

Annual Report 2015

RAISIO PLC

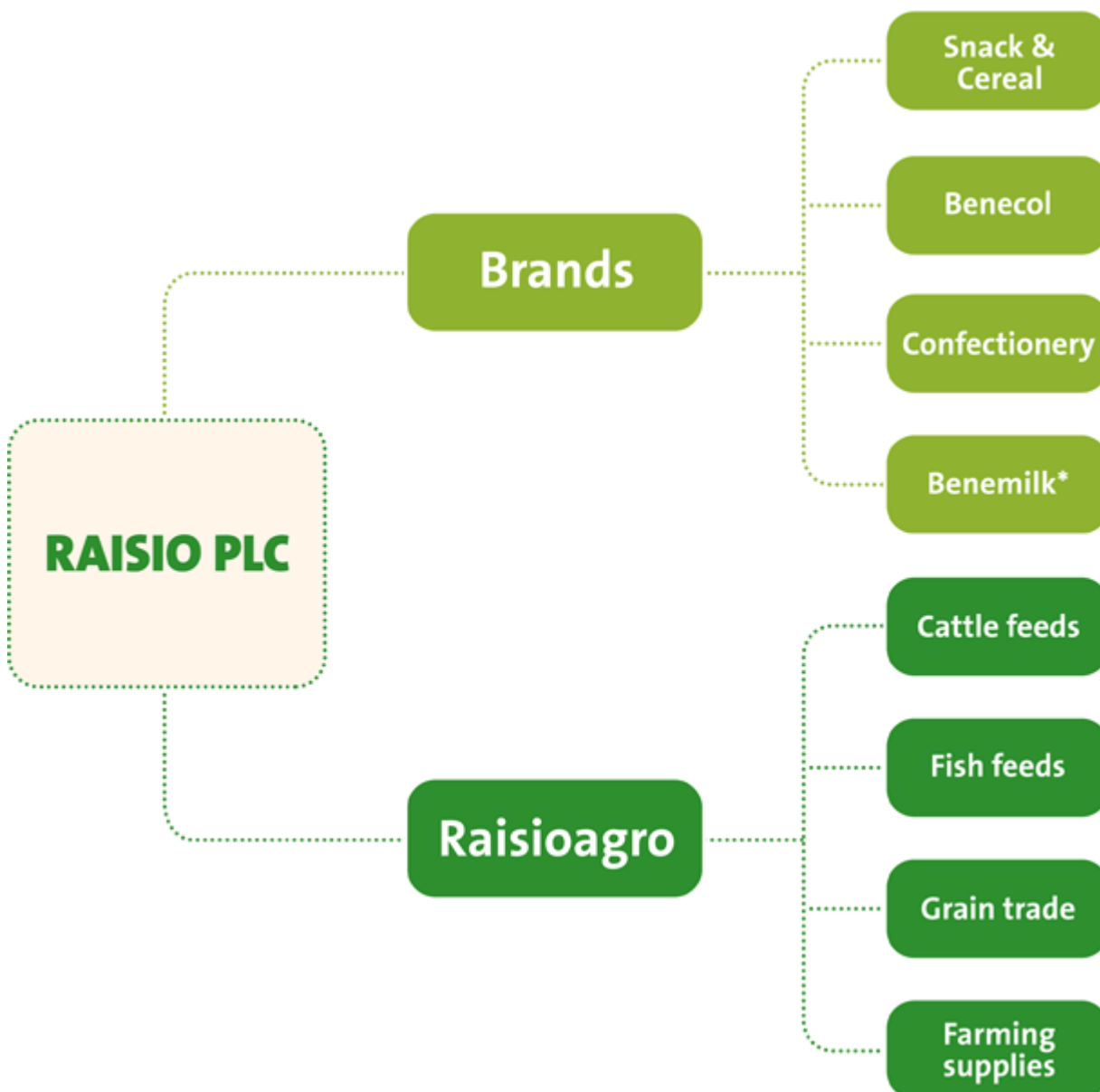


Raisio Group

Raisio plc is a successful international company. Raisio has been able to improve its dividend for nine consecutive years, which shows the company's ability to renew itself and to generate added value to its customers through innovations.

Raisio's vision is to be a forerunner in ecological and healthy snacks with leading brands as well as an active developer of sustainable food chain. Raisio's top innovations and numerous inventions are examples of the ability to develop products and methods to solve global problems in the food and agro-sectors and to improve profitability, taking sustainable development into account.

Raisio's operations are divided into two divisions: Brands and Raisioagro. The Brands Division includes Snack & Cereal, Benecol, Confectionery and a joint venture Benemilk Ltd. Raisioagro Division includes cattle & fish feeds, grain trade and farming supplies.



Raisio's story began from a mill founded in South-West Finland in 1939. Now Raisio's shares are listed on Nasdaq Helsinki Ltd, and the company has some 36,500 shareholders. Some 1,800 people work at Raisio and as many as 80% of them outside Finland. In 2015, the Group's net sales totalled EUR 521 million and EBIT was EUR 51.7 million excluding one-off items.

Raisio's product range includes snacks, breakfast and baking products, cholesterol-lowering functional foods, plant stanol ester – a Benecol product ingredient – and confectionery. In addition to its own branded products, Raisio also produces snack bars and confectionery to its partners. In addition to cattle and fish feed production, Raisioagro is an important operator in the Finnish grain trade as well as a valued developer and expert of feeding concepts.

Raisio recorded a record result in 2015

Raisio's products are sold to some 60 countries.

Raisio's key markets are Finland, the UK, Russia, Poland and the Czech Republic. The markets for Benecol products are global.

Raisio in the world

Chief Executive' review for 2015

In 2015, Raisio improved its EBIT by 48 per cent from the previous year and the Board of Directors proposes that the dividend paid for 2015 will be raised by 14 per cent. Raisio continues with its focus on healthy and ecological snacks which means that we respond to consumer and retailer needs with new innovations and by expanding to new product categories. Competence, innovations and responsibility are at the core of Raisio's operations.

Raisio achieved its highest ever results in 2015, EUR 51.7 million excluding one-off items. At the same time, the Group's EBIT margin excluding one-off items rose to 9.9 per cent. EBIT improved by nearly 17 million euros and EBIT margin by almost three percentage points, which is a strong performance in a difficult market situation.

Raisio achieved a record result

Good results together with efficient net working capital management ensured a record strong operating cash flow of 65 million euros.

The Board of Directors proposes a dividend of 16 cents per share (2014: 14 cents). Raisio's dividend has grown continuously since 2006 showing the longest record of continuously rising dividends on the Helsinki Stock Exchange at the moment. Raisio also has a good history as a listed dividend paying company, as it has paid dividends every year.

Raisio's transformation from a local to international operator

Over the past ten years, Raisio Group has gone through transformation from a local operator to an international specialist. The change is seen both in our Brands Division and Raisioagro. In addition, ecology and responsibility are strongly visible in the Group's operations.

*Board's dividend proposal
16 cents/share*

Major part of net sales and EBIT for the current Raisio's Brands Division is generated outside Finland. Raisioagro is focused on the cattle and fish feeds and on feeding expertise. Raisio has grown to a profitable operator performing well in the international competition.

Food industry's new opportunities through innovations

Always decreasing food prices are based on false assumptions, as the food chain is affected by global phenomena, such as population growth, urbanisation, fresh water shortage and climate change. These phenomena strengthen the price volatility of raw materials and risks in the food chain.

Particularly science and inventions take the food industry in a new direction. This means, for example, individual, disease-preventing diets that are acquired online. The food industry will be flooding with new inventions. Food can be used to promote health, beauty and intelligence. This certainly will change the competitive situation in the

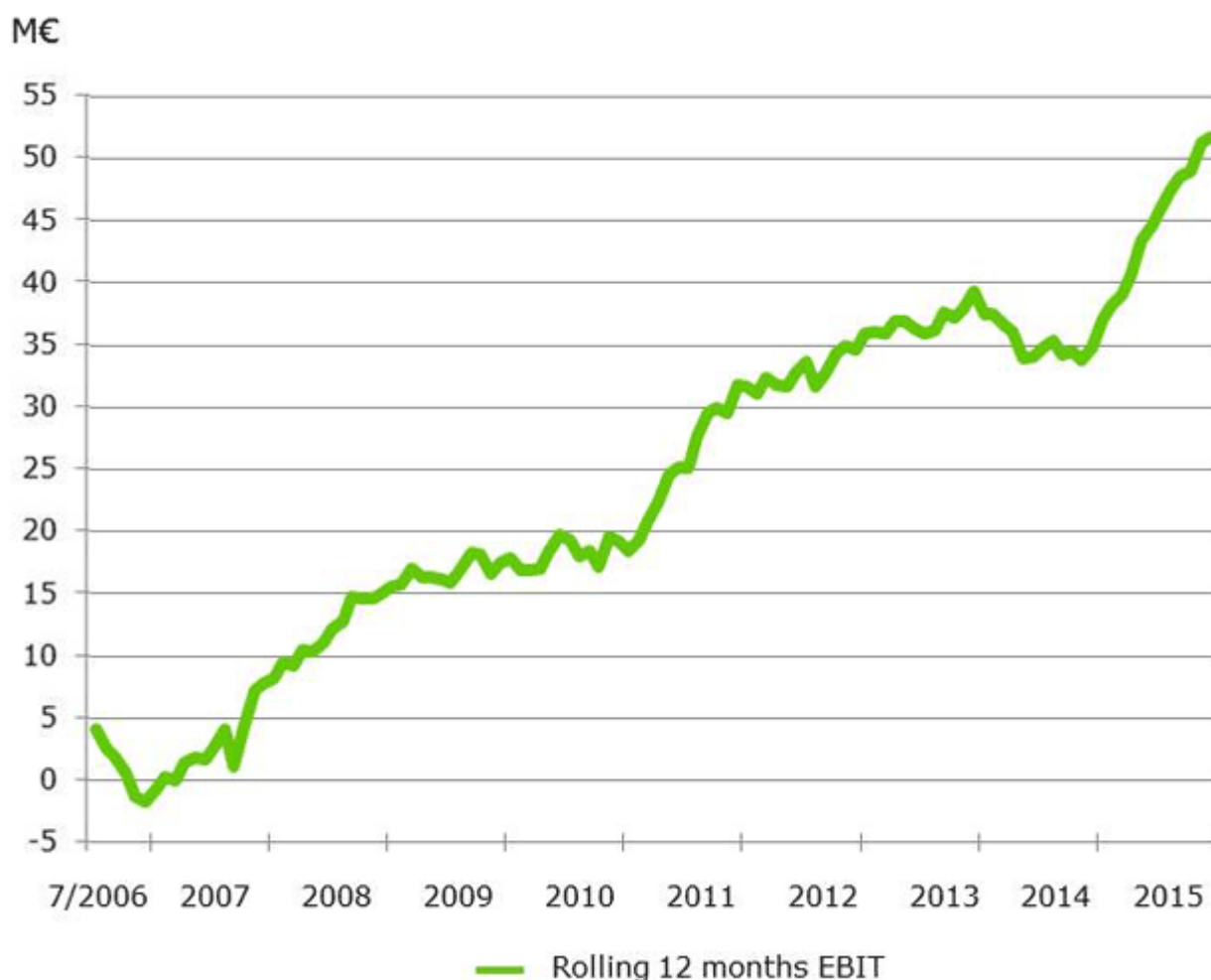
industry.

Matti Rihko

Financial review

In 2015, Raisio achieved EBIT of EUR 51.7 million excluding one-off items. At the same time, the Group's EBIT margin excluding one-off items rose to 9.9 per cent. EBIT improved by nearly EUR 17 million and EBIT margin by almost three percentage points. Good results together with efficient net working capital management ensured operating cash flow of EUR 65 million.

Group EBIT

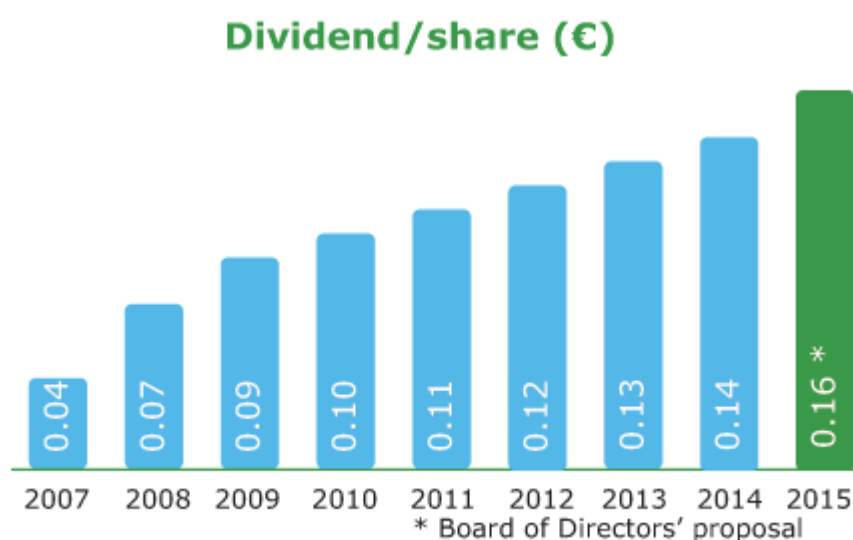


Continuing operations, excluding one-off items

Raisio's 2015 in brief excluding one-off items

- The Group's EBIT excluding one-off items amounted to EUR 51.7 (34.8 in 2014) million, +48%.
- The Group's EBIT totalled 9.9 (7.0)% of net sales.
- The Group's net sales totalled EUR 521.2 (493.9) million.
- The Brands Division's EBIT excluding one-off items totalled EUR 55.4 (35.9) million, accounting for 14.4 (11.7)% of net sales.

- Raisioagro's EBIT excluding one-off items was EUR 2.8 (3.4) million.
- Cash flow from business operations was EUR 65.0 (26.2) million.
- The Board's dividend proposal is EUR 0.16 (EUR 0.14) per share, +14%.



Main events in 2015

- Acquisition of Benecol consumer product business at the end of 2014 was an important deal for Raisio and Benecol products showed strong organic growth in the UK at the end of 2015.
- A European organisation was formed in the Confectionery business. Sales increased in our own brands.
- Northern European Snack & Cereal business had a good year. Particularly good sales were seen in Elovena snacks.
- In the UK, operations of Snack & Cereal business were enhanced and adjusted to market conditions.
- Difficulties in dairy farming resulted in Finland in the switch to less expensive feeds with lower added value.
- Benemilk had its first Primafat order.

Key figures

	Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015	2014
Result						
Net sales, M€	122.7	134.5	141.5	122.5	521.2	493.9
Change in net sales, %	4.2	5.9	6.8	5.0	5.5	-11.4
EBIT, M€	5.7	16.0	11.1	9.6	42.4	6.9
EBIT, M€, excluding one-off items	12.0	16.0	14.0	9.6	51.7	34.8
EBIT, %, excluding one-off items	9.8	11.9	9.9	7.9	9.9	7.0

Depreciation and impairment, M€	7.1	3.5	6.9	3.6	21.1	32.9
Depreciation and impairment, M€, excluding one-off items	3.5	3.5	5.9	3.6	16.5	14.6
EBITDA, M€	12.8	19.5	18.0	13.2	63.6	39.8
EBITDA, M€, excluding one-off items	15.4	19.5	20.0	13.2	68.1	49.5
Financial items, M€	-1.0	-0.7	-0.4	-0.5	-2.5	-1.5
Earnings per share (EPS), €	0.04	0.08	0.05	0.05	0.22	0.04
Earnings per share (EPS), € excluding one-off items	0.06	0.08	0.07	0.05	0.26	0.18
Balance sheet						
Equity ratio, %	-	-	-	-	62.3	60.2
Gearing, %	-	-	-	-	12.1	22.2
Net-interest bearing debt, M€	-	-	-	-	42.2	72.2
Equity per share, €	-	-	-	-	2.23	2.07
Dividend per share, €	-	-	-	-	0.16*	0.14
Investments, M€**	3.3	2.6	3.0	2,1	11.0	104.9

* Board of Directors' proposal to the Annual General Meeting

** Including acquisitions

One-off items, EUR million

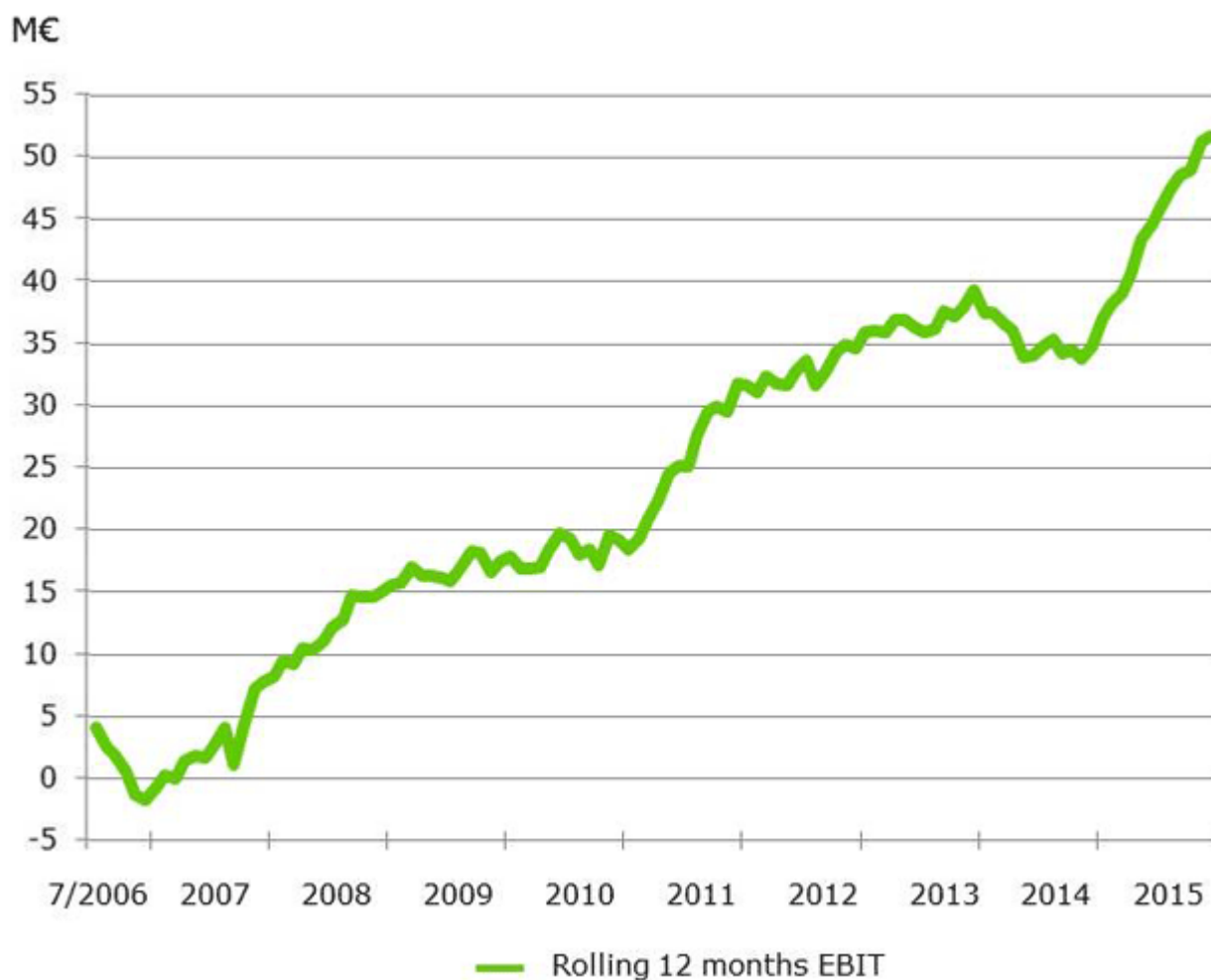
	Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015	2014
Brands						
Restructuring costs, Southall site, UK	-11.3	0.0	0.0	0.0	-11.3	0.0
Streamlining projects UK	0.1	0.0	-1.4	0.0	-1.3	-3.5
Write-down of Honey Monster brand's book value	0.0	0.0	0.0	0.0	0.0	-10.1
Loss on disposal of Sulma pasta factory	0.0	0,0	-1.5	0.0	-1.5	0.0

Acquisitions and divestments	0.0	0.0	0.0	0.0	0.0	-1.5
Sale of Carlshamn Mejeri trade mark	4.1	0.0	0.0	0.0	4.1	0.0
Other	0.0	0.0	0.0	0.0	0.0	-0.3
Raisioagro						
Restructuring of activities	-0.4	0.0	0.0	0.0	-0.4	-9.9
Termination of vegetable oil business	0.0	0.0	0.0	0.0	0.0	-2.4
Common						
Subsequent one-off compensation related to a divested business	1.1	0.0	0.0	0.0	1.1	0.0
Other	0.0	0.0	0.0	0.0	0.0	-0.3
Impact on EBIT	-6.3	0.0	-2.9	0.0	-9.2	-27.9

Financial review

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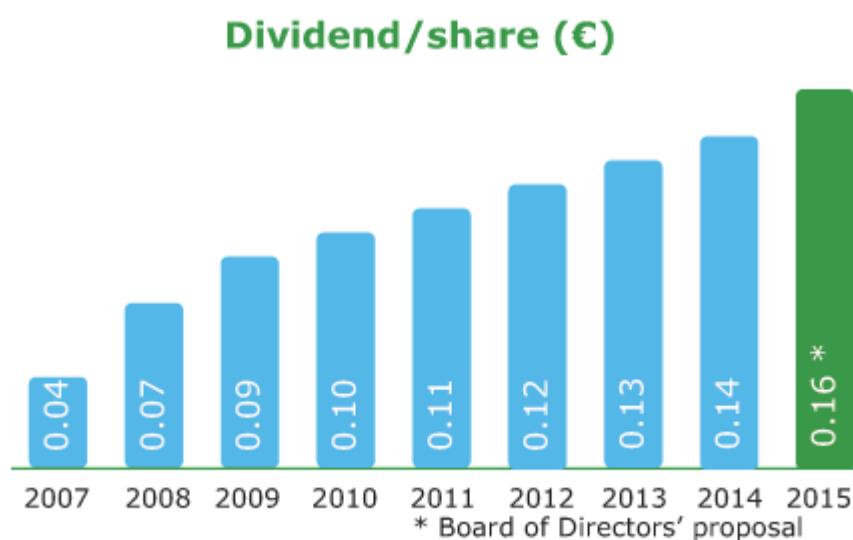
Group EBIT



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- Benemilk had its first Primafat order.

