

The background of the cover is a collage of three images: a close-up of a brown and white cow's head with a yellow ear tag that reads "PODEM 009 482 022 2022" on the left; a glass of purple smoothie with blueberries on a wooden surface in the top right; and a glass of light-colored smoothie with oatmeal cookies on a wooden surface in the bottom right.

# Annual Report 2014

RAISIO PLC

# Main events in 2014

January



Raisio and Intellectual Ventures to patent a Finnish fish feed invention in the USA

February



Raisioagro's feed innovations at the cutting edge of development

March



Raisioagro, fish farmers and The Finnish Fish Farmers' Association awarded for environmental work

June



Elovena - proud to be Finnish





## Raisioagro's focus on its core competencies and innovations

Raisioagro focusing its activities on cattle and fish feeds and on plant cultivation.



Dr. Tim Londergan from Intellectual Ventures appointed CEO of Benemilk Ltd

October





Finnish innovation to provide more milk  
and value to the milk chain

November



Benecol products launched in Brazil



Christmas spirit from Porridge Bar, proceeds to UNICEF



## Raisio to acquire Benecol business from the affiliates of Johnson & Johnson

Raisio to acquire Cilag GmbH International's Benecol business in the UK, Ireland and Belgium, and to amend the agreement with McNEIL-PPC, Inc. on the Northern American markets of Benecol.



Raisio to write down the book value of Honey Monster brand by 10 million euros

December



## Raisio to renew the organisation of its Brands Division

The Division includes snacks, Benecol, Benemilk and confectionery.



# Chief Executive's review

The year 2014 was twofold for Raisio. Weak performance at the beginning of the year was exceptional but we were able to correct the situation quickly during the second half of 2014. We solved problems in the businesses with the biggest challenges and, on the other hand, moved further with the businesses that were already doing well. In the last two quarters, Raisio reached higher EBIT than in the comparison periods, which shows that we are back on improving trend.

Our Benecol business acquisition from the affiliates of Johnson & Johnson completed in November 2014 was a good and important deal for Raisio. Through the acquisition, the UK, Ireland and Belgium are now Raisio's new, interesting home markets for Benecol products. The deal also included an amendment of the US-related agreement. The deal perfectly met all the criteria Raisio has set on its acquisitions and strongly supports the growth strategy of the Brands Division. Through the arrangement completed, we now have an opportunity to develop the Benecol business on our own terms, for the first time since 1997.

## Brands Division aims for growth and better use of synergies

In December 2014, Raisio renewed the Brands Division's organisation to better meet the objectives set for the Group's growth phase concerning, for example, improvement of profitability and enhancement of organic growth. We aim to make clearly better use of the synergies between our branded operations and to enable business growth. Cereals and Snacks businesses in the UK and Northern Europe have been combined into a single entity, which allows us to use the best expertise available to tackle the challenges related to the UK's cereal business. In addition, all Benecol businesses have been combined into one entity, which enhances innovation and enables growth.

Raisio's EBIT weakened by some EUR 5 million from the comparison year and the same amount also affected the Brands Division's result. The Division's net sales, however, increased and for some businesses, the growth was so strong that it compensated for the losses of the UK's Cereals and Snacks unit. The fourth quarter already showed clearly the strong performance potential of the Brands Division.

## Raisioagro's focus on innovations and expertise

Raisioagro carried out an extensive reorganisation of activities focusing on its cattle feeds, with Benecol as the global flagship, on its fish feeds, now called Raisioaqua, and on its grain trade and online store. Raisio terminated the productions of pig and poultry feeds and vegetable oils as we no longer see the market outlook strong enough. Raisioagro is now smaller but much more effective. In fact, the situation of the company is much better than many expected it to be. For example, return on investment was more than 10 per cent.

Raisioagro aims to be the leading operator in the agricultural sectors where success is based on innovations and expertise in feeding and plant cultivation. Innovations improving the effectiveness and profitability in agriculture and fish farming are at the core of Raisioagro's new strategy.

## Benemilk –great opportunities

The international commercialisation of Benemilk is proceeding as planned. The year 2014 was really good: a commercial organisation was established for Benemilk, activity level was high and strong R&D efforts continued. We

continue our commercial negotiations with several partner candidates in Asia, Europe, Oceania and North America.

