Key employment history: Neste plc: Executive Vice President 2014-2016; VR-Group Ltd: Senior Vice President 2012-2014; Lidl Finland: CEO 2000-2011; Örum Oy Ab: Marketing Director 1999-2000, Marketing Manager 1995-1998

Board membership: Member since 2014

Other simultaneous positions of trust: Broman Group Ltd: Member of the Board of Directors; Deutsch-Finnische Handelskammer: Executive Board Member

Meeting attendance: 15/16

Holdings in Raisio: series V 3,879

Management Team 31 December 2016



Matti Rihko

Born 1962

Domicile: Turku, Finland

Education: M.Sc. (Econ.), M.A. Psychology

Occupation in Raisio: Chief Executive Officer since 2006 - 3 January 2017

Principal employment history: Raisio plc 2006-: Vice President, Ingredients Division; Altadis SA, Paris 2004-2006: Regional Director Europe; Altadis Finland Oy 1999-2004: General Manager

Management Team membership: Member since 2006

Positions of trust: Mutual Employment Pension Insurance Company Varma: Member of the Supervisory Board, Oriola-KD plc: Member of the Board of Directors; Terveystalo Oy: Member of the Board of Directors; Turku Science Park Ltd: Member of the Board of Directors; Turku Chamber of Commerce: Member of the Board of Directors; The University of Turku: Chairman of the Board of Directors, Raisio plc's Research Foundation: Chairman of the Board of Directors



Jarmo Puputti

Born 1965

Domicile: Nokia, Finland

Education: M. Sc. (Eng.), MBA

Position at Raisio: CEO, Raisio plc since 3 January 2017. Vice President, Raisioagro Division and Raisionkaari Industrial Park

Principal employment history: Raisio plc 2013-; Nokian Heavy Tyres Ltd. 2008-2013: Vice President and Managing Director; Patria Weapon Systems Oy 2005-2008: Managing Director

Management Team membership: Member since 2013

Positions of trust: Lumilab Oy, Member of the Board of Directors



Antti Elevuori

Born 1979

Domicile: Naantali, Finland

Education: M.Sc. (Econ.)

Position at Raisio: Chief Financial Officer

Principal employment history: Raisio plc 2003-: different positions in financial administration and business development

Management Team membership: Member since 2014

Positions of trust: -



Sari Koivulehto-Mäkitalo

Born 1974

Domicile: Masku, Finland

Education: Master of Laws, trained on the bench

Position at Raisio: Vice President, Legal Affairs

Principal employment history: Raisio plc 2006-; Schering Oy 2001-2006: lawyer; Konecranes Plc 2000-2001: lawyer

Management Team membership: Member since 2013

Positions of trust: Turku Chamber of Commerce: Member of Law Committee



Merja Lumme

Born 1961

Domicile: Masku, Finland

Education: Engineer, eMBA

Position at Raisio: Vice President, Human Resources

Principal employment history: Raisio plc 2003-; PerkinElmer/Wallac 1992-2003: Quality management, HR management and administration; Aimo Virtanen Oy 1991-1992, Saloplast Oy 1988-1992: Quality management

Management Team membership: Member since 2003

Positions of trust: Foundation of Turku Adult Education: Member of Delegation; Turku Chamber of Commerce: Deputy Chairman of Education and Labour Committee



Vincent Poujardieu

Born 1967

Domicile: Brussels, Belgium

Education: Graduated EDHEC business school (Lille, France)

Position at Raisio: Vice President, Benecol business and Business Development

Principal employment history: Raisio plc 2007-; Altadis SA, Brussels 2000-2007: Regional Director Benelux and then North Europe; Altadis SA, Paris 1994-2000: Business Development Manager; French Embassy, Nicaragua 1992-1994: Commercial Adviser; Arthur Andersen, Lyon (France) 1989-1992: financial auditor

Management Team membership: Member since 2007

Positions of trust: -

Corporate Governance Statement 2016

RAISIO PLC



Remuneration Statement 2016

RAISIO PLC



Financial Statements 2016

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