Key figures

	2015	2014
Result		
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Change in net sales, %	5.5	-11.4
EBIT, M€	42.4	6.9
EBIT, M€, excluding one-off items	51.7	34.8
EBIT, %, excluding one-off items	9.9	7.0
Depreciation and impairment, M€	21.1	32.9
Depreciation and impairment, M€, excluding one-off items	16.5	14.6

EBITDA, M€	63.6	39.8
EBITDA, M€, excluding one-off items	68.1	49.5
Financial items, M€	-2.5	-1.5
Earnings per share (EPS), €	0.22	0.04
Earnings per share (EPS), € excluding one-off items	0.26	0.18
Balance sheet		
Equity ratio, %	62.3	60.2
Gearing, %	12.1	22.2
Net-interest bearing debt, M€	42.2	72.2
Equity per share, €	2.23	2.07
Dividend per share, €	0.16*	0.14
Investments, M€**	11.0	104.9

* Board of Directors' proposal to the Annual General Meeting

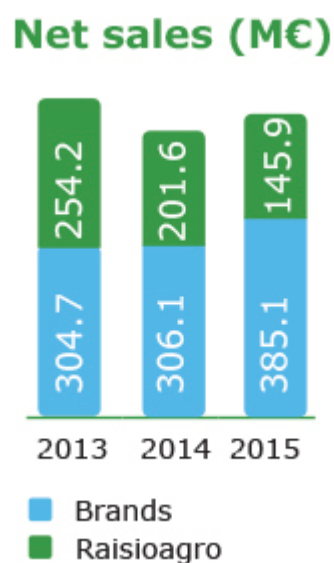
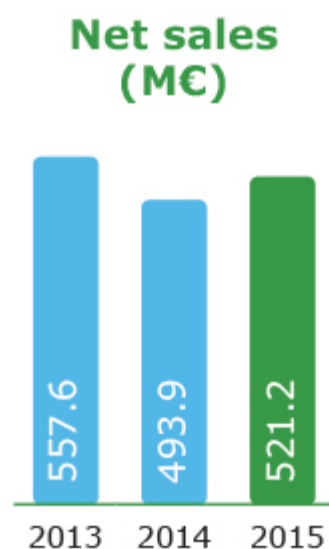
** Including acquisitions

One-off items, EUR million

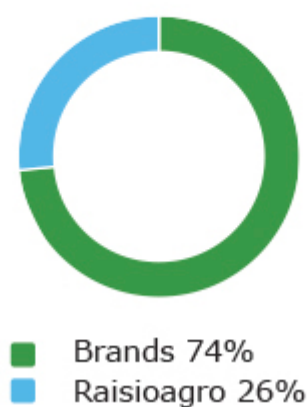
	2015	2014
Brands		
Restructuring costs, Southall site, UK	-11.3	0.0
Streamlining projects UK	-1.3	-3.5
Write-down of Honey Monster brand's book value	0.0	-10.1
Loss on disposal of Sulma pasta factory	-1.5	0.0
Acquisitions and divestments	0.0	-1.5
Sale of Carlshamn Mejeri trade mark	4.1	0.0
Other	0.0	-0.3
Raisioagro		

Restructuring of activities	-0.4	-9.9
Termination of vegetable oil business	0.0	-2.4
Common		
Subsequent one-off compensation related to a divested business	1.1	0.0
Other	0.0	-0.3
Impact on EBIT	-9.2	-27.9

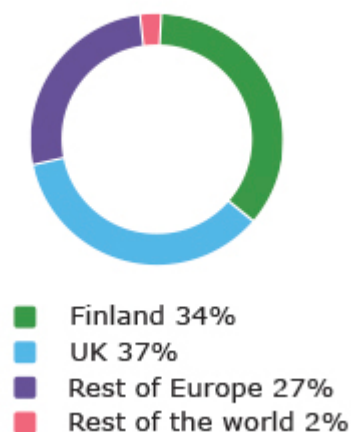
Net sales



Net sales by division (%)



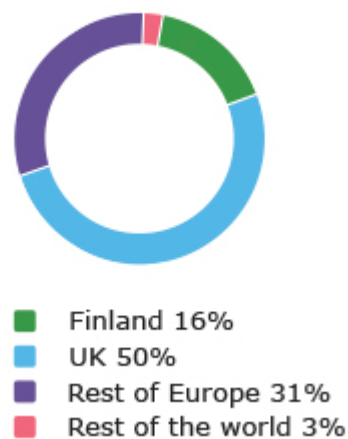
Net sales by region (%)



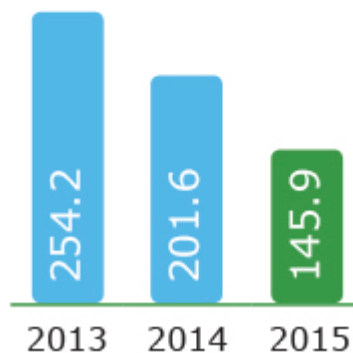
Net sales Brands Division (M€)



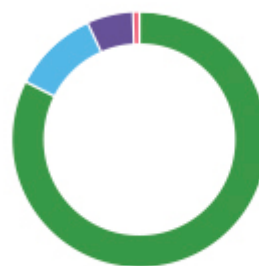
Net sales by region Brands Division (%)



Net sales Raisioagro Division (M€)



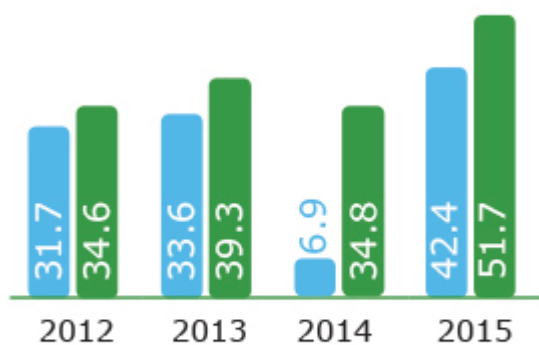
Net sales by region Raisioagro Division (%)



- Finland 81%
- Russia 12%
- Rest of Europe 6%
- Rest of the world 1%

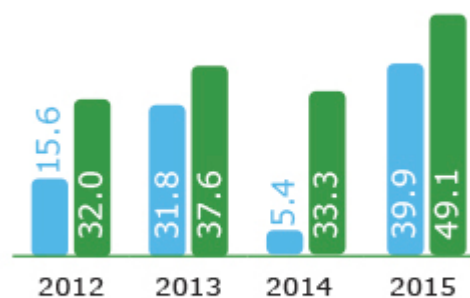
Profitability

EBIT (M€)



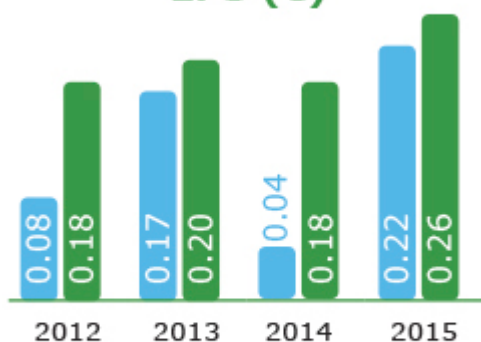
■ Including one-off items
■ Excluding one-off items

Pre-tax result (M€)



■ Including one-off items
■ Excluding one-off items

Earnings/share EPS (€)

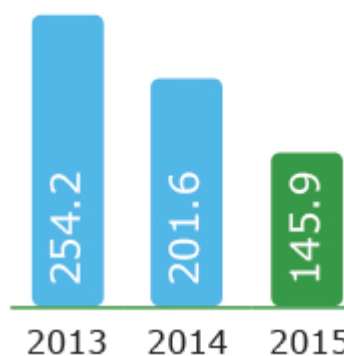


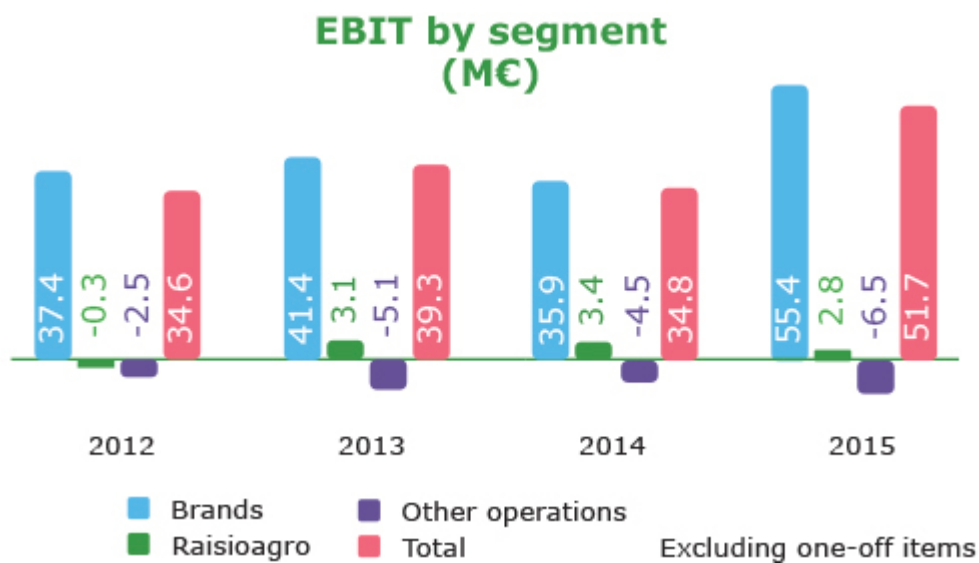
■ Including one-off items
■ Excluding one-off items

Net sales Brands Division (M€)



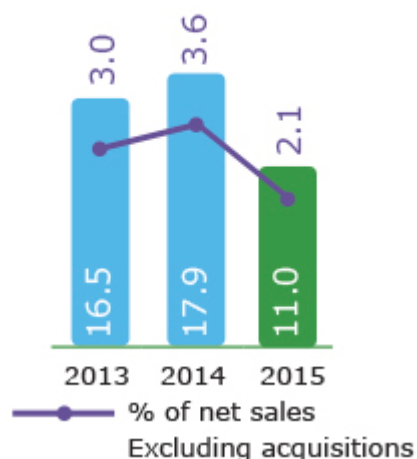
Net sales Raisioagro Division (M€)



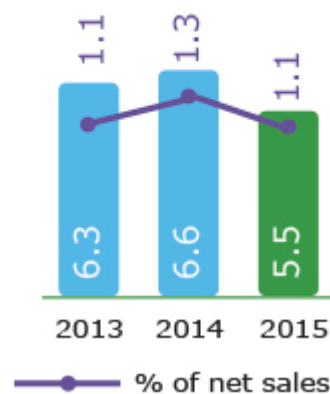


Others

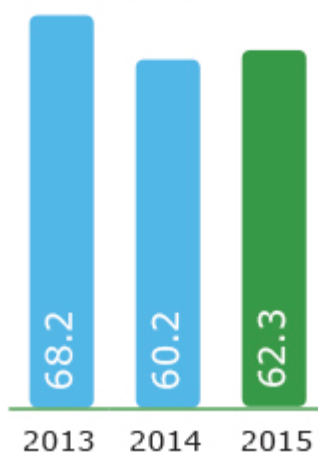
**Investments
(M€)**



**R&D expenses
(M€)**



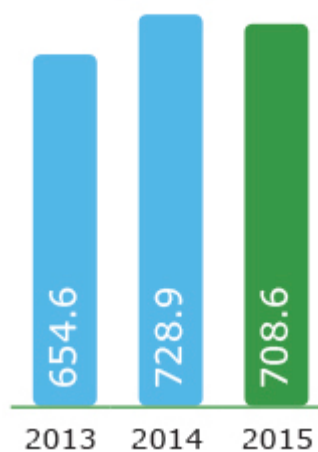
**Equity ratio
(%)**



**Equity per share
(€)**



**Enterprise value EV
(M€)**

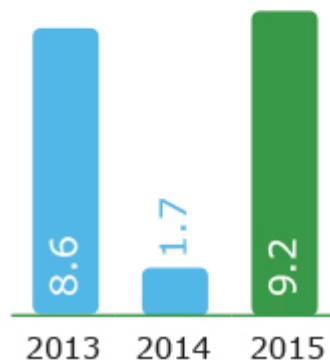


**Dividend/share
(€)**



* Board of Directors' proposal

Return on investment ROI (%)



Net gearing (%)



Market capitalisation (M€)



Excluding the company
shares held by the Group

Key figures 2015

Key figures, result, excluding one-off items

	Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015
NET SALES					
Brands, M€	97.6	95.9	97.8	93.7	385.1
Raisioagro, M€	28.3	40.3	44.7	32.6	145.9
Other operations, M€	0.2	0.3	2.6	0.3	3.4
Interdivisional net sales, M€	-3.3	-2.1	-3.7	-4.1	-13.2
Total net sales, M€	122.7	134.5	141.5	122.5	521.2
EBIT					
Brands, M€	13.9	15.8	14.3	11.3	55.4
Raisioagro, M€	0.0	1.3	1.4	0.1	2.8
Other operations, M€	-1.9	-1.2	-1.6	-1.8	-6.5
Total EBIT, M€	12.0	16.0	14.0	9.6	51.7
% of net sales	9.8	11.9	9.9	7.9	9.9
Financial income and expenses, net, M€	-1.0	-0.7	-0.4	-0.5	-2.5
Share of result of associates, M€	0.0	0.0	0.0	0.0	0.0
Result before taxes, M€	11.0	15.2	13.6	9.2	49.1
Income tax, M€	-1.4	-2.9	-2.6	-1.7	-8.7
Result for the period, M€	9.6	12.3	11.0	7.5	40.4
Earnings per share, €	0.06	0.08	0.07	0.05	0.26

Key figures, balance sheet

	31.12.2015	30.9.2015	30.6.2015	31.3.2015

Equity ratio, %	62.3	60.3	57.5	55.7
Gearing, %	12.1	18.0	22.4	20.6
Net interest-bearing debt, M€	42.2	61.7	75.6	67.4
Equity per share, €	2.23	2.18	2.15	2.08
Investments*	11.0	7.7	5.1	2.1

*Including acquisitions

Key figures 2015

Key figures, result, excluding one-off items

	2015
NET SALES	
Brands, M€	385.1
Raisioagro, M€	145.9
Other operations, M€	3.4
Interdivisional net sales, M€	-13.2
Total net sales, M€	521.2
EBIT	
Brands, M€	55.4
Raisioagro, M€	2.8
Other operations, M€	-6.5
Total EBIT, M€	51.7
% of net sales	9.9
Financial income and expenses, net, M€	-2.5
Share of result of associates, M€	0.0
Result before taxes, M€	49.1

Income tax, M€	-8.7
Result for the period, M€	40.4
Earnings per share, €	0.26

Key figures, balance sheet

	31.12.2015
Equity ratio, %	62.3
Gearing, %	12.1
Net interest-bearing debt, M€	42.2
Equity per share, €	2.23
Investments*	11.0

*Including acquisitions

Key figures 2013-2015

Key figures, result, excluding one-off items

	2015	2014	2013
NET SALES			
Brands, M€	385.1	306.1	304.7
Raisioagro, M€	145.9	201.6	254.2
Other operations, M€	3.4	1.2	1.3
Interdivisional net sales, M€	-13.2	-15.0	-2.6
Total net sales, M€	521.2	493.9	557.6
EBIT			
Brands, M€	55.4	35.9	41.4
Raisioagro, M€	2.8	3.4	3.1
Other operations, M€	-6.5	-4.5	-5.1
Total EBIT, M€	51.7	34.8	39.3
% of net sales	9.9	7.0	7.1
Financial income and expenses, net M€	-2.5	-1.5	-1.8
Share of result of associates, M€	0.0	0.0	0.0
Result before taxes, M€	49.1	33.3	37.6
Income tax, M€	-8.7	-5.4	-7.3
Result for the period, M€	40.4	27.9	30.2
Earnings per share, €	0.26	0.18	0.20

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Gearing, %	12.1	22.2	-8.6
Net interest-bearing debt, M€	42.2	72.2	-28.5
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Investments*	11.0	104.9	16.5

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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 company's strategic objectives are based on this vision.

The core of Raisio's strategy is a whole that includes innovations, healthiness, ecology and snacks.



Raisio's operations are divided into two divisions: Brands and Raisioagro. Brands include Benecol, Snack & Cereal, Confectionery and Benemilk. Raisioagro includes cattle and fish feeds, grain trade and online store.

Raisio = Brands and Raisioagro

	Brands	Raisioagro
Key figures 2015	<ul style="list-style-type: none"> • Net sales 385 M€ • EBIT 45.4 M€ 	<ul style="list-style-type: none"> • Net sales 146 M€ • EBIT 2.4 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"> • B2C • 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"> • Innovations • Feeding expertise • Online store

Targeting profitable growth

Raisio's growth phase began in 2010 and continues today. During the growth phase, Raisio has completed several acquisitions but the company has also divested operations no longer part of its core competency. With the acquisitions, Raisio has gained a firm foothold in the UK snack and confectionery market. With the latest acquisition completed at the end of 2014, the UK became Raisio's largest home market for Benecol products. Raisio's acquisitions completed during the growth phase have significantly increased the company's net sales and EBIT.

Raisio will continue to be an active operator in acquisitions in the categories that support the realisation of the company's strategy.

Raisio's EBIT development and acquisitions



Continuing operations, excluding one-off items

New products meeting consumer needs and streamlining of operations

The acquisition of Benecol business from the affiliates Johnson & Johnson in November 2014 was an important and good deal for Raisio. The acquisition enables the development of Benecol business on Raisio's own terms for the first time since 1997. As for the Benecol products, our long-term strategic goal is to improve competitiveness in existing markets, to expand into new markets as well as to develop and commercialise new products.

Late 2015, Raisio decided to close the Southall site by the end of March 2016. The site's cereal production will be outsourced and snack bar production will be centralised to Raisio's Newport site. Northern European Snack & Cereal business complemented its range of branded products with new snacks meeting consumer needs.

International interest in Finnish oat expertise and oat products is an opportunity for Raisio as the company has top know-how related to oat processing.

In the Confectionery business, streamlining of operations continued. Thanks to new products, new packages, new distribution channels and brand relaunches, we had good results with our long-term efforts to increase sales of Raisio's branded products.

Raisioagro, strong expertise in cattle and fish feeds

Raisioagro continues to focus on the agricultural sectors where success is based on innovations and expertise in animal feeding and plant cultivation. Raisioagro aims to help its customers produce healthy food for consumers

effectively, profitably and sustainably.

With the clear focus, we aim to strengthen the position of both Raisioagro and its strategic brands among the customers and interest groups. Benemilk and Hercules LP Opti are concrete examples of Raisioagro's expertise and innovation capabilities. The choices are primarily guided by customer needs. Raisioagro's development efforts are targeted more strongly at strategically selected areas, i.e. cattle and fish feeds and plant cultivation.

Raisioaqua's feed innovation is used in the farming of Benella Rainbow Trout launched for consumers in the autumn 2015.

Raisio's solutions to global challenges

Raisio is an active innovator in the solving of global challenges of the food chain. In recent years, the company has commercialised innovations improving the efficiency of livestock production profitably. Raisio has the ability, desire and skills to create innovations improving profitability and efficiency of the food chain in a sustainable way.

Business risks

Raisio Group is an international company whose key products are plant-based foods and cattle and fish feeds. Raisio is a significant user of renewable raw materials. Changes in quality, availability and prices of these materials are difficult to predict and 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 world economy is expected to grow moderately in 2016 and the growth is generated primarily by private consumption. The euro area economy is expected to grow moderately in 2016. The recovery is still based on private consumption, supported by low oil prices, low interest rates and the weakened euro. European refugee crisis continues and its effects may extend not only to politics but also to the economy.

The Finnish economy is growing very slowly. Growth expectations are based on domestic demand, supported by low interest rates, low inflation and reduced energy prices. The unemployment rate is expected to remain high. Consumers' confidence in their own economy started to decline in the autumn 2015. In the UK, economic outlook remains strong, and both employment and earnings are expected to grow positively. In Russia and Ukraine, business environment is likely to remain difficult.

Changes in exchange rates may considerably affect Raisio's net sales and EBIT, directly and indirectly, as a significant part of the Group's net sales and EBIT is generated in the UK. Volatility in the rouble's external value affects the export of feeds and oat products to Russia. It may also have an impact on the utilisation rates of production plants.

Large part of Raisio's net sales and profits generated in the UK

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, setting of various taxes for public health purposes is discussed and sugar will be one of the possibly taxed raw materials. In case these initiatives result in new taxes, they will probably affect Raisio's businesses.

The UK will arrange a referendum on Britain's membership of the European Union possibly already in 2016, 2017 at the latest. If the UK leaves the Union, it would eventually affect Raisio's local operations, taking into account, however, that the majority of production and sales takes place in local markets.

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.

Profitability problems in the Finnish agriculture and livestock farming weaken purchase power in the field and create

pressure on Raisioagro's profitability. Due to the crisis in Ukraine and Crimea, the EU's sanctions and Russia's counter-sanctions, 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.

Grocery market expected to remain stable

Risk management

Raisio is an international company specialised in foods and feeds. Changes in the Group's operations and operating environment may expose the company to significant risks. Risk management is part of Raisio's day-to-day operations and decision-making and it aims to prevent adverse effects on the business or financial position and hence the value of the company.

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.

*Raisio's risk management
emphasising preventive
measures*

Raisio Group's significant risks according to the spring 2016 assessment

Changes in the global economic situation or possibly increasing geopolitical tensions could affect Raisio's operating environment in many different ways. Various economic and political changes and particularly the UK's possible departure from the EU, the European refugee crisis and Russia's import restrictions on dairy products can have a wide range of effects on the competitive situation. However, Raisio expects the grocery market to remain relatively stable compared to other sectors, and the company continuously seeks to develop its competitiveness in all of its key markets.