Some of the partners have conducted their own production tests and commissioned feeding trials from external research institutes, which has extended negotiations as the analysis of results of each test easily takes several months. Further development of the Benemilk innovation has resulted in many new innovations that support our patent portfolio.

## Continuous dividend growth since 2007

The Board of Directors' dividend proposal to the Annual General Meeting is EUR 0.14 per share. In 2015, Raisio expects its EBIT to return on its long-term upward trend.

*Matti Rihko*

# Operating environment

The euro area economy grew slightly in 2014. The growth was broad-based and private consumption did not weaken. Economic growth was modest in Finland but strong in the UK.

In Finland, private consumption remained at the 2013 level. Popularity of foods made of Finnish raw materials continued and the product range expanded.

In the UK, competition remained intense in the children's cereal market while the sales decline in the children's cereal category continued. Retail trade is undergoing a major change as discount stores are increasing their sales and online sale of food is gaining popularity. British consumers continue to prefer smaller and affordable confectionery purchases.

Competition remained intense in the market for cholesterol-lowering functional foods and the retail sector undergoing substantial change in many countries is challenging the producers. In many markets, consumer preferences have changed, which is seen in the growing popularity of, for example, yogurt drinks.

## The situation in Russia and Ukraine

The crisis in Ukraine overshadowed the whole year and there were no sign of détente. The crisis resulted in the spiral of sanctions and counter-sanctions between the West and Russia, which resulted in a significant decline in the West's exports to Russia. Finland was particularly severely affected by the Russian import ban on dairy products. As Russian and Ukrainian currencies weakened and the state regulated consumer prices in Russia, the food industry needed to respond rapidly. Russia's sanctions and counter-sanctions did not apply to Raisio's export of flakes and feeds in 2014.

*Finland was severely affected by the Russian import ban on dairy products.*

The Finnish feed market competition further intensified with new operators and additional capacity built in the industry. As farm sizes are growing, farmers are moving from compound feeds to TMR feeding, which Raisioagro has taken into consideration in its new strategy.

Russia's ban on imports of dairy products increased uncertainty among the Finnish milk producers. The decline in milk producer prices in 2014, as a result of the crisis in Russia and Ukraine, as well as the expected change in milk pricing for early 2015 have increased the milk producers' need to reduce costs and to postpone investments. Milk producers are interested in alternatives that help improve the milk production efficiency and farm profitability. Despite the current challenges, the future of milk production looks promising.

At the end of 2014, the rapid weakening of the rouble obstructed exports of feeds as purchasing power decreased in Russia. Increased fish prices in Russia weakened the demand for farmed fish in the situation where Norwegian salmon is under the import ban.





# Financial review

The year 2014 was twofold for Raisio. Weak performance at the beginning of the year was exceptional but we were able to correct the situation quickly during the second half of 2014. In the last two quarters, Raisio reached higher EBIT than in the comparative periods, which shows that we are back on improving trend.

	Q4/2014	Q3/2014	Q2/2014	Q1/2014	2014	2013
<b>Result</b>						
Net sales, M€	117.8	126.9	132.5	116.7	493.9	557.6
Change in net sales, %	-10.2	-15.1	-10.9	-9.1	-11.4	-4.5
EBIT, M€	8.9	12.1	8.5	5.4	34.8	39.3
EBIT, %	7.6	9.5	6.4	4.6	7.0	7.1
Depreciation and impairment, M€	3.4	3.8	3.6	3.9	14.6	14.9
EBITDA, M€	12.3	15.8	12.1	9.3	49.5	54.3
Net financial expenses, M€	-1.0	-0.3	0.0	-0.3	-1.5	-1.8
Earnings per share (EPS), €	0.05	0.06	0.04	0.03	0.18	0.20
<b>Balance sheet</b>						
Equity ratio, %	-	-	-	-	60.2	68.2
Gearing, %	-	-	-	-	22.2	-8.6
Net interest-bearing debt, M€	-	-	-	-	72.2	-28.5
Equity per share, €	-	-	-	-	2.07	2.13
Dividend per share, €	-	-	-	-	0.14*	0.13
Gross investments**, M€	90.7	3.4	6.0	4.8	104.9	16.5
<b>Share</b>						
Market capitalisation***, M€	-	-	-	-	656.8	683.1
Enterprise value (EV), M€	-	-	-	-	728.9	654.6
EV/EBITDA	-	-	-	-	14.7	12.1