As Raisio is an international Group, its operations are affected by legislation and other regulations, including taxation, of the countries in which it operates. Unforeseen changes in laws and regulations can result in significant changes in the operating environment, which could negatively affect Raisio's profitability. For example, possible health risk taxes on Raisio's products and raw materials used could affect product prices, demand and also supply. Raisio is actively following regulative discussion, informing and projects, and aims to take account of changes affecting its operations.

Changes in exchange rates may considerably affect Raisio's net sales and EBIT, directly and indirectly, as a significant part of the Group's net sales and EBIT comes from other than euro-currency countries. Raisio's exchange rate risks mainly consist of foreign currency cash flows and the translation of foreign Group companies' balance sheets and income statements into euros. Raisio's centralised Treasury function is responsible for the exchange rate risk management according to the Group's Risk Management Policy.

Raisio's Treasury function is also responsible for other financial risks and their management. Financial risks and their management are described in more detail in the Notes to the Financial Statements.

Raisio uses several agricultural-based raw materials in its operations, and any changes in their availability, quality or price expose the company to significant risks. Raisio aims to hedge against changes in prices and availability of raw materials through various agreements, derivatives, as well as by actively developing its production processes in such a way that raw materials can be modified and used more efficiently in the production processes.

The quality of products is of primary importance in the food and feed operations. Defective products or delivery difficulties can have significant effects on Raisio's customer relationships, reputation and profitability. To ensure the quality of various raw materials, packaging materials and equipment necessary in the production, Raisio seeks to manage the quality risk of products by actively training its personnel and by following a rigorous quality assurance process.

The food industry has become increasingly international, which has significantly increased competition and cost pressures. In addition, retailers have increased their launches of affordable private label brands. In the UK, retail chains have strongly decreased their product listings, which has resulted in tighter competition for shelf space. Raisio aims to meet the competition by enhancing its own operations and by investing in its brands and innovations.

Use of IT and information systems is strongly related to Raisio's business. Data security breach, misuse, malware, viruses and system malfunction are examples of possible IT application related risks. If these risks materialise, they may cause failure of different systems and interfere with Raisio's operational reliability, profitability and financial performance. Raisio seeks to minimise the realisation of information technology risks by training its personnel and by actively informing about possible risks and threats. At the system level, risks are reduced through continuous monitoring, preventive maintenance and know-how acquired from the company's partner network. In information security matters, Raisio strives to comply with the principles of continuous improvement.

In addition, Raisio may be subject to other risks not mentioned here.

Outlook 2016

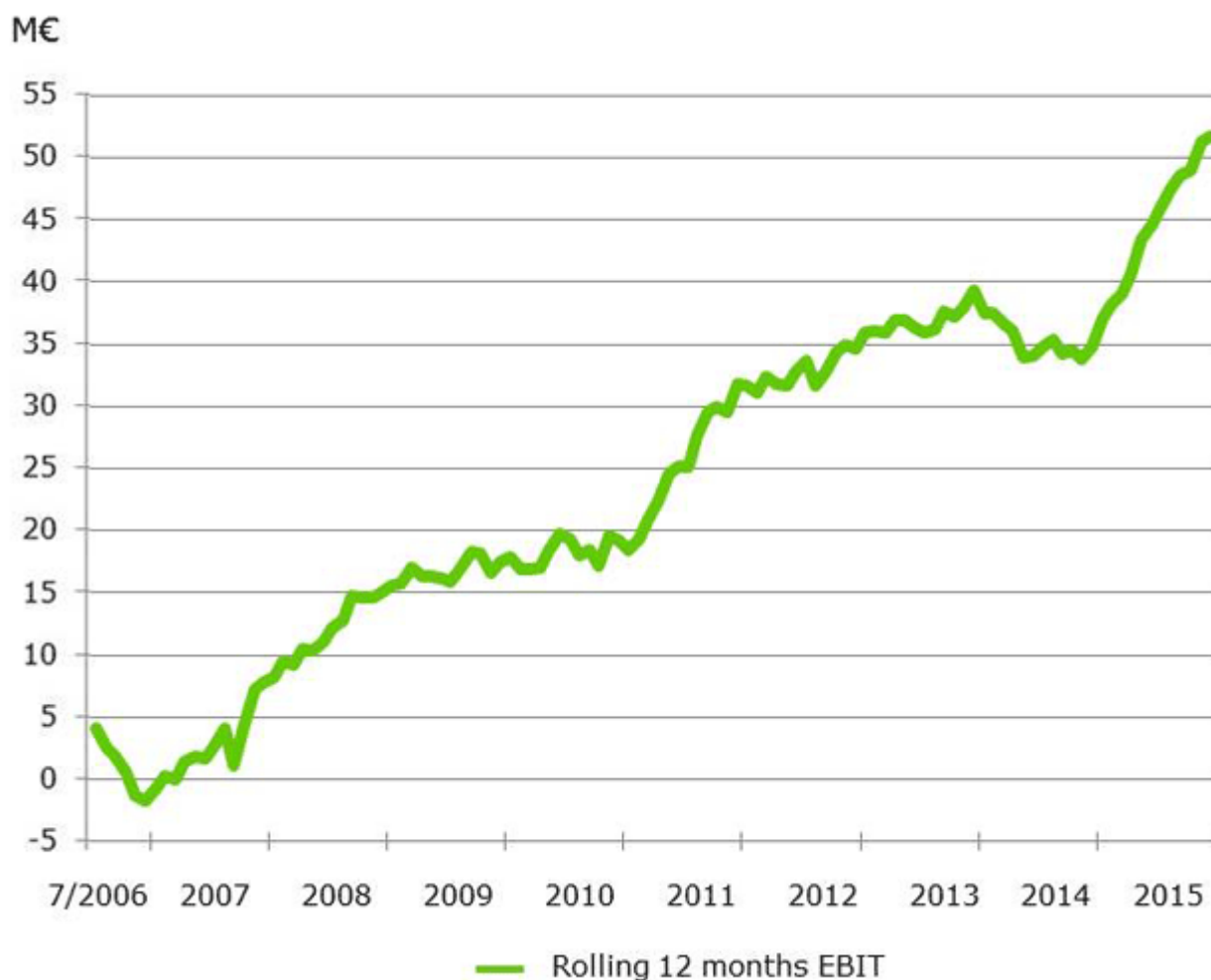
Raisio published outlook for 2016 as part of its 2015 financial statements bulletin.

Despite the weakened visibility and difficult market conditions, Raisio expects its EBIT to improve in 2016.

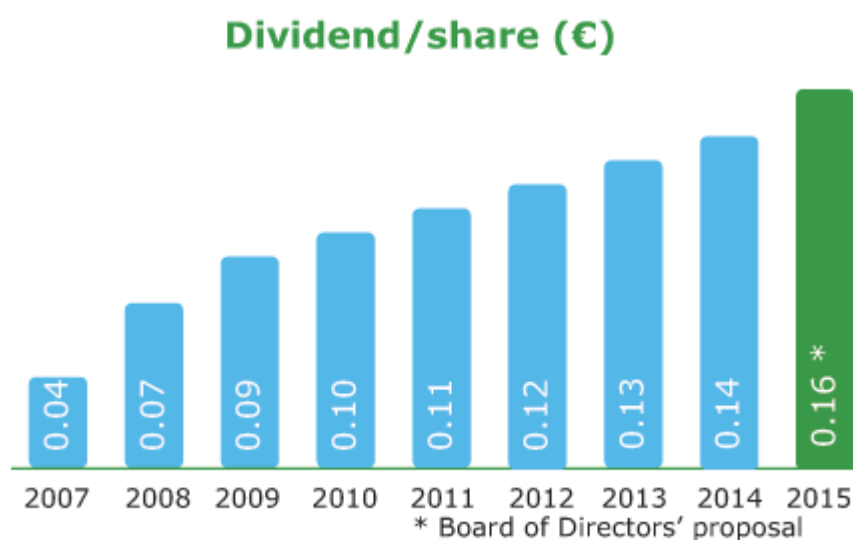
Raisio's year 2015

In 2015, Raisio recorded a record result of EUR 51.7 million excluding one-off items, which is a strong performance in a difficult market situation. Good results together with efficient net working capital management ensured an operating cash flow of EUR 65 million.

Group EBIT development



Continuing operations, excluding one-off items



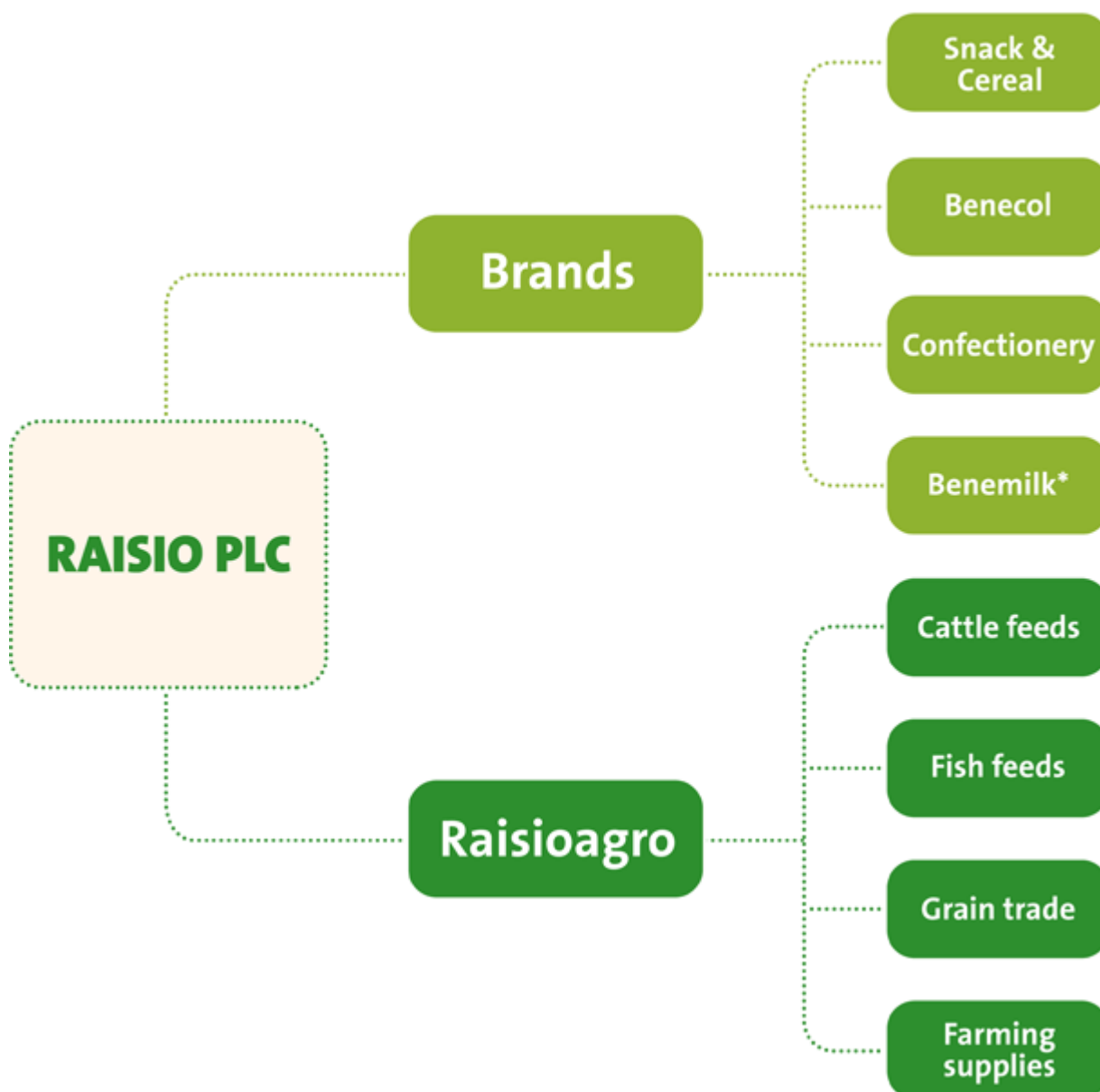
Main events in 2015

- Acquisition of Benecol consumer product business at the end of 2014 was an important deal for Raisio. Home markets for Raisio's Benecol consumer products include the UK, Ireland, Belgium, Poland, Finland and Hong Kong.
- At the end of 2015, sales in Benecol products showed strong organic growth in the UK.
- Northern European Snack & Cereal business had a good year, particularly successful launches were seen in new Elovena snacks.
- In the UK, operations of Snack & Cereal business were enhanced and adjusted to market conditions.
- A European organisation was formed in the Confectionery business and sales increased in own brands.
- Difficulties in dairy farming resulted in the switch to less expensive feeds with lower added value. The effects of Russia's import ban on dairy products were seen throughout the Finnish milk chain.
- Benemilk had its first Primafat order.

Raisio is profitable and international

During the last ten years, Raisio has grown from a local, multibusiness company of low profitability with volume-driven operations to a profitable, focused and IPR-driven international operator in the food and feed sectors.

Raisio's businesses are Benecol, Snack & Cereal, Confectionery and Raisioagro. Each business delivers net sales of more than EUR 100 million annually. Raisio is also active in the international commercialisation of Benemilk.



Benecol is Raisio's most international brand. Due to the acquisition completed at the end of 2014, Raisio now has, for the first time since 1997, an opportunity to develop its Benecol business on its own terms in its significant home markets. Raisio is investing in the Benecol brand and its marketing and launching new products. In addition, Raisio continues its active efforts to open new Benecol markets, particularly with our partners in Asia.



Snacks are increasingly important, as people want to have healthy, natural and convenient choices to suit the mobile lifestyle. In 2015, Raisio launched Elovena snack bars and porridge cups, Harvest Cheweee snack bites, new Benecol spread, relaunched Dormen brand and also complemented the range of gluten-free Provena products. Demand for oat and oat products is increasing around the world and Raisio has oat-related top know-how.



In the confectionery, Raisio is a significant contract manufacturer of well-known, international confectionery brands and retailers. Raisio has several confectionery brands of its own in the UK and Czech Republic. FreeFrom is a new consumer trend in confectionery products, and Raisio has strong expertise in natural confectionery. Raisioagro, focusing on cattle and fish feeds, helps its customers produce healthy food efficiently, profitably and sustainably, always ensuring animal welfare. Together with its partners, Raisioaqua launched Benella Rainbow

Trout for consumers in the autumn 2015. Now sustainably farmed, healthy rainbow trout stands out in supermarket fish counters. Raisioaqua's unique Hercules Opti feeding concept is used in the feeding of Benella Rainbow Trout. Benella is healthy food and it has been granted the Finnish Heart Association's Heart Symbol.

The international commercialisation of Benemilk was continued. In addition to the licensing model, Primafat ingredient sales-based business model was established in spring 2015. The first Primafat order was received at the end of 2015, which means that Benemilk is no longer a pre-revenue company.



Raisio's highlights 2015

December



Raisio to remodel its UK Cereal & Snack business

November



Benemilk Ltd to assess new financing options



Raisio's Q3/2015 Interim Report: Record EBIT of EUR 16.0 million excluding on-off items



Benecol 20 years: Finnish innovation grew to become a global consumer brand

October



Snacking is growing in Finland - There is a need for healthier snacks



Raisio to remodel its UK cereal business

September



Benemilk patents granted first in South Africa



Benella Rainbow Trout helps save the environment

KALA, JOKA TEKEE HYVÄÄ

August



Raisio's Q2/2015 Interim Report: Raisio raising the outlook for the financial period

June



Benecol launched in China

May



Raisio's Q1/2015 Interim Report: The EBIT improvement confirmed that Raisio is back on a growth trend



Benecol business acquired at the end of 2014 has successfully been integrated into Raisio



In addition to the licensing model, an ingredient sales-based business model was established

April

Elovena 90 years:
Cooperation with the
Finnish Athletics
Federation (SUL) and
schools expanded to
celebrate the
anniversary



February

Benecol products launched in South Korea



RAISIO aqua

Raisioagro's fish feed business is Raisioaqua

Raisio's Financial Statements: At
Raisio, the year 2014 was twofold



Raisio is an international multisectoral specialist and changes in operating environment affect the company's businesses in different ways. Common to our businesses was intensified competition in all markets in 2015. Raisio's key markets are the UK, Poland, Finland, the Czech Republic and Russia.

The growth in the euro zone is still more slowly than in the USA and UK. The European economy increased by 1.5 per cent which is, however, clearly more than in 2014. Growth was supported by the decline in crude oil prices and low-remaining interest levels. World economic growth in 2015 was slower than expected, but still above 3 per cent.

In Finland, economic growth was extremely slow and GDP among the worst in the euro area.

The sharp decline in Russia's economy continued, mainly due to the falling crude oil price trend.

Raisio Oyj

The situation in the European retail trade was difficult and pricing-related requirements further tightened. However, retailers need partners that innovate new products and promote the pioneering role of the food industry. Companies' cost-efficiency, competitive differentiation through expertise and agility to adjust to changes were emphasised.

British consumers want more value for money. Competition in the markets of cereals, snack bars and cholesterol-lowering functional foods further intensified. In the UK, retailers tightened their selection criteria, which intensified competition and further emphasised the importance of promotions. Consumers are also more health-conscious partly as a result of a long lasting public debate on sugar. Sugar levels in children's products, in particular, are closely monitored.

Confectionery markets in the UK and Czech Republic are mature and total consumption growth is modest. In the UK, free-from confectionery is a new consumer trend.

In Finnish retail trade, sales clearly declined and a new phenomenon was the price reduction campaigns focusing especially on food products. International demand for different oat products increased. Raisio has good opportunities for exports of processed oat products, such as oatbran, organic oats and pure oats.

*British consumers
increasingly
health-conscious*



Economic uncertainty continued in Russia. The share of less expensive products in the retail product range grew. The number of both producers and products available in the markets increased. Competition continued intense in the consumer goods markets.

The effects of Russia's ban on imports of dairy products are indirect and can be seen throughout the milk chain. In Finland, the decline in milk prices at the end of the year accelerated dairy farmers' switch to less expensive feeds with lower added value.

Summer 2015 was one of the best seasons in the history of fish farming, both in Finland and Northwest Russia. In Finland, total volume of fish production did not, however, rise significantly due to the long hot period in 2014. Waters

became too warm and a considerable number of fry farmed for 2015 were lost. Feed deliveries remained stable throughout the summer.

*Russia's import ban of dairy
the entire*



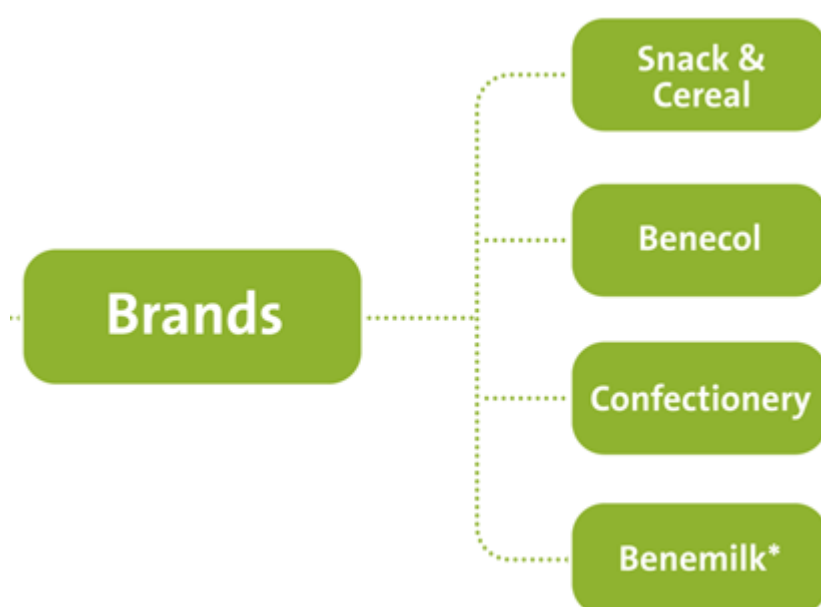
Brands

Raisio's Brands Division includes Snack & Cereal, Benecol and Confectionery businesses as well as Benemilk business as its own company. Key markets of Raisio's Brands Division are the UK, Poland, Finland, the Czech Republic and Russia. The markets for Benecol product ingredient, plant stanol ester, are global. Raisio's well-known brands are Benecol, Elovena, Sunnuntai, Provena, Nordic, Honey Monster, Poppets, Fox's and Juicee Gumme.

Main events in 2015

- Acquisition of Benecol consumer product business at the end of 2014 was an important deal for Raisio. Raisio's new home markets for Benecol consumer products include the UK, Ireland and Belgium.
- At the end of 2015, sales in Benecol products showed strong organic growth in the UK.
- 2015 was a good year for Northern European Snack & Cereal business.
- New Elovena snacks performed well.
- In the UK, operations of Snack & Cereal business were enhanced and adjusted to market conditions.
- A European organisation was formed in the Confectionery business.
- Sales increased in several of Raisio's own confectionery brands.

Brands Division



Financial review

Net sales for the Brands Division totalled EUR 385.1 (306.1 in 2014) million. EBIT for the Brands Division amounted to EUR 45.4 (20.6 in 2014) and, excluding one-off items, 55.4 (35.9) million, which is 11.8 (6.7) and, excluding one-off items, 14.4 (11.7) per cent of net sales. Net sales and EBIT were primarily increased by the Benecol

consumer product business acquired in the UK, Ireland and Belgium.

Exchange rates had a clear positive effect on the Brands Division's net sales and EBIT. The positive effect of exchange rates is shown especially in the UK operations generating a considerable part of the Brands Division's net sales and EBIT.

Key figures for the Brands Division

		2015	2014
Net sales	M€	385.1	306.1
Snack & Cereal	M€	138.9	141.7
Benecol	M€	140.3	62.3
Confectionery	M€	105.4	100.6
Benemilk	M€	0.0	0.0
EBIT	M€	45.4	20.6
One-off items	M€	-10.0	-15.3
EBIT, excluding one-off items	M€	55.4	35.9
EBIT, excluding one-off items	%	14.4	11.7
Investments*	M€	9.1	103.1

* Including the acquisition

Business review

The Brands Division's businesses are dealt with in the reviews of each business in this Annual Report.

[Benecol](#)

[Snack & Cereal](#)

[Confectionery](#)

[Benemilk](#)





Benecol

Raisio's Benecol business consists of two parts: sales and marketing of consumer products, and licensing and partner cooperation in Benecol product ingredient, plant stanol ester. Benecol products are available in some 30 countries. In 2015, Benecol had its 20th anniversary.

Main events in 2015



- Benecol products were launched in China and South Korea.
- Strong organic growth in the UK at the end of the year; growth expected to continue.
- Benecol consumer product business acquired in the UK, Ireland and Belgium late 2014 was integrated to Raisio as planned.
- In Poland, profitability improved due to streamlining efforts completed.
- In Finland, sales in Benecol spreads increased.
- In the USA, Olivio started as Raisio's licensing partner with Benecol spread late 2015.

Financial review

2015 net sales for the Benecol business totalled EUR 140.3 million (EUR 62.3 million in 2014). Net sales and EBIT improved significantly through the consumer product business acquisition in the UK, Ireland and Belgium completed in November 2014.

The UK, the largest Benecol product market, showed increased sales in the last quarter of 2015 after the weak third quarter. Organic growth is expected to continue. Sales were down from the comparison year in Ireland and Belgium. In Poland, business profitability improved while net sales decreased. Sales in plant stanol ester, the Benecol product ingredient, remained at the comparison year level.



Most of Benecol's net sales are generated in Europe. In 2015, the share of Asia and South America in Benecol's net sales was still low, but rising.

Benecol business

Raisio's Benecol business consists of two parts: sales and marketing of consumer products, and licensing and partner cooperation in the Benecol product ingredient, plant stanol ester. Markets for the Benecol product ingredient are global.

Home markets for Raisio's Benecol consumer products included the UK, Ireland, Belgium, Poland, Finland, Portugal and Hong Kong in 2015. At the beginning of 2016, a new licensing partner started in Portugal, which no longer is Raisio's home market.

In recent years, the category of cholesterol-lowering functional foods has expanded particularly in Asia, where Raisio together with its partners has succeeded to open new markets. In many Asian markets, Benecol has been the first to create the category. A good example of this is Indonesia, where Benecol products were launched already in 2008. In 2015, Benecol products were launched in South Korea and China.



Benecol products available in 30 countries,
of which 6 are Raisio's home markets



In 2015, Portugal was part of Raisio's home market

Business operations

In the last quarter of 2015, Raisio carried out its first post-acquisition TV campaign designed on the company's own terms. The other campaigns designed and carried out by Raisio were also successful and strengthened the company's position in its home markets.

The UK is still by far the largest market for Benecol products. The integration of Benecol business



acquired in 2014 as part of Raisio was completed according to plan. In the UK, retailers tightened their selection criteria, which intensified competition and further emphasized the importance of promotions. Benecol performed well in changing market conditions. In the UK, sales increased in Benecol yoghurt drinks and spreads.



In Poland, Raisio withdrew from retailers' unprofitable promotions and improved its cost-effectiveness. These measures resulted in clearly improved profitability and decreased sales. Distribution of Benecol spreads expanded thanks to new customers. Sales in Benecol Max spread launched at the end of 2015 had a good start. Poland is the second largest market for Benecol products.

Growth in the UK

In Finland, sales in Benecol products increased by some 10 per cent. Most of sales growth was generated by the Benecol buttery spread launched at the beginning of 2015. Price competition further intensified also in Finland.

Performances of Raisio's Benecol partners varied greatly in different markets. Sales of Benecol products showed strong growth in Switzerland whereas in Spain and Greece, markets remained challenging. Benecol products sales increased particularly well in Indonesia. Growth was also seen in Chile and Columbia. In 2015, Benecol products were launched in China and South Korea. At the end of 2015, Olivio started as Raisio's new partner in the USA with the Benecol spread.



In 2015, Raisio built a strong foundation for the future success of its Benecol business. Benecol brand's good position in Raisio's home markets, licensing business investments and the company's ability to develop the product range on its own terms are factors enabling growth.



Home markets for Benecol consumer products

Home markets for Raisio's Benecol consumer products include the UK, Ireland, Belgium, Poland, Finland and Hong Kong. Of these, the UK and Poland are the largest markets for Benecol products. Some 80% of all Benecol products are sold in Raisio's home markets of consumer products. With the acquisition completed at the end of 2014, the Benecol unit is increasingly focused on consumer products in several markets.

Global market for cholesterol-lowering foods is estimated to be around EUR 2.45 billion (source: Euromonitor 2013). In the UK, the key market for cholesterol-lowering functional foods, Benecol dominates with its market share of more than 50% (source: IRI). Raisio estimates that the global market share of effectively cholesterol-lowering Benecol products is 15-20%.

Growth for several home markets

Europe remains the largest and most significant market for cholesterol-lowering Benecol products. In Europe, the category growth did not reach the speed of previous years, and the competition intensified. The category development in Europe was affected by general economic conditions in many countries and, in terms of cholesterol-lowering foods, by the overall downward trend of the important margarine category.

Sales in Benecol products varied in Raisio's home markets for Benecol consumer products. In Finland and Hong Kong, Benecol products showed the strongest growth. Good growth was also seen in the UK, Ireland and Poland at the end of 2015. In many Raisio's home markets, Benecol product sales were supported by a new TV advertisement. In addition, marketing and retail trade activities were increased. A visible and successful marketing and sales campaign was conducted in the UK together with the Heart UK organisation in the autumn 2015.

Yoghurt drinks and margarines are the most significant product groups in Raisio's home markets for Benecol consumer products. (lause poistettu) The best sales growth was seen in Benecol yoghurt drinks. Raisio is developing new Benecol products for the growing categories meeting consumer needs for cholesterol-lowering solutions.

*Benecol yoghurt drinks
continue to grow in
popularity*





Benecol licensing business

In 2015, Benecol licensing business focused on strategically important growth markets. This resulted in the opening of markets in China and South Korea. Sales in Benecol products in Asia increased by over 40 per cent.

Raisio's partner Lotte successfully launched Benecol products in South Korea in February 2015. Organic sales growth in Asia was also driven by our partner Kalbe's continued sales and marketing investments in Indonesia and the Philippines. Together with Kalbe, Raisio developed some interesting new products. Raisio has also helped Kalbe to open up new sales channels, which enables growth in these rapidly growing markets.

Together with our partner Neptunus, Raisio launched Benecol products in China in June 2015, and we managed to overcome regulatory challenges affecting the post-launch marketing communication of Benecol products. China has significant growth potential in the cholesterol-lowering category.

New launches in Asia



As a result of our long-term efforts, plant stanol ester, the Benecol product ingredient, obtained a regulatory approval in India. This enables further business development activities in the growing markets of India.

Intense competition continued in Europe

In Europe, Benecol took measures to protect its licensing partners' activities in the highly competitive cholesterol-lowering markets. Together with its partners, Raisio focused on the development and launches of new Benecol products. For example, our partner Minerva launched Benecol Max spreads in Greece.

A new Benecol partner started in Portugal at the beginning of 2016, so Portugal is no longer home market for Raisio's consumer products.



Olivio is Raisio's new partner in the USA

At the end of 2015, Olivio started as Raisio's new licensing partner in the US market and launched Benecol spreads. Raisio's long cooperation with Johnson & Johnson ended.

In South America, sales in Benecol products clearly increased, which reflects the growth potential of the area.

Focus on growth markets

Raisio continues its active efforts to open new Benecol markets, particularly together with its partners in Asia. At Raisio, we provide our partners with a recognised Benecol brand and our support in several areas from regulatory affairs and product development to sales and marketing.

In 2016, Benecol licensing business, together with its partners, continues to focus on expanding into new markets and on increasing its sales in the rapidly growing markets.



Snack & Cereal

In its key markets of snack products, Raisio has several strong, locally well-known brands, such as Elovena, Sunnuntai, Provena, Nordic, Honey Monster and Dormen. In 2015, Raisio launched new products and expanded into new product categories. With its healthy, delicious and ecological products, Raisio meets the growing demand for snacks.

Main events in 2015

- EBIT for the Northern Europe was clearly higher than in the comparison period.



- Sales clearly increased in Elovena and Provena products.
- New Elovena products sold well.
- In Russia, EBIT was clearly positive.
- The UK improved its performance but EBIT remained negative.
- The whole cereal category showed low sales. Raisio adjusted its production to the market and will close the Southall site.
- The Newport site's production was enhanced.

Financial review

Net sales for the Snack & Cereal business totalled EUR 138.9 (141.7 in 2014) million. As a whole, EBIT was slightly higher than in the comparison year.

For the Northern European business, EBIT was significantly higher than in the comparison year while net sales remained at the comparison year level. EBIT improvement was driven by retail sales growth of branded products and increased sales of industrial products.

EBIT for the UK operations remained negative, but the loss was clearly lower than in the comparison year. Net sales were almost at the comparison year level. 2015 was a challenging year in many ways as the competition further intensified in the cereal and snack bar markets at the same time as retailers adjusted their operations to the market conditions.

For the Eastern European operations, EBIT remained at the comparison period level and was clearly positive, even though net sales were clearly down. In Russia and Ukraine, product prices were adjusted to exchange rate changes, which decreased sales volume.



Business review

UK

Sales in cereals made at the Southall site were clearly down from the comparison year. In December, Raisio completed negotiations on the future of its UK-based Southall site. The Southall site production will cease during the end of the first quarter of 2016, resulting in termination of 99 employments. Raisio is assessing alternatives regarding the future of its Southall property near London.

Raisio centralising its snack bar production

At the beginning of 2016, part of the Southall production will be transferred to Raisio's Newport site while part will be outsourced. Centralising of the snack bar production to the Newport site allows further enhancement of production and more versatile product solutions.

Sales clearly increased in healthy and natural snacks made at the Newport site under partners' brands while demand for weight management bars continued to decline. At the end of 2015, some partners adapted their



orders to the market conditions. Newport successfully decreased losses, adjusted its personnel costs to the production volume and further improved its service level.

2015 was a good year for the Swindon site manufacturing nibbles. Sales in the Dormen nuts increased as a result of the brand renewal, new products and new listings. Launch of Harvest Cheweee fruit bites opens new opportunities for the conventional children's bar brand and shows the company's ability to launch new products meeting consumer needs.

Popularity of nibbles on the increase



Northern Europe

Retail sales clearly increased in Elovena products. Particularly good sales were seen in the Elovena line's new products, i.e. snack bars, snack biscuits and instant porridges. Elovena products accounted for almost 50 per cent of Raisio's retail sales in Finland.

Sales of Provena products also increased clearly. The largest markets for Provena products are Finland, Sweden and Poland. International demand for gluten-free Provena products continues to grow. Sales in bakery and industrial flours significantly increased due to a major Finnish customer.

Good sales for new Elovena products



Eastern Europe

Economic uncertainty continued in Russia. Raisio managed to price its products in line with the exchange rates even though the share of less expensive products of sales increased. Competition continued intense in the consumer goods markets.



Benemilk

At the end of 2015, Benemilk had its first Primafat ingredient order. Benemilk is no longer a pre-revenue company. First patents were obtained in 2015.

Main events in 2015

- In addition to the licensing model, Primafat ingredient sales-based business model was established in spring 2015.
- First Primafat order at the end of 2015; Benemilk is no longer a pre-revenue company.
- First patents were obtained in 2015 in South Africa.
- Benemilk is examining conditions and opportunities to obtain new financing.

Benemilk Ltd

Benemilk Ltd is a joint venture based in Finland and set up in April 2013 by Raisio and Invention Development Fund, managed by Intellectual Ventures. The initial aim of Benemilk Ltd was to develop and strengthen the intellectual property rights portfolio related to the Benemilk® invention and to commercialise the invention for global markets.

Raisio's group company Nordic Feed Innovation Oy owns 75% and Intellectual Ventures 25% of the joint venture. Raisio's holding in Nordic Feed Innovation Oy is 76% while Finnish Food Chain Development Oy's share is 24%. Raisio owns 57% of Benemilk Ltd. Raisio published a funding round launched by Benemilk in November 2015.



Raisio reports the operations of Benemilk Ltd as its own company and part of the Brands Division. Benemilk had no net sales in 2015. Raisioagro has a royalty-free, exclusive license to the Benemilk invention and its future

applications in Finland and Northwest Russia. Benemilk feed sales in Finland and Northwest Russia are reported as part of Raisioagro's figures.

Business review

Development work to expand and strengthen Benemilk's IPR

continued. Benemilk portfolio already has almost 30 patent families. Benemilk's initial patents were granted first in South Africa. Elsewhere, patents applications are still pending, as usual interim decisions and requests for further information lengthen processing times. Processing of patent applications is, however, progressing as planned.

PRIMAFAT™

In addition to the Benemilk's licensing model, a new business model based on Primafat ingredient sales was established in the spring 2015. The model is based on various feeding concepts. The ingredient business is based on the sale and marketing of palm oil-based raw material under the Primafat trade mark and related IPR.

In November 2015, Raisio announced that Benemilk Ltd is examining conditions and opportunities to obtain new financing for, on the one hand, launching of the ingredient business created in 2015 and, on the other, developing its licensing business. Taking into account the latest trends in the dairy chain, the ingredient business is considered to have wider opportunities than the licensing business to succeed in global markets. The assessment

Benemilk Ltd assessing new financing options

concerns both debt and equity alternatives. If the assessments lead to a financing arrangement involving equity in part or in full, it could mean that Raisio's Benemilk holding would decrease below 50 per cent. Furthermore,

Benemilk would no longer be part of Raisio Group as a subsidiary. The assessment related to new financing options is expected to be completed in such a way that Benemilk could decide on the implementation of the financing arrangements, and also implement possible arrangements, by the summer 2016.

Confectionery

In recent years, Raisio has developed its own confectionery brands by launching new products and package options meeting consumer needs. We have also expanded into new sales channels. Our long-term efforts have led to increased sales in Raisio's branded products.

Main events in 2015

- Confectionery business showed a good, steady performance.
- In the UK, sales increased in Raisio's own branded products. Extensive promotional campaigns increased sales in the renewed Fox's confectionery. Sales grew also in Poppets and XXX confectionery.
- At Leicester site, we continued our efforts to improve cost-effectiveness and service levels.
- In the Czech Republic, sales increased in Raisio's own Pedro and Juicee Gummee confectionery.
- Free From products are a growing consumer trend.

Financial review

Net sales for the Confectionery business totalled EUR 105.4 (100.6 in 2014) million. EBIT remained at the good comparison period level.

In the UK, production of retailers' private label products decreased while Raisio's own branded products showed a slight increase both in the UK and Czech Republic. A significant price decline of sugar and glucose used as raw material in confectionery resulted in lower prices of consumer products.



Business review

In 2015, Raisio continued to expand its range of branded products with new product innovations and package options, providing consumers with interesting novelties and partners with cost-effectiveness.

In the second half of 2015, the renewed Fox's brand had good visibility in the UK through the discount sector's extensive promotional campaigns. With successful campaigns, sales clearly increased for Fox's confectionery as well as for Poppets and XXX brands. The Leicester confectionery site continued its projects to improve cost-effectiveness and service levels.

Sales increased in Raisio's own branded products

In the Czech Republic, strong growth in the Pedro brand was driven by an extensive advertising campaign. Sales also increased in soft gums sold under the Juicee Gummee brand. Major partner agreements are continued, providing good opportunities for business growth.



Raisioagro

Raisioagro helps its customers produce healthy food for consumers sustainably, effectively and profitably, with animal welfare in the foreground. Strong feeding expertise and innovative feeds are at the core of Raisioagro's operations. The company's activities focus on cattle and fish feeds, feeding expertise and plant cultivation.

Main events in 2015

- Fish feed sales were at the comparison year level, profitability improved
- Difficulties in dairy farming were seen in the switch to less expensive feeds with lower added value.
- In farming supplies, focus was on more profitable product groups. Sales in, e.g., fertilisers were significantly down.
- Low price levels in Europe considerably impaired the profitability of grain exports.
- Benella Rainbow Trout, created together with the whole production and distribution chain, was launched to consumers.

Financial review

Raisioagro's net sales totalled EUR 145.9 (201.6) million. Finland accounted for over 80 per cent, Russia over 10 per cent and other markets clearly less than 10 per cent of Raisioagro's net sales.

Raisioagro's EBIT was EUR 2.4 (-8.9) and, excluding one-off items, 2.8 (3.4) million. Particularly dairy farmers' transfer to less expensive products with lower added value affected negatively Raisioagro's EBIT. Raisioagro's return on restricted capital improved.

Key figures for Raisioagro

		2015	2014
Net sales	M€	145.9	201.6
EBIT	M€	2.4	-8.9
One-off items	M€	-0.4	-12.3
EBIT, excluding one-off items	M€	2.8	3.4
EBIT, excluding one-off items	%	1.9	1.7
Investments	M€	0.7	1.1

The figures of the comparison year 2014 include the terminated production of pork and poultry feeds and vegetable oils. The terminated operations had a significant impact on the net sales decrease but almost no significance in

terms of EBIT.

Business review

Cattle feeds

The effects of Russia's import ban of dairy products are indirect and can be seen throughout the milk chain. In Finland, the decline in milk prices at the end of the year accelerated dairy farmers' switch to less expensive feeds with lower added value. In the changing market, Raisioagro launched new feeds in its Maituri and Melli lines suitable to be used with farmers' own high-quality silage. The company also adjusted its cost structure to changing conditions. In recent years, Raisioagro has strongly focused on value added feeds, of which Benemilk is a good example.

Raisioagro continued the monitoring of Finnish farms with milking robots and milking stations. At the end of 2015, there were more than 50 farms in the monitoring programme. Through the monitoring, milk producers and Raisioagro together identify opportunities to improve yields with correct feed choices, to ensure animal welfare and to measure the results.

*Raisioagro's special
expertise in cattle feeds*



Fish feeds

In Finland and exports, sales volumes of fish feeds were at the comparison year level. Feed deliveries remained stable during the summer as there were no long-lasting heat waves that would have warmed water too much, and fish ate well throughout the season. Raisioaqua's key export markets are Northwest Russia, Latvia and Estonia. Russia accounted for more than 90 per cent of total exports despite the exchange rate movements. Raisioaqua had particularly good results with its accounts receivable management.

Together with its partners, Raisioaqua launched Benella Rainbow Trout to consumers in September 2015. Now sustainably farmed, healthy rainbow trout stands out in supermarket fish counters.

Raisioaqua's unique feed innovation is used in the feeding of Benella Rainbow Trout. The feed reduces nutrient loads in water bodies and its rapeseed oil replaces fish oil obtained from the wild fish stocks. Benella is healthy and it has been granted the Finnish Heart Association's Heart Symbol. By following Raisioaqua's Hercules Opti feeding concept, the fish farmer is entitled to use the Benella brand. Benella Rainbow Trout has had plenty of positive consumer feedback, and now many fish farmers want to become Benella fish producers.

*Finnish consumers
appreciate environmentally
friendly Benella Rainbow
Trout*



Cattle feeds

A year of change in milk production globally

In Finland, the decline in milk producer prices at the end of the year accelerated dairy farmers' switch to less expensive feeds with lower added value. In the changing market, Raisioagro launched new feeds suitable to be used with farmer's own high-quality silage. Benemilk value added feed products, however, did well in the market.

In 2015, a historic change took place in the milk sector as the country and farm specific milk quotas restricting the production were removed in the EU. Many countries had already prepared for the change, which resulted in a clear increase in EU's milk production from the previous year. Milk production also grew elsewhere in the world but the demand for dairy products did not increase at the same pace. This led to the decline in the world market prices of both butter and powdered milk.

*EU ceased milk production
quotas in 2015*

Finnish dairy farmers continued to invest

In Finland, milk producer prices decreased as the import ban of dairy products imposed by Russia in 2014 continued. By the summer 2015, the average producer price had clearly fallen from one year ago. Producer price in Finland was, however, higher than the average price in the EU.

Although the decline in producer price has presented challenges for milk farmers and increased financial risks, especially for farms that have made investments, it has not significantly affected milk production or the structural development of farms. The number of farms decreased as expected but, with the investments, the number of cows per farm increased. It is unlikely that milk production volumes would decrease in the near future.

Structural development, investments in productivity growth, preparedness for price volatility and a high degree of dairy product processing enable the success of Finnish milk production in the growing dairy product market also in the future.

Feed market in transition

Due to the difficult situation, Finnish milk producers seek cost savings by increasing the use of their own feed mixes and by focusing on the quality of silage and grass yield levels. The variation in the silage quality was clearly seen in the needs of supplementary feeds in 2015. During the spring, energy supplements were needed whereas in the autumn protein and mineral supplements were in demand.

Raisioagro's expertise in value-added feeds and farm monitoring

More than 40 per cent of Finnish dairy cows were fed with Raisioagro's cattle feeds in 2015. Market share of Raisioagro's cattle feeds was slightly down from the previous year particularly due to increased price competition. Raisioagro's strength lies in brands that add value for dairy farmers, such as Benemilk.

During 2015, Raisioagro introduced a new digital farm monitoring programme analysing the data collected by milking robots. Using the data, Raisioagro's experts optimise the feeding to meet the needs of each farm. At the end of 2015, there were more than 50 farms in the monitoring programme.

Well-known brands valued by customers, skilled personnel, product range suitable to different feeding methods and price categories as well as services supporting sales play a key role in the development of Raisioagro's operations and in securing its future success.

Fish feeds

Raisioaqua's good fish feed season

In 2015, fish farmers in Finland and Northwest Russia had one of the best summers of all time. In Finland, total volume of fish production did not, however, rise significantly due to the long hot period in 2014. Waters became too warm and a considerable number of fry farmed in the summer 2014 were lost. As a whole, 2015 was a good year for Raisioagro's fish feed business Raisioaqua.