\* Board of Directors' proposal to the Annual General Meeting

\*\* Including acquisitions

\*\*\* Excluding the company shares held by the Group

Raisio Group's net sales in 2014 totalled EUR 493.9 (557.6) million, which is more than 11 per cent lower than in the comparison period. Net sales of the Brands Division were EUR 306.1 (304.7) million, those of Raisioagro Division EUR 201.6 (254.2) million and those of other operations EUR 1.2 (1.3) million. The Brands Division accounted for some 62 per cent and Raisioagro for some 38 per cent of the Group's net sales. Net sales from outside Finland represented 55.6 (49.1) per cent of the Group's total, amounting to EUR 274.9 (273.9) million.

Most significant factors decreasing the Group's net sales from the comparison year were Raisioagro's decision to terminate its pig and poultry feed production at the end of September 2014, declined sales of cereals in the UK and challenges related to the centralisation of snack bar production and weakened service levels. On 19 November, Raisio acquired the Benecol business in the UK, Ireland and Belgium from the affiliates of Johnson & Johnson. The acquired Benecol business generated net sales of over 7 million euros for Raisio.

*The year 2014 was twofold for Raisio. At the end of the year, Raisio was back on improving trend.*

Raisio Group's EBIT amounted to EUR 6.9 (33.6) and, excluding one-off items, 34.8 (39.3) million, which is 1.4 (6.0) and, excluding one-off items, 7.0 (7.1) per cent of net sales. EBIT for the Brands Division totalled EUR 20.6 (35.7) and, excluding one-off items, 35.9 (41.4) million, for Raisioagro EUR -8.9 (3.1) and, excluding one-off items, 3.4 (3.1) million and for other operations EUR -4.7 (-5.1) and, excluding one-off items, -4.5 (-5.1) million.

The largest investments of 2014 were the acquisition of Benecol business from the affiliates of Johnson & Johnson and the centralisation of snack bar and confectionery production.

## One-off items, million euros

	2014	2013
<b>Brands</b>		
Streamling projects, Cereals and Snacks, UK	-3.5	-4.9
Other streamlining projects	0.0	-0.1
Write-down of Honey Monster brand's book value	-10.1	0.0
Acquisitions and divestments	-1.5	-0.6
Other	-0.3	0.0
<b>Raisioagro</b>		



Restructuring of activities	-9.9	0.0
Termination of oil milling business	-2.4	0.0
<b>Common</b>		
Other	-0.3	0.0
<b>Impact on EBIT</b>	<b>-27.9</b>	<b>-5.7</b>

# Key figures 2014

## Key figures, result excluding one-off items

	Q4/2014	Q3/2014	Q2/2014	Q1/2014	2014
NET SALES					
Brands, M€	84.5	75.5	73.7	72.3	306.1
Raisioagro, M€	35.6	54.4	62.6	49.1	201.6
Other operations, M€	0.3	0.3	0.3	0.3	1.2
Interdivisional net sales, M€	-2.5	-3.3	-4.2	-5.0	-15.0
Total net sales, M€	117.8	126.9	132.5	116.7	493.9
EBIT					
Brands, M€	10.6	10.8	8.2	6.4	35.9
Raisioagro, M€	0.0	2.0	1.4	0.0	3.4
Other operations, M€	-1.6	-0.7	-1.1	-1.1	-4.5
Eliminations, M€	0.0	0.0	0.0	0.0	0.0
Total EBIT, M€	8.9	12.1	8.5	5.4	34.8
% of net sales	7.6	9.5	6.4	4.6	7.0
Financial income and expenses, net, M€	-1.0	-0.3	0.0	-0.3	-1.5
Share of result of associates, M€	0.0	0.0	0.0	0.0	0.0
Result before taxes, M€	8.0	11.8	8.5	5.1	33.3
Income tax, M€	-0.6	-1.9	-1.7	-1.2	-5.4
Result for the period, M€	7.3	9.9	6.8	3.9	27.9
Earnings per share, €	0.05	0.06	0.04	0.03	0.18