Thanks to good conditions in the summer 2015, fish grew rapidly and the average weight was high. As there were no spells of hot weather, feed deliveries remained steady throughout the summer. After the good season, gutting started earlier. The market could not absorb all the available fish, which resulted in a decline of producer prices. In Finland prices were partly even below cost prices. In addition, fish farmers' economic situation became more difficult as fish roe sales plummeted due to the Russian import ban. No replacement markets were found for roe.

Sales in Finland at the comparison year level

The starting point for 2015 was very challenging but thanks to the good farming season, Raisioaqua's net sales remained at the previous year level. Export volumes to Russia slightly declined from the previous year, which also had an impact on Raisioaqua's net sales. Export to Russia was affected by the country's economic situation and exchange rate changes. In Finland, sales volume was at the comparison year level. Successful new products, such as Hercules Plus, were very well received in the markets. Hercules Opti feeds, developed for optimising the fatty acid composition of fish, sold well. The Opti feeding concept gave birth to the Benella Rainbow Trout brand launched in the autumn 2015.

Raisioaqua's key markets for fish feeds are Russia, Latvia and Estonia. Well over 90 per cent of export volume sales are exported to Russia, mainly to the Republic of Karelia and Leningrad region. Latvia surpassed Estonia in export volumes as Estonia's challenging economic situation affected fish farmers' livelihood.

Successful launch of Benella consumer brand.



The launch of Raisioagro's first consumer brand, Benella Rainbow Trout, was a great success. Consumer feedback has been only positive.

Raisioaqua aims at growth

Raisioaqua aims to expand into new markets with its feeds and Benella consumer brand. New market expansion, high-quality products and new innovations enable profitable growth. Raisioaqua wants to be the first in the introduction of the so called Baltic Sea feed. The use of fishmeal containing mainly Baltic herring and sprat in Raisioaqua feeds would basically mean that more nutrients are removed from the Baltic Sea than are released there through fish farming.



Raisioagro – other operations

In farming supplies, Raisioagro focused on more profitable product groups. In Europe, good harvest impaired the profitability of grain exports significantly.

Sales in fertilisers and liquid fuels decreased significantly from the comparison year since Raisioagro focused on sales of more profitable product groups due to intensified competition. This changed the sales structure of Raisioagro's farming supplies and lowered credit loss risk. Raisioagro's major growth opportunities are in grass seeds, biological preservatives and in wrap films and net wraps used on the farms.

Raisioagro's online sales increased

Comparable online sales increased. Focus on farming supplies used on dairy farms as well as the development of product range improved the profitability of online store. The role of fertiliser and fuel sales in the online store profitability was not significant.

European price levels significantly affect grain export opportunities

Finnish grain exports were exceptionally high in the spring 2015. The grain trade slowed down for the summer. In the autumn, as harvesting started, the grain trade picked up again, because of the low levels of Finnish inventories. Good harvests in Europe significantly weakened the grain export opportunities at the end of 2015.

Corporate Responsibility

On this video, Vice President Vincent Poujardieu talks about the responsibility and how it is seen in Raisio's Brands Division.

Managing Director Jarmo Puputti talks about the achievements and priorities of Raisioagro's responsibility work.

Responsibility strongly in Raisio's strategy

Responsibility is deep at the heart of Raisio's business operations. Raisio's responsibility work is based on our vision:

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

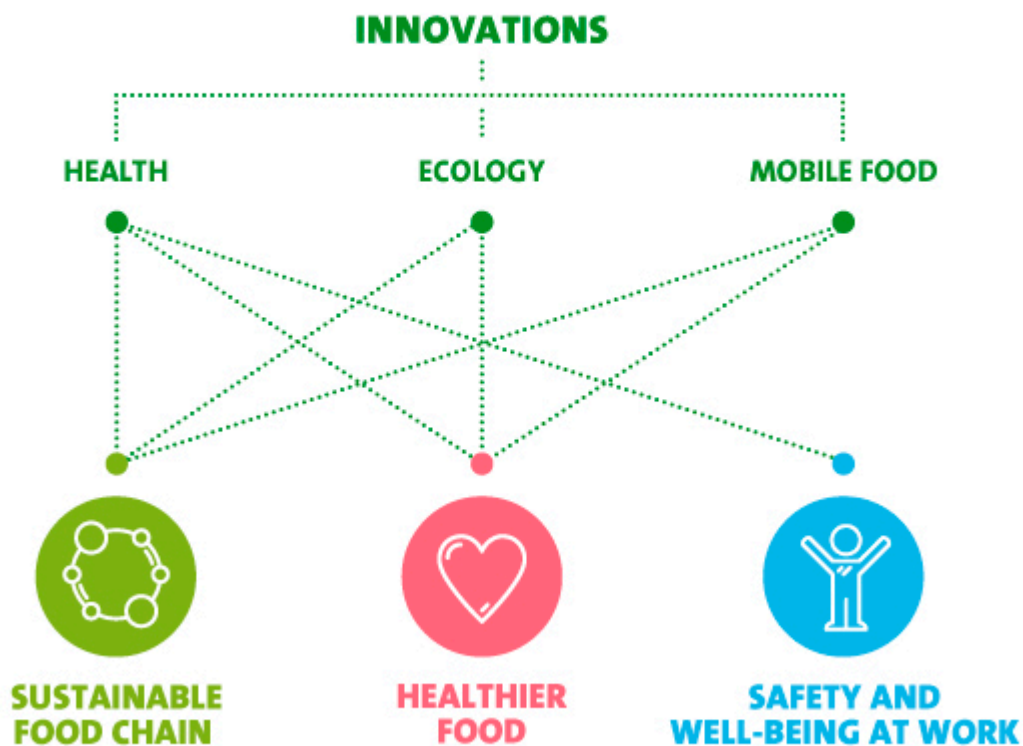
Responsibility is also strongly linked in Raisio's strategy. The core of Raisio's strategy is a whole that includes innovations and healthy, ecological snacks. Responsibility work supports Raisio's strategic objectives and business operations.

[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





Ecological pioneering for 10 years already

Responsibility is an integral part of Raisio's operations and strategy, combining innovations, healthiness, ecology and snacks. For ten years already, we have actively contributed to the responsibility of our own operations and of the whole food chain through our environmental innovations, among other things.

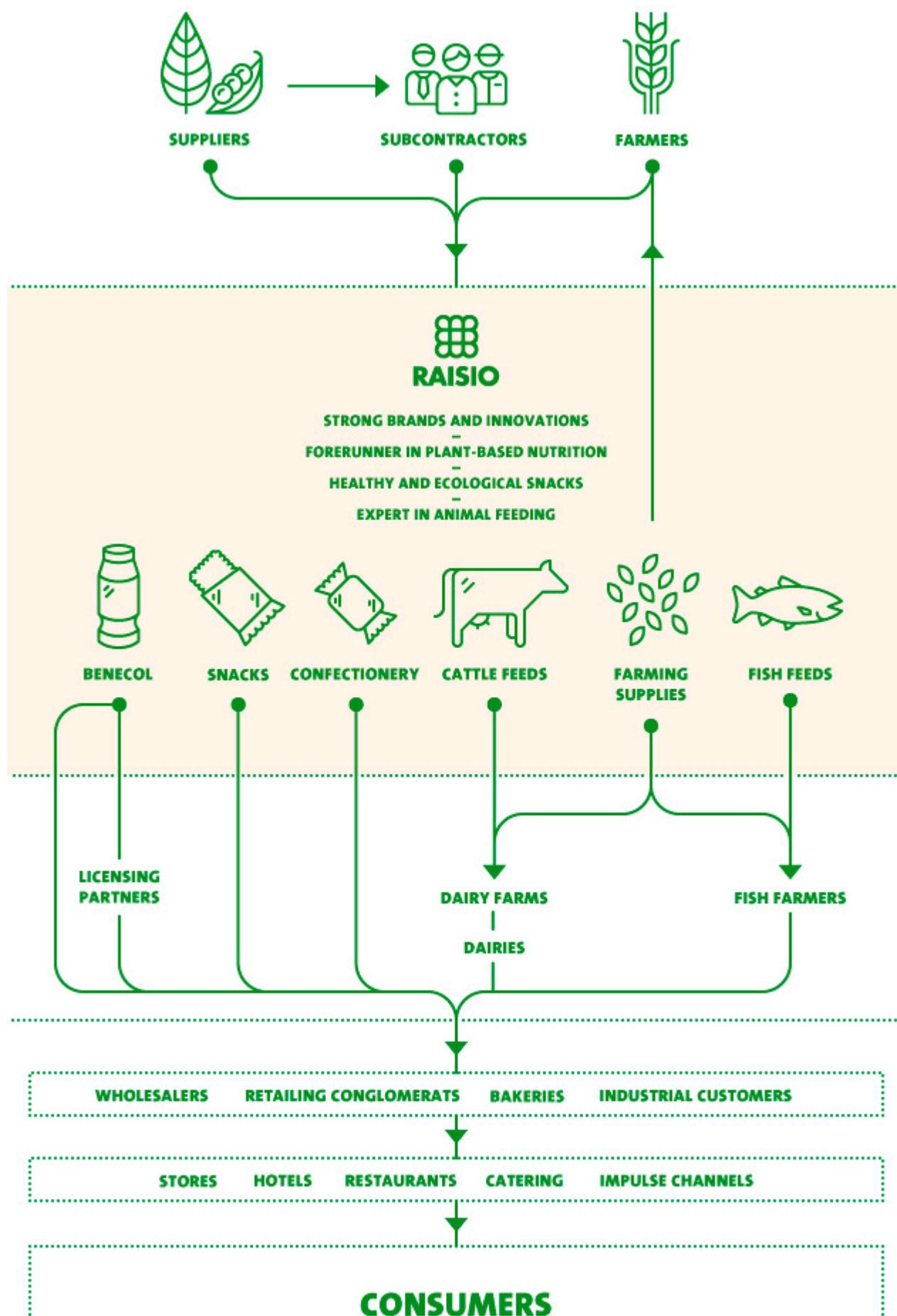
Raisio's key responsibility themes are sustainable food chain, healthier food, and safety and wellbeing at work. We have set measurable targets for these themes in our Responsibility Programme for 2016-2018. As a forerunner in plant-based nutrition and an expert in animal feeding, Raisio has the ability to develop the sustainable food chain and to increase wellbeing of consumers and animals with its high-quality products.


Global megatrends, such as climate change, population growth and fresh water shortage, challenge the food production. At the same time, consumers are increasingly interested in healthy lifestyles. Raisio's healthy foods made of sustainable raw materials and our unique innovations meet these global challenges. Healthy and ecological nutrition as well as innovations improving the cost-efficiency and sustainability of agriculture play a key role in reducing environmental impact of the food chain.

In this report, we outline our objectives we have set ourselves concerning the new Responsibility Programme and report on our responsibility work in 2015. Only a responsible food chain brings results. Raisio's expertise and strategy support this.

CEO Matti Rihko

Diverse value chain





Raisio affects the beginning of the value chain, i.e. suppliers, by following its principles of responsible purchasing. Suppliers are required to comply with Raisio's ethical principles. Some of Raisio's own branded products are made by subcontractors. Then our contracts define precisely, for example, quality criteria of raw materials used and social responsibility issues. In addition, Raisio itself purchases raw materials used in its products to many of its subcontractors.

Raisio purchases grain close to its production plants whenever possible. In Finland, Raisio purchases some 60 per cent of the grain from its contract farmers. Due to close cooperation, Raisio has the opportunity to influence its contract farmers' farming practices through, for example, guiding services.

Raisio continuously examines the behaviour and needs of consumers. This way, we can provide retailers with interesting branded products and innovations meeting consumer needs. The company also provides sales support and invests in its brands to keep them commercially interesting. Trade organisations, wholesalers and industrial customers set requirements for Raisio regarding the responsibility of products.

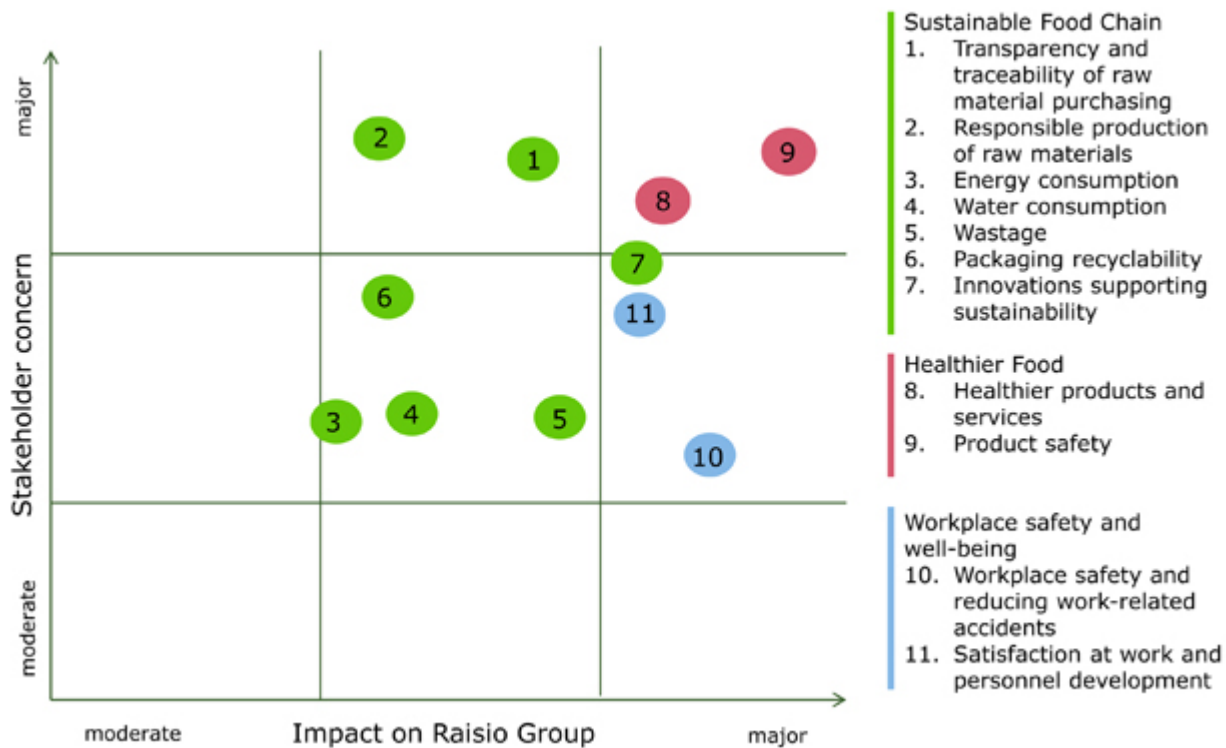
In terms of the international Benecol ingredient business, Raisio's influence extends to the guidance and counselling of licencing partners. Licensing agreements define in detail matters related to the products and use of the brand. In addition, Raisio's licensing partners are committed to Benecol Partner 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 influences dairy and fish chains by providing producers feeds promoting profitable agriculture. Raisio's feeding solutions affect animal welfare and improve the yield. Feeding innovations have significantly reduced the environmental impact from the fish chain.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd. The company has over 36,000 shareholders and about 1,700 employees. Raisio operates in 13 countries and has production plants in 12 places in three countries.

Renewed Materiality Assessment



Raisio's Materiality Assessment of responsibility was renewed in 2015. Our Responsibility Working Group organised workshops with all Raisio's businesses and clarified the stakeholders' views on the material responsibility themes. Raisio's Board of Directors has confirmed the Materiality Assessment. All stakeholders were taken into consideration in the Assessment, both locally and internationally in the countries where Raisio operates.

Based on the views of the businesses and stakeholders, the 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.

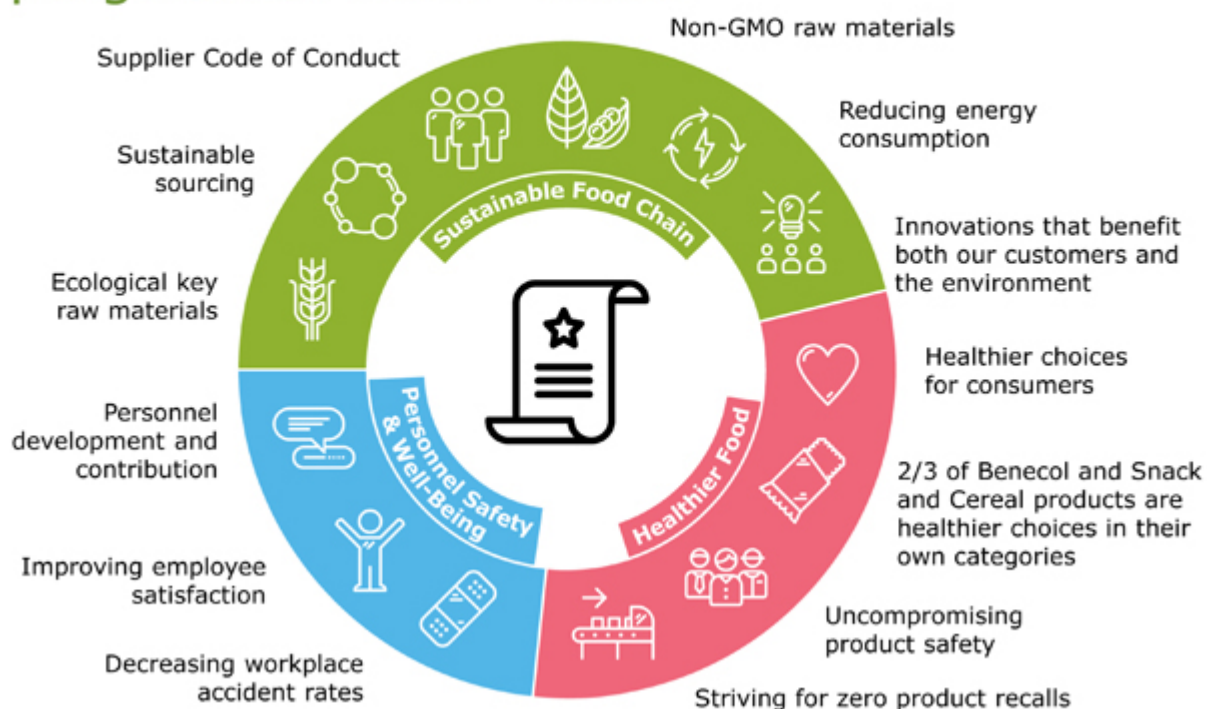
Target-oriented Responsibility Programme

Raisio's Responsibility Programme for 2016 - 2018 was approved in the Group Management Team in October 2015. Raisio has long worked on corporate responsibility and material themes. The company has grown and internationalised significantly in recent years, and responsibility issues have become more and more varied and complex. Different markets and different business models focus on different types of responsibility themes. The Group's most important objectives were compiled in Raisio's Responsibility Programme.

Now the long-term work was transformed into a programme form, and objectives and indicators were specified. Responsibility Programme is a practical tool to be used in Raisio's responsibility work: to set objectives and indicators for material responsibility themes. All Raisio's businesses actively participated in the preparation of the Responsibility Programme and have committed to its implementation.

Implementation of the Responsibility Programme will start in 2016. However, we have already in this Corporate Responsibility Report informed about the starting point and work that has been done for the objectives.

Raisio's corporate responsibility programme 2016 - 2018



The programme is structured around three themes material for Raisio and its stakeholders:

- Sustainable food chain
 - Ethical and environmental aspects are related to the purchase of raw materials. Management of these aspects is material to the company. In addition, Raisio aims to diminish the environmental impact of its own production.
- Healthier food
 - Development of healthier products and services is important to customers and at the core of Raisio's strategy. At Raisio, we never compromise on product safety.
- Safety and wellbeing at work
 - Staff safety and wellbeing are of particular importance in Raisio's operations so that we can ensure product safety, process reliability and new innovations.

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.

Preparation of the Responsibility Programme

We started preparing the Responsibility Programme in the spring 2015. The programme supports Raisio's business strategy, is focused on important responsibility issues. We wanted to achieve a clear and concrete programme.

Main parts of Raisio's value chain are matters related to responsible purchasing of raw materials, innovations and product development, healthiness and work safety. Since these themes were also highlighted in Raisio's Materiality Assessment, they were defined as the key themes of our Responsibility Programme. The Programme objectives support the implementation of Raisio's business strategy.

Raisio's Responsibility Working Group worked on the programme in close cooperation with the businesses. Based on the information gained, they prepared a proposal for the promotion of the themes material for the whole Group and stakeholders.

Raisio operates in many countries and in several sectors. Therefore, material responsibility themes vary by business. At the Group-level, three themes were defined to be material to every business. To promote these themes, concrete goals and indicators were determined to monitor progress. Some of the objectives are business-specific.

Objectives of Raisio Group's Responsibility Programme 2016-2018

In its Responsibility Programme, Raisio has grouped its objectives under three material themes.

Sustainable food chain 2016-2018

- We will further develop the responsible purchasing of our key raw materials. The raw materials Raisio uses the most are grain, rapeseed and sugar.
- We require our suppliers to operate in accordance with the company's ethical guidelines (Supplier Code of Conduct).
- We require that the suppliers complete a 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 non-GMO raw materials.
- We will use only responsible palm oil. The responsibility of palm oil used in foods will be improved by transferring to the use of physically traceable palm oil.
- We will use only UTZ certified cocoa in our snack products.
- We will further reduce the raw material purchases from risk countries.
- In 2016, we will prepare the energy saving plan for the entire Group and set targets for 2018.
- 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 prepare a plan to reduce wastage and set targets for 2018.
- We will only use recyclable materials in our product packages.
- We will continue to develop and commercialise innovations that benefit the environment and our customers.

Healthier food 2016-2018

- 2/3 of our Benecol and snack products will be healthier alternatives in their products groups.
- We continue to develop cattle and fish feed innovations promoting well-being of people and animals.
- We will maintain the BRC certification at our food sites
- Raisioagro's aim is an excellent accuracy in feed recipes.
- The number of recalls will be zero.

Work safety and well-being 2016-2018

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

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

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 engage them. The groups selected to the table have been identified in the workshops of our businesses.

STAKEHOLDER	WAY OF ENGAGEMENT
Personnel	Continuous interaction and performance appraisals, staff info, superior letters, intranet, opinion surveys, Working Groups
Consumers	Consumer service, product demonstrators, Sunnuntai and Elovena Clubs, social media, Raisio's cooking book, brand websites and sustainability communications online, newsletters, advertising
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, 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, ethical requirements for subcontractors, subcontractors' self-assessment questionnaire

Partners	Direct contact, meetings
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, 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, such as Development Project on Work Safety

Responsibility management model

Promotion of responsibility is 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. Group-level guidelines and policies define operating model:

Quality, environmental, health and safety (QEHS) policy

Ethical principles

Human rights and equality policy

Rewarding policy

Competence policy

The Group's Responsibility Programme provides practical tools for management, guiding the focus on material themes and setting indicators and goals to monitor the performance.

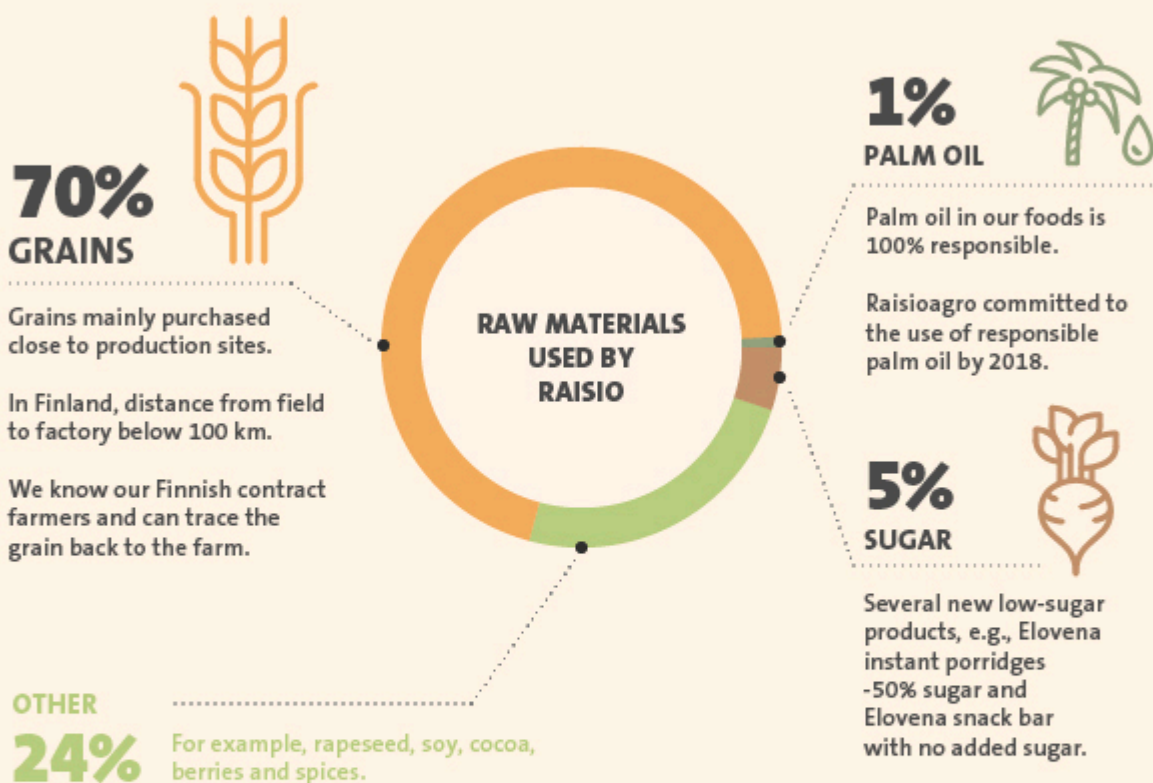
Roles and responsibilities

Roles and responsibilities

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 at least once a 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 setting objectives to 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

SUSTAINABLE FOOD CHAIN

2015



BENEMILK PROMOTES SUSTAINABLE MILK CHAIN



MORE EFFICIENT USE OF ENERGY AND RESOURCES





Responsible purchasing

Stakeholders and consumers are increasingly interested in the origin and traceability of raw materials. Raisio mainly uses plant-based raw materials purchased close to the company's production plants when possible.

As a significant specialist in grain-based products and animal feeding, Raisio has the desire and opportunity to build sustainable food chain. Responsible purchasing has an important bearing on the social and environmental effects of the raw material supply chain. It also ensures high-quality raw materials.

Transparency and traceability of raw material purchasing as well as responsible production of raw materials are seen as key aspects of responsibility at Raisio. Raisio's snack and confectionery sites have BRC certification requiring the ability to quickly trace the raw materials of products.

Raisio's purchases have social and environmental impacts worldwide. Therefore, Raisio introduced a project in 2015 to unify the ethical practices required from suppliers (Supplier Code of Conduct). In 2015, the ethical guidelines set forth detailed expectations for each supplier concerning, for example, environmental responsibility, work conditions in accordance with international regulations, prohibition of child and forced labour as well as anti-discrimination.

Raisio acquires only a small amount of raw materials, such as spices, from the so called [risk countries](#). The company further reduced its purchases from risk countries during 2015.

Main raw materials

Raisio used almost 400,000,000 kg of raw materials to manufacture its products. All raw materials of Raisio's products are renewable. Grain, rapeseed, soy and sugar accounted for almost 90 per cent of all raw materials used

by Raisio in 2015.

Raisio's most important raw material group is grain, used extensively in foods and in feeds. In Finland, Raisio purchased directly from farmers nearly 90 per cent of the grain used in 2015. Durum wheat used by the UK Cereal & Snack business is acquired mainly from Spain. Raisio acquires its grain mainly in the EU region, where the grain growing is governed by the EU's environmental regulations.

Raisio's most important raw material group is grain.

Other raw materials Raisio uses extensively are protein plants used in feeds, such as rapeseed and soy, used particularly in fish feeds. All the soy Raisio uses in its feeds is either RTRS or ProTerra certified soy. Of agricultural raw materials, Raisio also uses sugar in, for example, confectionery and biscuits.

In addition, Raisio has decided the procurement of palm oil and cocoa to require special attention since social and environmental issues related to their production attract wide interest. Palm oil used in Raisio's own branded products account for about one per cent and cocoa for below 0.5 per cent of all raw materials.

All the palm oil used in Raisio's foods has been responsible since 2014. In 2015, 80 per cent of the palm oil used in Raisio's foods was physically traceable (mass balance or segregated) and 20 per cent was Green Palm certified.

By 2018, only UTZ certified cocoa will be used in Raisio's snack products. At the moment, Raisio uses UTZ certified cocoa in the confectionery that the company manufactures for some brand partners.

Raisio makes products for its brand partners and for retailers' private labels, particularly in its confectionery business and UK-based snack sites. Raw materials used in the brand partners' products are procured in accordance with the specifications set by the partners. This is why the certification requirements defined in Raisio's responsibility programme apply to the company's own branded products only.

In fish feeds, Raisio uses fish oil and fish meal whose traceability is carefully ensured. Raisio only purchases fish oil and fish meal in the production of which no endangered species have been used. Thanks to Raisio's Hercules Opti feed innovation, some of the fish oil used in feeds has been replaced by rapeseed oil. Fish oil and fish meal account for about 1.5 per cent of all raw materials used by Raisio.

Main events in 2015

- Special attention is paid to the purchasing responsibility of raw material that Raisio has determined critical. Rapeseed, soy and sugar as well as palm oil and cocoa were determined as critical raw materials. Furthermore, responsible purchasing of grain, Raisio's most important raw material group, is continued.
- About five per cent of all raw materials were within an internationally recognised certification system, such as GreenPalm, RSPO, ProTerra, UTZ or Fairtrade.
- Raisio's businesses in Finland surveyed raw materials that are from the so called [risk countries](#). Raisio transferred its purchasing of raw materials out of high-risk countries.
- Raisio started to prepare its Group-wide responsible purchasing policy. The Supplier Code of Conduct used in the Group's various businesses were reviewed. In 2016, a common Supplier Code of Conduct will be

introduced in the Group.

- The use of palm oil was gradually abandoned at two Czech confectionery sites. Earlier, the sites used eleven raw materials containing palm oil. We found a replacement option for all of them.
- The UK confectionery sites abandoned the glazes and polishes containing palm oil.

Objectives for 2016-2018

- 100 per cent responsible purchasing in the company's most important raw materials, i.e. grains, rapeseed, soy and sugar.
- Raisio requires its suppliers to operate in accordance with the principles in the company's Supplier Code of Conduct.
- Suppliers complete the Supplier Self-Assessment Questionnaire at least every three years
- We continue to purchase ProTerra or RTRS certified soy.
- We use GMO-free raw materials.
- We use only responsible palm oil. The responsibility of palm oil used in foods will be improved by transferring to the use of physically traceable palm oil.
- We use only UTZ certified cocoa in our snack products.
- Our Brands Division in its entirety is a Sedex member.
- Reducing of our raw material purchases from high-risk countries.



Good results in environmental responsibility

Raisio's business is based on sustainable corporate practices. Our two environmental priorities are reducing energy usage and improving material efficiency.

Raisio reports on the environmental impact arising from its own production. The Group's operations result in environmental impacts throughout the life cycle of the products.

Raisio has twelve production plants located in Finland, the UK and Czech Republic. The Group is constantly seeking new ways to develop its processes in order to make the production more environmentally friendly. Throughout the life cycle, the greatest impacts of Raisio's products arise in the primary production of renewable raw materials, which the company affects by developing its principles of [responsible purchasing](#).

With its responsibility programme, Raisio enhances the monitoring and reporting of environmental impacts in all of its production activities.

None of Raisio's production plants are located in protected areas or in areas of high biodiversity value, or in their immediate vicinity.

Main events in 2015

- In terms of the whole Group, the most significant environmental indicators were decided to be energy consumption, material efficiency and recyclability of packaging. We are looking for alternative ways to further develop these areas and numerical targets will be set in 2016. Earlier, environmental targets have only

covered the production activities in Finland, but as the company has expanded rapidly in recent years, goal-oriented environmental work will be unified throughout the Group.

- Raisio has been involved in the energy efficiency agreement in Finland since 2009. According to the agreement, energy use in Finland should be reduced by nine per cent from the level of 2005 by 2016. Raisio has made good progress in its objective, and experiences gained in the project are used throughout the Group.
- Compared to 2014 Corporate Responsibility Report, the environmental figures do not include the Polish pasta business divested in 2015. In addition, the operations at the Finnish feed factories and British food factories were centralised and streamlined, which also affected the figures reported in 2015.

Results 2015

- Raisio invested in, among other things, improvement of process and occupational safety, energy efficiency, waste management and wastewater treatment.
- The Group's energy consumption decreased by six per cent. Savings were achieved by improving of heat recovery. The company's landfill waste declined by 22 per cent. The amount of wastewater generated by the Group fell by nine per cent.
- It is Raisio's policy to conduct business in compliance with all laws and regulations. No significant environmental damages were identified in the Group's offices and the Group received no fines or sanctions for violations of environmental legislation in 2015.
- At the Finnish production plants, production loss was decreased by developing process efficiency, at the Czech confectionery site by increasing the batch sizes and at the UK-based confectionery sites by improving ventilation.
- All Raisio's product packages are made of recyclable material, with the exception of some candy wrappers.
- After the reporting period in January 2016, the company made a decision to build its own bioenergy plant in Raisio. The plant will be introduced in the spring 2017 and it will replace the purchase of coal-based industrial steam so that the carbon footprint of Raisio's production plants will be significantly reduced.

Objectives for 2016-2018

- In 2016, we will prepare the energy saving plan for the entire Group and set targets for 2018.
- 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 prepare a plan to reduce production wastage and set targets for 2018.
- We will make all our product packages recyclable.
- We will continue to develop and commercialise innovations that benefit the environment and our customers.

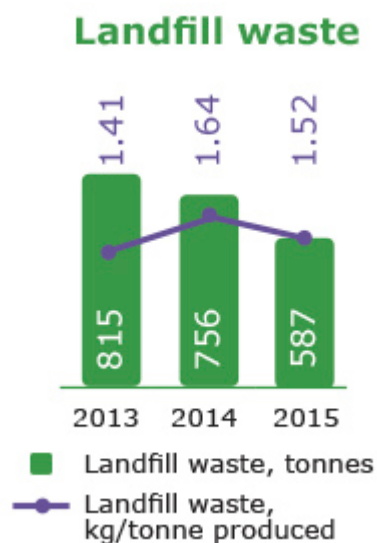
Raisio's environmental impact

Raw materials and material efficiency

Raw materials of Raisio's products are renewable. Our objective is efficient use of raw materials. In 2015, raw material use in our Finnish production plants decreased by almost 20 per cent compared to 2014. The most significant factor in the decrease was the termination of pig and poultry feed production at the end of 2014. Some material transfers occur between Raisio's production plants causing repetition in the reporting. Water use for products is not included in the raw material quantities.

For the entire Group, recoverable waste accounts for more than 70 per cent of the total waste volume, and more than 90 per cent for Finnish operations. The amount of food waste used as feed covered more than 50 per cent of the total amount of waste.

Scope of reporting: For raw material use, Finnish production plants are reported in 2013 and 2014. In 2015, continuous operations of the whole Group are reported. Landfill waste is reported for the Group's continuous operations.

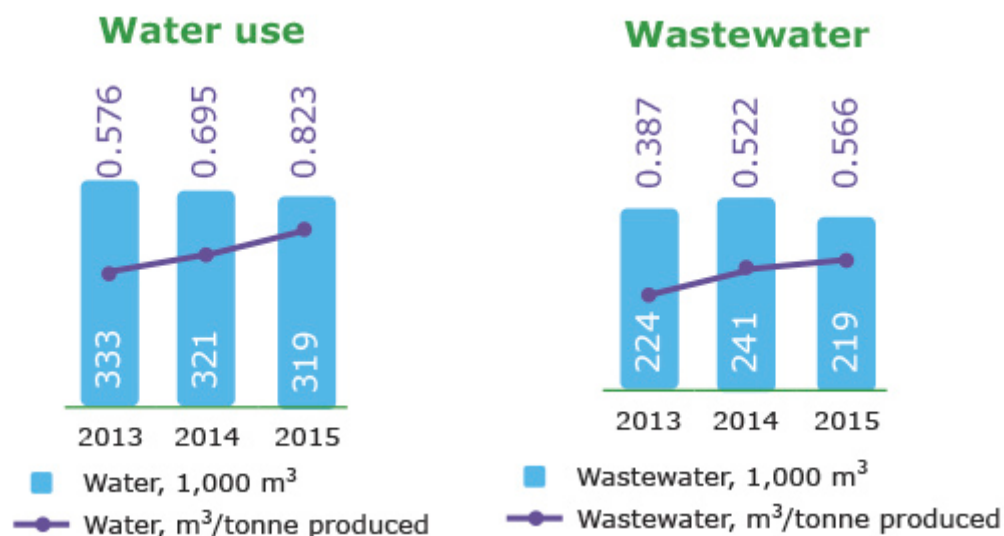


Water

Water use is an important environmental factor at Raisio, as water is used in production and cooling processes. Water is used economically and all usable waters are recycled. For example, recycling of cooling waters can be enhanced with a filtering solution.

Raisio has reduced its total water consumption. However, the centralising and streamlining activities conducted in the Finnish feed factories and in the UK resulted in increased water consumption per tonne of product.

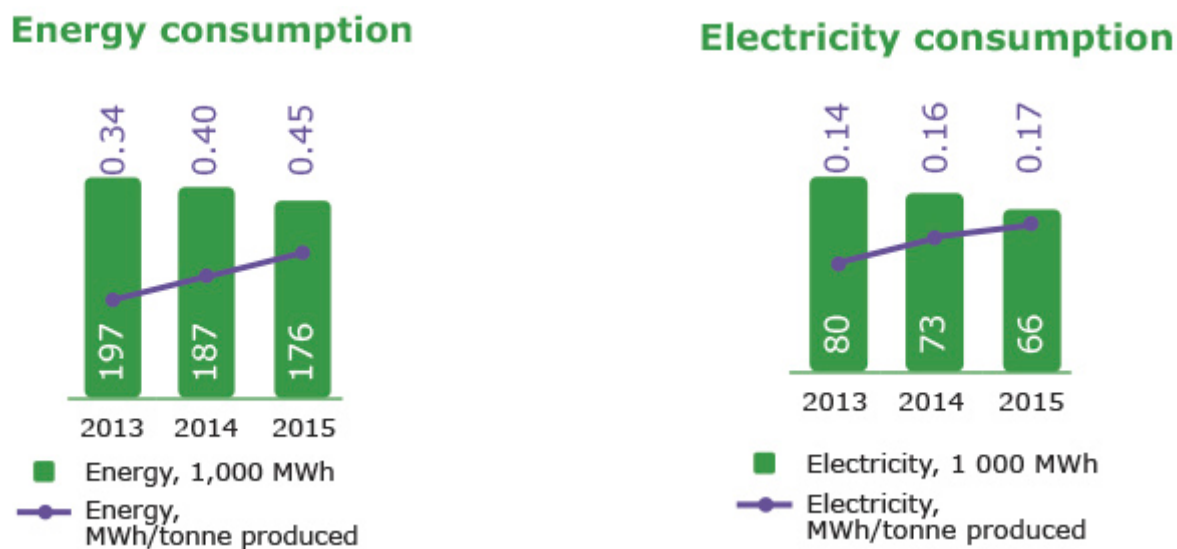
Scope of reporting: Continuous operations of the whole Group.



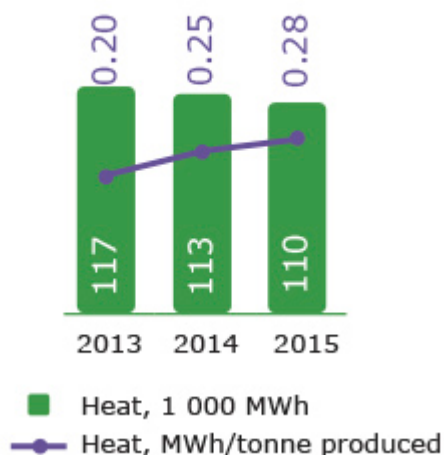
Energy

Total energy consumption decreased by 6 per cent in Raisio Group in 2015. The company's energy supply is mainly based on purchased energy.

Scope of reporting: Continuous operations of the whole Group



Heat consumption



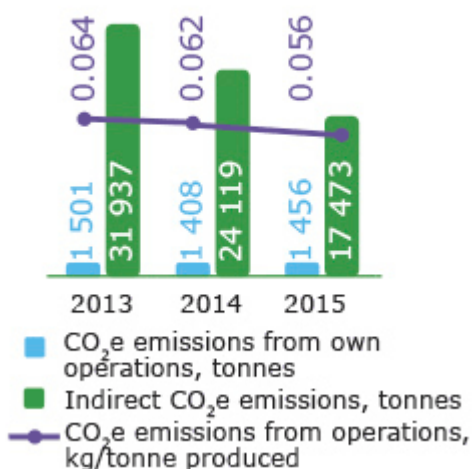
Emissions from energy production

Raisio reports the direct greenhouse gas emissions generated in its own energy production in Finland as CO₂e values. Reporting also includes the CO₂e values of purchased energy according to the quantities Raisio's energy suppliers have reported. Carbon dioxide equivalent (CO₂e) describes the total climate warming effect of greenhouse gases.

Electrical energy Raisio buys in Finland is eco-labelled and its production does not cause greenhouse gas emissions. Electricity purchased to Finland accounts for 60 per cent of the Group's electricity consumption. In Finland, Raisio has two power plants, one in Raisio and the other in Kouvola. Both the plants are within the scope of emissions trading.

Scope of reporting: Finnish production plants

CO₂e emissions, Finland





Benella Rainbow Trout help save the environment

In the autumn 2015, Raisioaqua launched its Benella fish brand to consumers. The brand supports sustainable and responsible food chain. Benella Rainbow Trout fed with Raisio's Hercules Opti fish feed innovation is good for the environment and for human health.

Benella Rainbow Trout is based on the feeding concept called Hercules Opti optimising feed raw materials during different stages of rainbow trout farming. The new feeding method has enabled a considerably lower use of marine oil in the farming and reduced the phosphorus load on the water system. At the same time, good product quality is ensured also in terms of consumers' heart health.

More responsible feeding concept

The main energy source in fish feeds has traditionally been marine oil obtained from wild fish. The world's fish stocks are diminishing and Raisioaqua wanted to find a more responsible alternative to fish oil.

Almost half of the fish oil used in Raisioaqua's Hercules Opti feeding has been replaced by Finnish rapeseed oil. The feeding concept has two stages. At the beginning, fish are fed with feeds containing more rapeseed oil. At the final growth stage, fish are fed with a feed containing more fish oil, which ensures that food fish accumulates adequate amounts of omega-3 fatty acids (EPA and DHA) important for human cardiovascular health. Benella Rainbow Trout fed with Raisioaqua's feed contains healthy fatty acids good for heart and blood vessels as recommended in dietary guidelines.

Benella contains healthy fatty acids good for heart and blood vessels.

Hercules Opti utilises Raisioaqua's innovation, dating back to 2008, reducing the phosphorus load of fish farming by 26 per cent. The phytase enzyme added to the feed enhances the usability of vegetable raw materials: digestibility of phosphorus improves and the fish can utilise a higher proportion of phosphorus.

Raisioaqua developed the Hercules Opti feeding concept together with Natural Resources Institute, University of Turku and National Institute for Health and Welfare.

Benefits throughout the food chain

Sustainable development of fish farming creates conditions for the growth of blue bioeconomy based on water resources. Through many steps, Benella has proceeded from multidisciplinary research to a product benefiting the whole value chain. Profitable and sustainable food chain is competitive and able to generate further progress.

Benella Rainbow Trout meets consumer needs for tasty, environmentally friendly and healthy food. Finnish farmed rainbow trout has been added on the green list of recommended fish choices in WWF's Seafood Guide. Healthy Benella has also been granted the Finnish Heart Association's Heart Symbol.

More responsible palm oil

The use of responsible palm oil is important to Raisio and its stakeholders. The Group is committed to using certified palm oil produced in line with the principles of sustainable development. All palm oil used in Raisio's foods in 2015 was certified. Our aim is to use only physically traceable palm oil by 2021 as required by the RSPO membership.