## Key figures, balance sheet

	31.12.2014	30.9.2014	30.6.2014	31.3.2014
Return on equity, ROE, %	1.7	4.5	2.1	3.3
Return on investment, ROI, %	1.7	5.2	2.8	4.2
Net-interest bearing debt, M€	72.2	0.3	6.4	-13.3
Equity ratio, %	60.2	69.8	68.1	64.7
Gearing, %	22.2	0.1	2.0	-4.2
Equity per share, €	2.07	2.10	2.03	2.00

# Key figures 2012-2014

## Key figures, result excluding one-off items

	2014	2013	2012
NET SALES			
Brands, M€	306.1	304.7	329.5
Raisioagro, M€	201.6	254.2	255.7
Other operations, M€	1.2	1.3	2.0
Interdivisional net sales, M€	-15.0	-2.6	-3.1
Total net sales, M€	493.9	557.6	584.1
EBIT			
Brands, M€	35.9	41.4	37.4
Raisioagro, M€	3.4	3.1	-0.3
Other operations, M€	-4.5	-5.1	-2.5
Eliminations, M€	0.0	0.0	0.0
Total EBIT, M€	34.8	39.3	34.6
% of net sales	7.0	7.1	5.9
Financial income and expenses, net, M€	-1.5	-1.8	-2.5
Share of result of associates, M€	0.0	0.0	-0.1
Result before taxes, M€	33.3	37.6	32.0
Income tax, M€	-5.4	-7.3	-5.0
Result for the period, M€	27.9	30.2	27.0
Earnings per share, €	0.18	0.20	0.18

## Key figures, balance sheet

	31.12.2014	31.12.2013	31.12.2012
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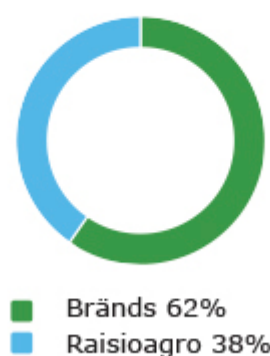
Return on equity, ROE, %	1.7	7.9	3.5
Return on investment, ROI, %	1.7	8.6	4.5
Net-interest bearing debt, M€	72.	-28.5	16.2
Equity ratio, %	60.2	68.2	64.1
Gearing, %	22.2	-8.6	4.9
Equity per share, €	2.07	2.13	2.10

# Net sales

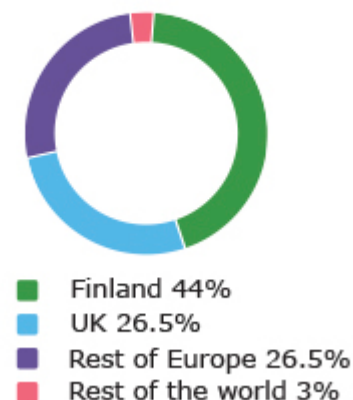
**Net sales  
(M€)**



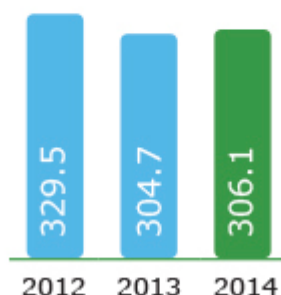
**Net sales by division  
(%)**



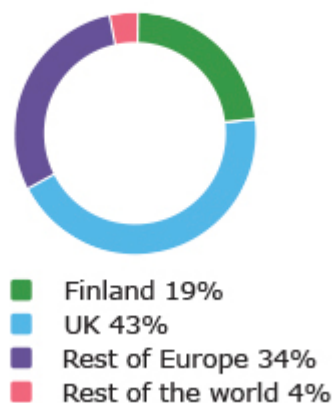
**Net sales by region  
(%)**



**Net sales  
Brands Division  
(M€)**



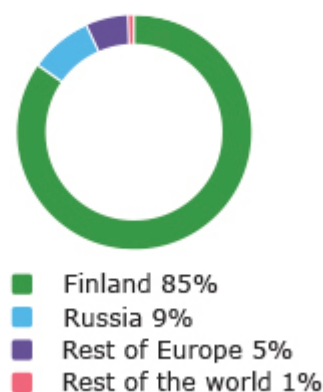
**Net sales by region  
Brands Division (%)**