In 2015, 100 per cent of palm oil used in the company's foods was responsible and certified. 80 per cent was physically traceable palm oil (mass balance or segregated) and the rest was Green Palm certified.

The company uses palm oil in the production of various products, such as biscuits, snack bars, confectionery and subcontracted margarines. Raisio purchases palm oil and palm oil derivatives mainly as part of various fat mixtures from European operators.

In 2015, palm oil was replaced with other raw materials in Raisio's Confectionery business. Our Czech confectionery sites discontinued the use of palm oil entirely, which required modification of several recipes as the sites had used eleven raw materials containing palm oil. The UK confectionery sites abandoned the glazes and polishes containing palm oil.

Palm oil accounts for about one per cent of all Raisio's raw materials.

Raisio has been a member in the Roundtable on Sustainable Palm Oil (RSPO) since 2011. RSPO develops the responsible palm oil production and related standards throughout the supply chain.

HEALTHIER FOOD 2015

**FOR 20 YEARS
BENECOL PROVEN TO
LOWER CHOLESTEROL**

Benecol created the category
of cholesterol-lowering
functional foods.



**ABOUT 120
PRODUCTS IN ALMOST
30 COUNTRIES**

EU's disease risk reduction
health claim.



HEALTHY BENELLA RAINBOW TROUT SAVES THE NATURE

ALMOST HALF OF FISH OIL IN FEED
REPLACED BY RAPESEED OIL

PLENTY OF GOOD EPA
AND DHA FATTY ACIDS

HEALTHY AND TASTY SNACKS FROM OAT



40%
OF FOODS IN FINLAND
WITH THE HEART SYMBOL

MORE NATURALLY

SEVERAL PRODUCTS
WITH NO ADDED SUGAR



SEVERAL ADDITIVE-FREE,
GLUTEN-FREE AND
LACTOSE-FREE PRODUCTS



Well-being through healthy food

Raisio provides delicious, convenient, healthy and ecological choices for snacking. In addition, Benecol products have improved the heart health of millions for already 20 years.

People have less and less time and opportunity for traditional meal eating, it has increasingly become an everyday luxury. Since most of us still want to eat in a healthy way, demand for healthier snacks is on the increase.

Raisio's goal is that 2/3 of all Benecol and snack products are healthier alternatives in their own categories. Factors affecting the product healthiness are, for example, fat composition, fibre content and the amount of sugar and salt. In 2015, Raisio started to determine its category-specific criteria for healthier options based on European nutritional guidelines. These criteria are used, for example, to support Raisio's product development.

Healthier alternatives

Raisio's products are mainly plant-based and our snack products are rich in whole grain. Most product raw materials contain natural vitamins, minerals, fibres and good fats.

Benecol products are cholesterol-lowering functional foods. Benecol products contain unique plant stanol ester lowering cholesterol effectively. EU has granted plant stanol ester of Benecol products a disease risk reduction health claim. According to the claim, plant stanol ester has been proven to lower serum cholesterol levels. High cholesterol level is a risk factor for heart disease.

Main events in 2015, Benecol

- Benecol, the creator of cholesterol-lowering functional food category, celebrated its 20th anniversary. Millions

of people around the world lower their cholesterol with Benecol products.

- Marketing of Benecol products highlights the importance of a healthy lifestyle in cholesterol lowering. Raisio cooperates with several organisations promoting heart health, such as European Atherosclerosis Society, Heart UK and Finnish Heart Association.

Main events in 2015, Snack & Cereal

- Northern European Snack & Cereal business introduced the Finnish Heart Association's Heart Symbol in catering products. Heart Symbol was granted to ten products. 40 per cent of Raisio's consumer products sold in Finland have the Heart Symbol.
- Elovena instant porridges with 50 per cent less sugar were launched in the spring 2015. The Elovena snack bar launched in the autumn contains no added sugar.
- Gluten-free Provena product line was expanded.
- Honey Monster cereal packages were equipped with traffic lights indicating the nutritional values of products. In the UK, the traffic light model is a commonly used way of informing consumers about the nutritional values of foods.
- Honey Monster's cereal recipe was modified and the amount of sugar was reduced.

Main events in 2015, Confectionery

- Free From products are a trend also in confectionery. In the spring 2015, Fox's Candy Bear soft gums were launched in the UK. They contain no artificial flavours or colours.
- Confectionery business has been looking for more natural alternatives to colour additives and reduced the use of palm oil.

Main events in 2015, Raisioagro

- Environmentally friendly and healthy Benella Rainbow Trout was launched to consumers in the autumn 2015. Benella Rainbow Trout is fed with Raisio's Hercules Opti feed innovation replacing part of fish oil in feed with rapeseed oil and ensuring the amount of EPA and DHA fatty acids good for human health. Benella Rainbow Trout has the Heart Symbol.

Cooperation with associations

- Raisio and the Finnish Athletics Federation (SUL) continued cooperation for the benefit of children's nutrition and physical education. The company organised the Elovena Power Day in 50 schools around Finland.
- Raisio continued its cooperation with WWF Finland. Together we prepared, for example, a teaching material on responsible eating for schools from the perspective of global food production.

Objectives for 2016-2018

- 2/3 of all Benecol and snack products will be healthier alternatives in their own categories.
- We continue to develop cattle and fish feed innovations promoting well-being of people and animals.

We never compromise on product safety

Safe and high-quality products are the basis of Raisio's operations. Since Raisio makes food for people and feed for animals, the continuous development and ensuring of product safety affect the entire food chain. Traceability and quality requirements of raw materials and reliable production processes are examples of product safety areas.

Main events in 2015

Updating of the BRC certification to version 7 was taken into account in our food production plants. The new version emphasises the transparency and traceability of raw material purchasing and the support of quality systems.

Allergen control was in focus in terms of food product safety.. A gluten-free production area was completed at Raisio's Newport site.

Production metal detectors were renewed in our Confectionery business.

The dosing accuracy of vitamins and additives was improved at Raisioagro's production plants.

Certifications at Raisio's production sites

Certification and quality systems support safe 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. 100 per cent of Raisio's food products were made by a BRC certified production site.
- 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 five production sites in Finland and the UK.
- Kosher and halal certificates in the production of Benecol ingredient.
- Kosher certificate at the Finnish food production sites and for certain products in the UK.

Product recalls in 2015

Raisio aims to have no recalls. However, if a product quality problem is detected, the recall is made without delay and reasons leading to the situation are examined carefully. In 2015, Raisio conducted one recall, which means that products had already reached consumers. The product recall was not about a quality defect causing danger to consumers.

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 product recalls to zero



Healthier snacks attracting interest

Consumers want to eat healthy, tasty and convenient snacks. Familiar fibre-rich Elovena snack biscuits and new fruity Elovena snack bars are a natural and healthy snacking choice for consumers.

The survey Raisio conducted in the spring 2015 showed that for a Finn, an ideal snack is healthy, nutritious, substantial enough, easy to use and tasty. Snacks are eaten for energy and refreshment. According to the Findiet study conducted by the National Institute for Health and Welfare, Finns get up to 40 per cent of the daily energy from snacks, so the nutritional value of snacks is really important.

The nutritional value of snacks is really important

Raisio continues its long-term efforts to develop healthier and convenient snacks. For example, Elovena snack biscuits launched ten years ago have grown in popularity year after year. Raisio's study showed that already a third of the biscuits sold in Finland are bought for a snack. More than a fifth of single-serve packaged Elovena and Provena instant porridges are eaten as snacks.

Demand for natural snacks growing

Consumers want to have more natural snacks containing no added sugar or additives. Elovena Fruity Snack Bar, launched in the autumn 2015, is made of dried fruit and oat. It only contains natural sugars found in oat and fruit. The bar is also rich in fibre, so it keeps hunger at bay. The bar comes in two flavours, Strawberry-Raspberry and Cocoa. Elovena Fruity Snack Bar is free from additives, gluten and lactose making it suitable for many diets.

At the end of 2015, Raisio launched Harvest Cheweee Fruit & Oat Bites, a good add to children's lunch boxes, for

instance. They too are natural, made of fruit and oat, and additive-, gluten- and lactose-free.

*Demand for healthier snacks
is also growing in the UK.*

Good snacks from oat

Oat is a nutritionally versatile grain. It contains a good balance of carbohydrates, protein and fat. A big part of oat fibre is soluble beta-glucan that is gentle on the stomach and helps control cholesterol levels. In addition, fibre stabilises blood sugar and makes you feel full for longer.

Oat is also suitable for gluten-free diet if it is produced separately from other grains, which means that it is so called pure oat. Raisio's gluten-free Provena products are made of tasty pure oat, the most nutritious of all gluten-free grains. Provena product line includes several snack products, such as snack biscuits and instant porridges.



Benecol affecting the heart health of millions

Raisio's top innovation Benecol® celebrated its 20th anniversary in 2015. Millions of people in almost thirty countries use Benecol products every day.

More than 400 million daily doses of Benecol are consumed around the world annually. Benecol has helped tens of millions of people lower their blood cholesterol levels and this way, affected their cardiovascular health.

The efficacy of Benecol products has been proven in over 70 scientific studies. The strong EU disease health claim is used in the marketing of Benecol products. Benecol has also been nominated as one of the world's top ten nutritional innovations.

Over 70 scientific studies

Nearly half of the population have elevated cholesterol levels

Benecol created a cholesterol-lowering functional food market twenty years ago and now the market is worth about EUR 2.5 billion a year according to Euromonitor.

In industrialised countries, more than half of adults have elevated blood cholesterol levels. At the same time, consumers are increasingly interested in promoting health and take more responsibility for their own wellbeing. As part of a healthy diet, Benecol meets well consumer needs.

Most of Benecol product users are in the UK, where a lot of determined work has long been done for the brand. Benecol has kept its market leader position in cholesterol-lowering yogurt drinks for several years. Raisio carefully

listens to consumers and wants to be a trendsetter in cholesterol-lowering foods also in the future.

New markets in Asia

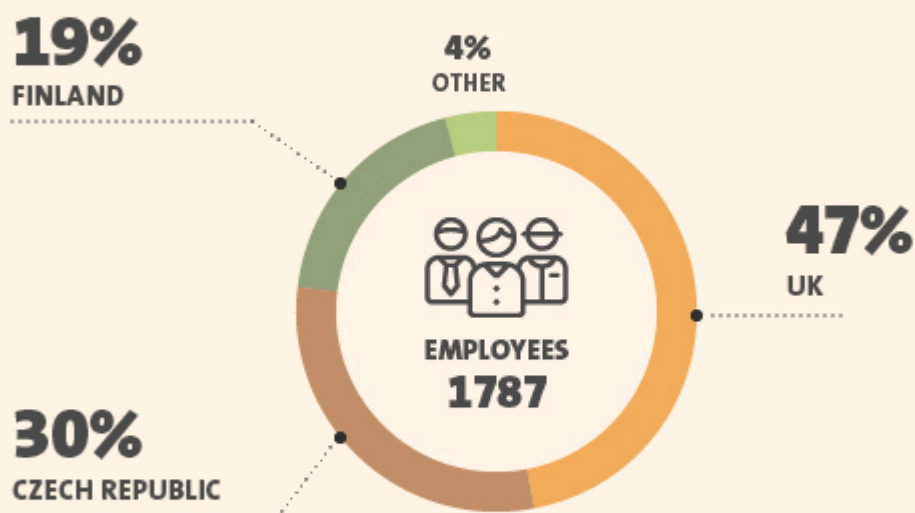
Raisio and its licensing partners constantly seek new markets for Benecol. In 2015, the Benecol products were launched in South Korea and China.

Raisio has been the first to create the category of cholesterol-lowering functional foods in Asia, where high cholesterol levels are becoming increasingly common. Benecol products are sold and marketed there by Raisio's licensing partners who can adapt the brand to local conditions and tastes. For example, various Benecol powdered drinks and food supplements interest Asian consumers.

*Benecol powdered drinks
and food supplements
interest Asian consumers.*

SAFETY AND WELL-BEING AT WORK

2015



31%
LESS ACCIDENTS



6%
LESS SICKNESS ABCENCES

Raisio's personnel 2015

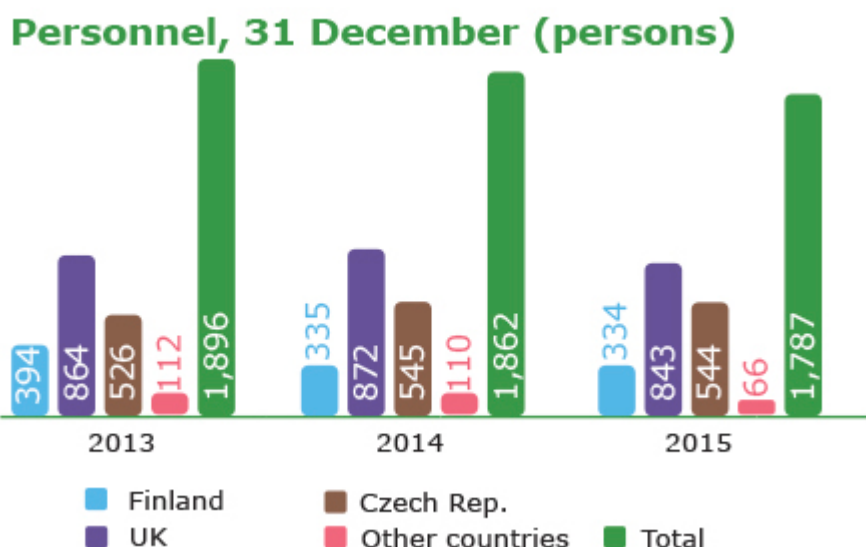
In 2015, Raisio integrated Benecol consumer business acquired from Johnson & Johnson into Raisio. Streamlining of production processes affected the number of employees.

At the end of 2015, Raisio had 1,787 employees (1,862 at the end of 2014) in ten countries. Of the change, some 40 employees are related to the divestment of Raisio's Polish subsidiary's pasta business in the summer 2015. All factory employees transferred to the new owner. Personnel in the UK Cereal & Snack business decreased by some thirty persons as the operations stabilised after the production transfer. In Finland, Raisio adjusted its operations to changed market conditions, which led to the termination of some employments.

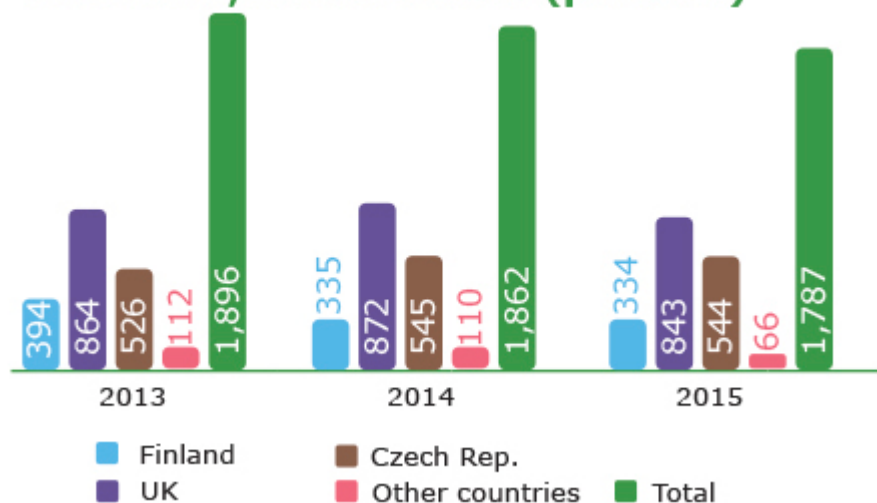
Raisio follows local relevant bargaining contracts and work-related regulations and laws.

Main events in 2015

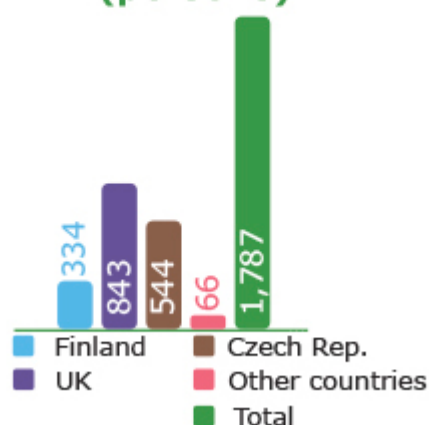
- Raisio regularly reviews market salaries in order to maintain its competitiveness. In 2015, Raisio's wages and fees from continuing operations totalled EUR 77.2 (2014: 68.6) million including other personnel expenses.
- At the end of 2015, extensive negotiations were conducted regarding the future of the Southall site in the UK. The negotiations resulted in the decision to cease the Southall site production during the first quarter of 2016, resulting in termination of some 100 employments.
- In the Czech Republic, competition for skilled labour intensified as the industrial production increased in the Rohatec region. To ensure competitiveness and a stable workforce, Raisio raised the factory workers' wage levels significantly late 2015.
- Raisioagro introduced a business-driven organisation model to ensure a rapid response to customer needs.
- To enhance operations and the use of resources, Raisio's retail sales activities in the UK and Czech Republic were combined into one organisation.



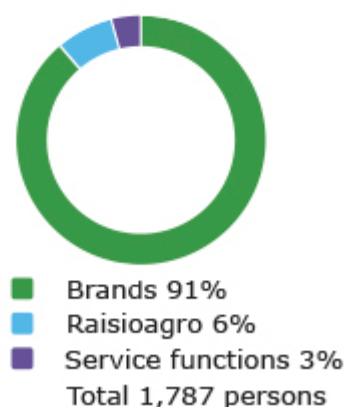
Personnel, 31 December (persons)



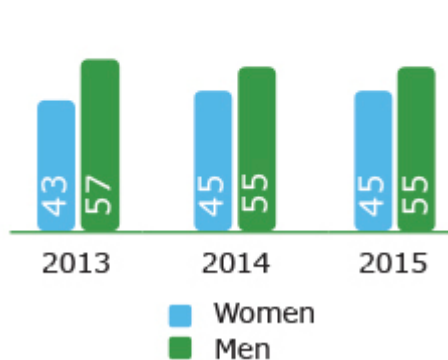
Personnel, 31 December 2015 (persons)



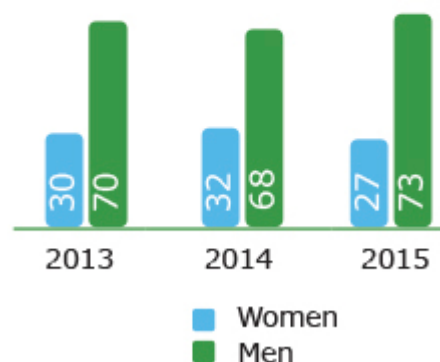
Number of employees by businesses (%)



Gender distribution of personnel (%)



Gender distribution in managerial positions (%)



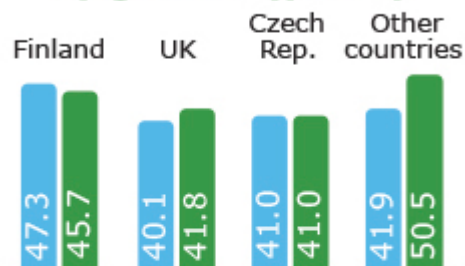
Average age of personnel (years)



Finland
UK
Czech Rep.
Other countries

The average age of Raisio Group personnel is 42.3 years.

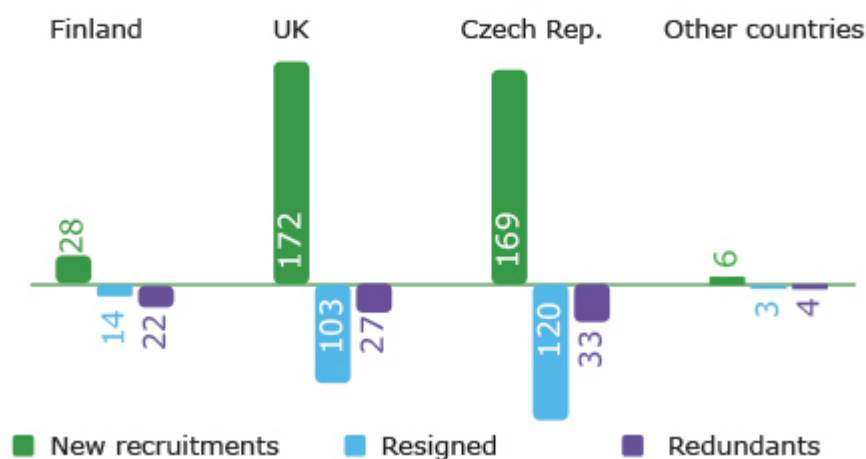
Average age of personnel by gender (years)



Average age women
Average age men

The average age of women working for Raisio Group is 41.8 and that of men 42.7 years.

Personnel turnover entered/left 2015 (persons)



New recruitments Resigned Redundants

Job satisfaction and competence development

Raisio focuses on the development of competence through training and developing its operations based on employee survey results. In addition, personal development needs are assessed in appraisal discussions. The operations are also developed through the job satisfaction survey.

Main events in 2015

- Work induction continued to have a key role after the production transfers in the UK and Czech Republic. In the competence development, Raisio focused on occupational training and the development of internal operations. Additionally, employees were provided with communication, work safety, first aid and IT as well as quality and environmental related trainings. Moreover, Train the Trainer programme was continued in many of Raisio's offices and internal communication practices were improved.
- The Group spent EUR 550,000 (2014: EUR 305,000) on the training of its employees. Internal trainings are not included in the figure. Raisio invested in the staff training particularly in the UK, where the operational changes due to production transfers resulted in occupational training needs.
- Raisio Group's appraisal discussions covered 36 per cent (2014: 30 per cent) of the entire personnel, with the long-term target of 100 percent. In our Finnish and US offices, Raisio's performance appraisals covered 100 per cent and in the UK, 36 per cent (2014: 18 per cent) of the personnel. In the UK, performance appraisals have been introduced gradually, starting with the management, middle management and key personnel. In the Czech Republic, the gradual introduction of performance appraisals has been under preparation.
- Raisio continued its efforts to strengthen its personnel communication and the role of superiors. Several training and informative events were arranged for superiors with the focus on Raisio's topical issues and on the company's development also from the viewpoint of responsibility.
- The Trainee programme was continued in Finland. The programme is for recent graduates or persons just finishing their studies, who are qualifying for their role at Raisio through on-the-job learning and job rotation.
- Raisio's cooperation with schools and institutes continued; students were provided with, e.g., company visits, thesis and training period opportunities.

Employee satisfaction

Raisio carries out an employee survey every two years in order to allow sufficient time for development measures. In the survey of 2015, the same structure was used for the sixth time to have comparable results. The survey was conducted in Finland, the UK, the Czech Republic, Poland and Russia.

The results have remained almost the same or deteriorated slightly during the six surveys completed. This year's survey included more countries than the surveys carried out before. The best results were achieved in the areas of

job control, meaningfulness of work and work-life balance, in which the Group's average was 3.9 on a scale of 1 to 5. The greatest areas of improvement were found in change management and in the communication within the units and departments. These areas scored an average of 3.3.

Employee survey results were dealt with in each country at feedback meetings. Raisio has already initiated development measures locally related to, for example, communication, work induction and supervisory responsibilities.

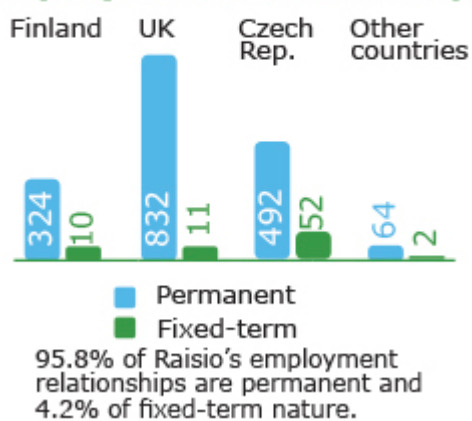
Results

- The results obtained in the employee survey of 2015 resulted in several development projects.
- The scope of performance appraisals increased by six percentage points, from 30 to 36 per cent.

Objectives for 2016-2018

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

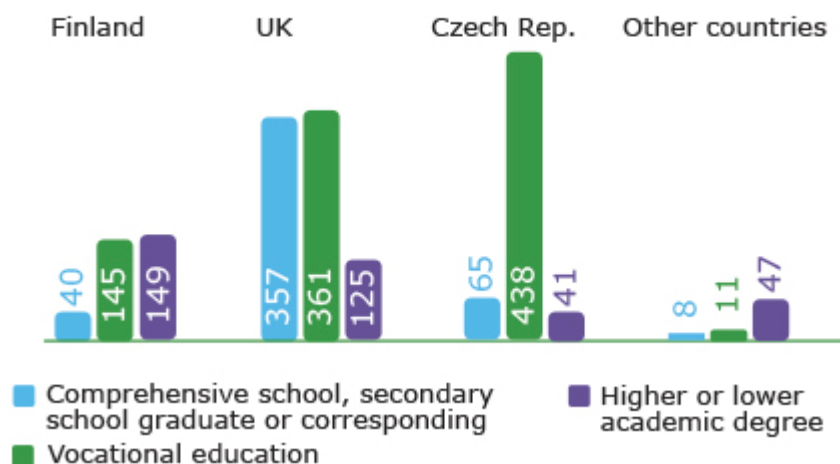
Number of permanent and fixed-term employment relationships



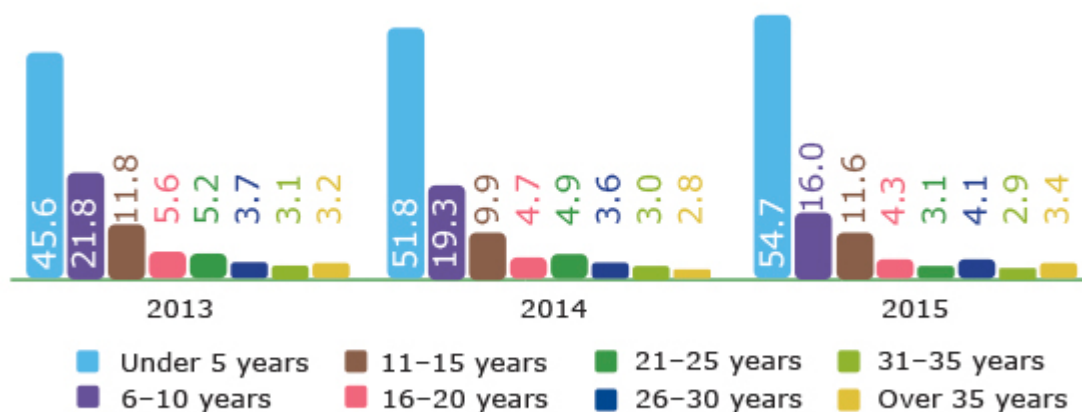
Number of full-time and part-time employment relationships



Employees' education



Lengths of employment relationships (%)



The average length of employment is 8.9 years.

Safety at work and reduction of accidents

Raisio Group is a safe and comfortable workplace for its employees. In 2015, the number of accidents was reduced by over 30 per cent through employee training and development of safe work conditions.

At Raisio, the number and frequency of workplace accidents in 2015 fell significantly from high levels of 2014. At the beginning of 2014, the number of workplace accidents had risen at the factories to which production was transferred from the discontinued units.

Raisio carries out annual action plans to improve workplace safety. Each Raisio's unit has a work safety organisation and safety tours and inspections are conducted on a regular basis and each accident is investigated.

Main events in 2015

- 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 Cereal & Snack business, work safety was improved by a renewed work safety policy and new rules, training and employee engagement in near miss reporting.
- 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.

Results

- The number of work accidents decreased significantly. In 2015, there were a total of 199 accidents whereas in 2014, the figure was 290. The number of accidents per one million hours worked was 66 (2014: 93).
- The amount of sick leaves slightly decreased.

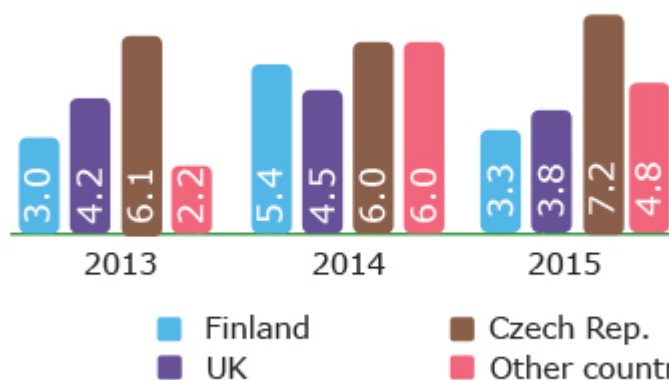
Objectives for 2016-2018

- To continuously reduce the frequency of workplace accidents
- To continuously reduce sickness absences

Accidents at work



Absences due to illness of theoretical working hours (%)



Employees' absence due to illness on average in 2015 was 4.8%.

Workplace safety improved through employee engagement

Effort on workplace safety brought excellent results at Raisio's UK snack bar site in Newport. Determined work at the site resulted in a 72 per cent reduction in workplace accidents during 2014/2015.

Systematic efforts to improve workplace safety at the Newport site were started in 2014 because of the rising accident rates resulting from major production changes. A snack bar line from the closed Tywyn site had been transferred to Newport, the site had been reorganised and plenty of new employees had been recruited.

The key accident types and their causes were first identified. The solution to prevent many of the most common accidents was found quickly and put into practice immediately.

The next step was to establish work safety policy and create HSE rules. Safety training was conducted with all personnel groups from senior managers to line managers and employees. In the trainings, employees agreed to comply with the safety rules. In addition, the rules are also for everyone to see on new notice boards.

Work safety was improved through clearly organised management.

To keep safety matters at the forefront of people's minds, employees are encouraged to report near miss cases. This also enables to prevent accidents before they occur. Employees' improved engagement in the promotion of safety can be seen in a high number of near-miss reports.

Some financial investments were also made to promote safety at the Newport site. Through small, practical changes, the Newport site was made a safe and comfortable place to work.

With systematically organised and implemented safety management, some very good results were obtained at the site. Employee satisfaction improved and turnover decreased. The number of accidents declined and as a result, absences due to workplace accidents were halved during 2015.



Job satisfaction improvements at Leicester confectionery site

At Raisio, a group-wide employee satisfaction survey is conducted every two years. The results help develop operations and improve job satisfaction.

In 2015, the survey showed that the confectionery site in Leicester UK had some problems related to job satisfaction. In 2014, the Skegness site was closed and its production was partly transferred to Leicester. Although the transfer was carefully planned, there were some unexpected events. The problems were dealt with quickly, and we realised that more emphasis should be placed on the induction to make sure that everyone is familiar with the new equipment.

According to the survey findings, a key factor affecting employee satisfaction in Leicester was the organisation of production management. To reorganise production management, a team leader and a production engineer were appointed for every shift. This way, team leaders would have enough time to concentrate on supervisory responsibilities while engineers focus on technical matters. Two new engineers were hired in order to provide technical expertise also for night shifts. These measures were taken in order to improve workplace safety and operational quality. With the renewed shift system, employees have been more engaged and motivated.

To streamline production processes, we decided to make the facilities more functional. We started with ventilation, flooring and drainage, and the project was completed at the beginning of 2016.

Improvement proposals found in the job satisfaction survey had an important role in the development of the Leicester site.

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 2015](#)

Profitability and continuity

- On 31 December 2015, the Group's equity ratio totalled 62.3 (60.2 in 2014) per cent and net gearing was 12.1 (22.2) per cent.
- The average return on equity was 10.4 (1.7) per cent.
- The average return on investment was 9.2 (1.7) per cent.

Personnel's salaries

The company regularly reviews market salaries in order to maintain its competitiveness. In 2015, Raisio's wages and fees from continuing operations totalled some EUR 77.2 (69) million including other personnel expenses.

Shareholders

The company has some 36.000 shareholders. Dividends were paid EUR 21.2. million.

Taxes and financial expenses

In 2015, Raisio Group paid taxes EUR 4.9 million. The Group's financial expenses were EUR 3.6 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 2015. Raisio's previous Corporate Responsibility Report was published in March 2015.

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
	Strategy and analysis	
G4-1	Statement from the CEO	Ecological pioneering for 10 years already Chief Executive' review for 2015
	Organisational profile	
G4-3	Name of the organisation	Raisio Group
G4-4	Primary brands, products and services	Raisio Group
G4-5	Location of the organisation's headquarters	Raisio Group
G4-6	The countries where the organisation operates	Raisio Group
G4-7	Nature of ownership and legal form	Raisio Group
G4-8	Markets served	Brands Benecol Snack & Cereal Confectionery Raisioagro
G4-9	Scale of organisation	Financial Statements
G4-10	Employee profile	Raisio's Personnel 2015
G4-11	Employees covered by collective bargaining agreements	Raisio's Personnel 2015
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	Raisio's year 2015 Financial Statements
G4-14	Precautionary principles	Risk management
G4-15	Externally developed principles or initiatives to which the organisation is committed	Responsibility management model

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	Renewed Materiality Assessment
G4-19	Material aspects	Renewed Materiality Assessment
G4-20	Aspect boundary for each material aspect within the organisation	Responsible purchasing Environmental responsibility Well-being through healthy food Job satisfaction and competence development Safety at work and reduction of accidents
G4-21	Aspect boundary for each material aspect outside the organisation	Responsible purchasing Environmental responsibility Well-being through healthy food Job satisfaction and competence development Safety at work and reduction of accidents
G4-22	Restatements of information provided in previous reports	No significant 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
		Continuous dialogue with

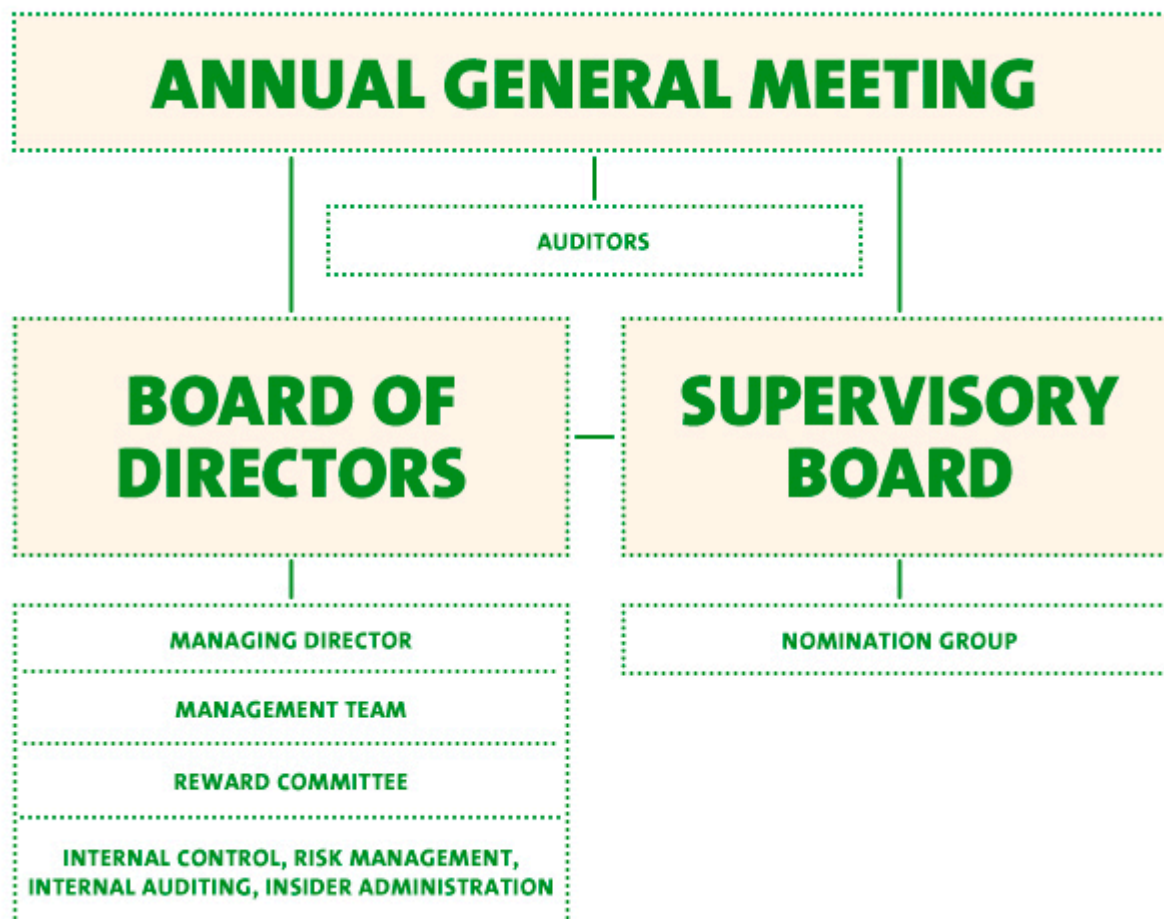
G4-26	Organisation's approach to stakeholder engagement	stakeholders
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Renewed Materiality Assessment
	Report profile	
G4-28	Reporting period	The scope of reporting
G4-29	Date of the most recent previous report	The scope of reporting
G4-30	Reporting cycle	The scope of reporting
G4-31	Contact point for questions regarding the report of its contents	The 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	Responsibility management model
	Disclosures on management approach	
G4-DMA	Disclosure of management approach	Responsible purchasing Environmental responsibility Well-being through healthy food Job satisfaction and competence development Safety at work and reduction of accidents
	Economic impacts	
G4-EC1	Direct economic value generated and distributed	Financial responsibility
	Environmental impacts	

G4-EN1	Raw materials	Responsible purchasing
G4-EN3	Energy consumption within the organisation	Raisio's environmental impact
G4-EN8	Total water withdrawal	Raisio's environmental impact
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Good results in environmental responsibility
G4-EN23	Waste	Raisio's environmental impact
G4-EN29	Fines and sanctions for non-compliance with environmental laws and regulations	Good results in environmental responsibility
	Social impacts	
G4-LA1	New employee hires and employee turnover	Raisio's personnel 2015
G4-LA5	Work-related accidents and sickness absences	Safety at work and reduction of accidents
G4-LA11	Percentage of employees receiving regular performance appraisals	Job satisfaction and competence development
	Food processing, sector disclosures	
FP1	Certified raw materials	Responsible purchasing
FP5	Products manufactured in certified sites	We never compromise on product safety

Corporate Governance

Raisio plc's Corporate Governance Model

Raisio plc has some 36,500 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 results are published. This means that Raisio's representatives don't communicate with the capital markets or media regarding financial issues during a period of two weeks preceding the publication of interim reports or financial statements bulletin. 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 Wednesday, 23 March 2016 at 2 p.m., Finnish time, in the Turku Fair and Congress Centre. The address is Messukentäntäkatu 9-13, 20210 Turku.

Registration

A shareholder who is registered in the share ledger kept by Euroclear Finland Ltd on 11 March 2016 can attend the AGM.

Shareholders who wish to attend the AGM should notify the Company no later than 3.00 p.m. on Wednesday 16 March 2016 by

- email at eeva.hellsten@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. The notification must reach the Company before the end of the notification period.

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 0.16 per share be paid for the financial period 2015. The dividend will be paid to a shareholder who is registered in the share ledger kept by Euroclear Finland Ltd on the record date 29 March 2016. The payable date is 5 April 2016.

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 2016

PUBLICATIONS	PUBLICATION DATES
Interim Report January-March 2016	Tuesday 10 May 2016

Interim Report January-June 2016	Wednesday 10 August 2016
Interim Report January-September 2016	Wednesday 9 November 2016

Publication of financial information

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

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 2015



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: 15/15

Fees in 2015: Annual remuneration EUR 60,000 of which some 80% paid in cash and some 20% in shares; a total of 2,887 free shares were assigned as fees. Attendance fees EUR 5,800; paid in cash.

Holdings in Raisio: series V 22,809



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: 14/15

Fees in 2015: Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,154 free shares were assigned as fees. Attendance fees EUR 5,200; paid in cash.

Holdings in Raisio: series V 55,915



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: The Central Union of Agricultural Producers and Forest Owners (MTK): Member of the Forest Board; 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: 15/15

Fees in 2015: Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,154 free shares were assigned as fees. Attendance fees EUR 4,800; paid in cash.

Holdings in Raisio: series K 364,940 and series V 143,464



Pirkko Rantanen-Kervinen

Born 1949

Place of residence: Vantaa, Finland

Education: B.sc. (Econ.)

Key employment history: Turkistuottajat Oyj (later: Saga Furs Oyj): Executive Advisor 2009-2010, CEO 1991-2009, Executive Vice President 1989-1991, Director of Finance

1987-1989

Board membership: Member since 2010

Other simultaneous positions of trust: Finnvera Oyj: Member of the Board of Directors, LocalTapiola General Mutual Insurance Company: Member of the Supervisory Board until 31 December 2015, Member of the Board of Directors from 1 January 2016, LocalTapiola Uusimaa General Mutual Insurance Company: Chairman of the Board of Directors

Meeting attendance: 15/15

Fees in 2015: Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,154 free shares were assigned as fees. Attendance fees EUR 4,600; paid in cash.

Holdings in Raisio: series V 9,125



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 Manager 1999-2000; Marketing Manager 1999; Product Group Manager 1996-1998

Board membership: Member since 26 March 2015

Other simultaneous positions of trust: Medix Biochemica Oy: Chairman of the Board of Directors, Minerva Medical 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 Oy: Member of the Board of Directors

Meeting attendance: 12/12

Fees in 2015: Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,154 free shares were assigned as fees. Attendance fees EUR 3,600; paid in cash.

Holdings in Raisio: series V 1,154



Antti Tiitola

Executive Vice President, Neste Plc

Born 1967

Place of residence: Helsinki, Finland

Education: Commercial College graduate, Gross- und Aussenhandelskaufmann

Key employment history: Neste Plc 2014-, VR-Group Ltd: Senior Vice President 2012-2014, Lidl Suomi ky: 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, Verkkokauppa.com Plc: Member of the Board of Directors, Deutsch-Finnische Handelskammer: Executive Board Member

Meeting attendance: 14/15

Fees in 2015: Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,154 free shares were assigned as fees. Attendance fees EUR 4,400; paid in cash.

Holdings in Raisio: series V 2,264

Management Team 31 December 2015



Matti Rihko

Born 1962

Domicile: Turku, Finland

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

Occupation in Raisio: Chief Executive Officer since 2006

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; Suomen 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, Finnish Medical Foundation: Member of the Supervisory Board, Raisio plc's Research Foundation: Chairman of the Board of Directors



Antti Elevuori

Born 1979

Domicile: Naantali, Finland

Education: M.Sc. (Econ.)

Occupation in 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: -



Tomi Järvenpää

Born 1975

Domicile: Kaarina, Finland

Education: M.Sc. (Econ.)

Occupation in Raisio: Vice President, Snack and Cereal business

Principal employment history: Raisio plc 2012-

Management Team membership: Member since 2014

Positions of trust: -



Sari Koivulehto-Mäkitalo

Born 1974

Domicile: Masku, Finland

Education: Master of Laws

Occupation in Raisio: Vice President of 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



Mikko Laavainen

Year of birth: 1973

Domicile: Kauniainen, Finland

Education: M.Sc. (Econ.)

Occupation in Raisio: Vice President, Benecol business

Principal employment history: Raisio plc 2006-, Danone/LU Finland Oy 2002-2005:

marketing duties, Iittala Group Ltd 2000-2002: marketing duties, Unilever Finland Oy

1998-1999: marketing duties

Management Team membership: Member since 2013

Positions of trust: -



Merja Lumme

Born 1961

Domicile: Masku, Finland

Education: Engineer, eMBA

Occupation in 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: Fund 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)

Occupation in Raisio: Vice President, Confectionery 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: -



Jarmo Puputti

Born 1965

Domicile: Nokia, Finland

Education: M. Sc. (Eng.)

Occupation in Raisio: Vice President, Raisioagro Division

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

Corporate Governance Statement 2015

RAISIO PLC



Remuneration Statement 2015

RAISIO PLC



Financial Statements 2015

RAISIO PLC