**Net sales  
Raisioagro Division  
(M€)**

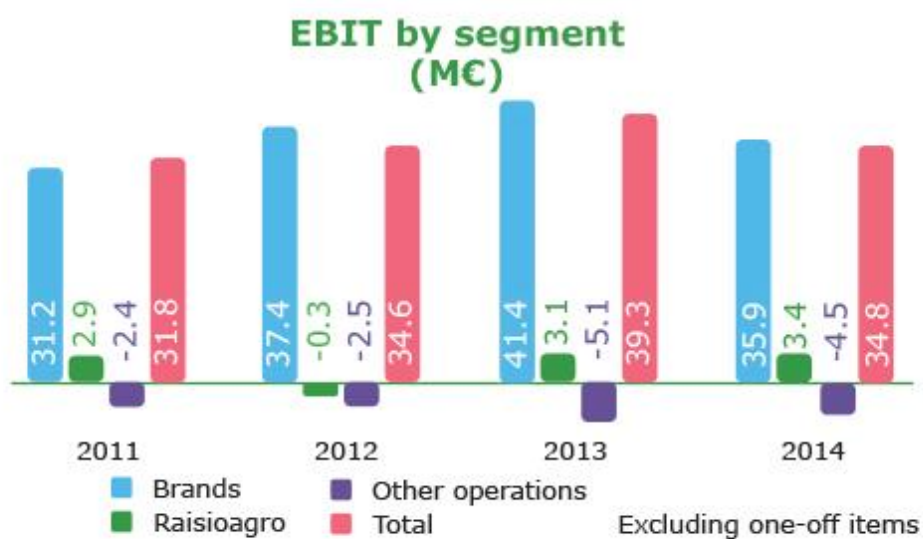


**Net sales by region  
Raisioagro Division (%)**

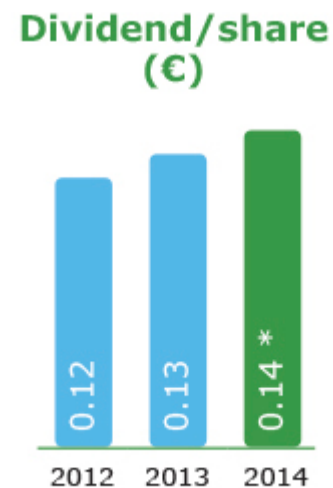
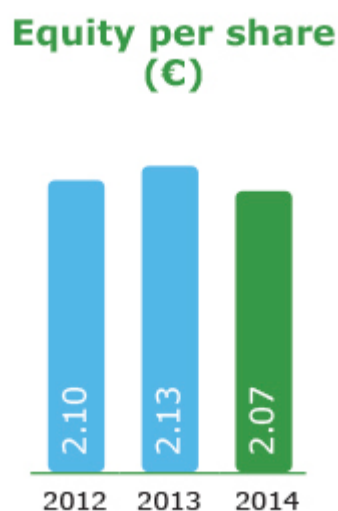
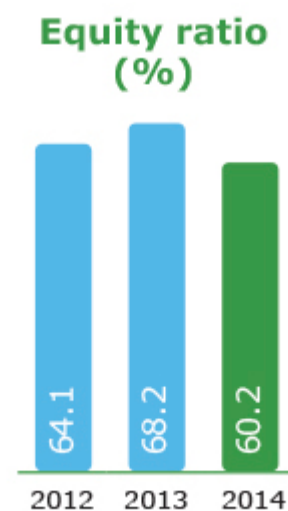
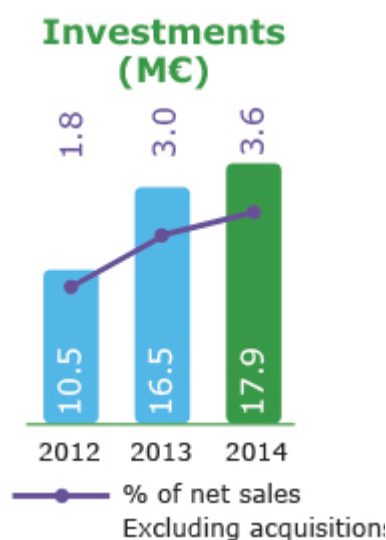




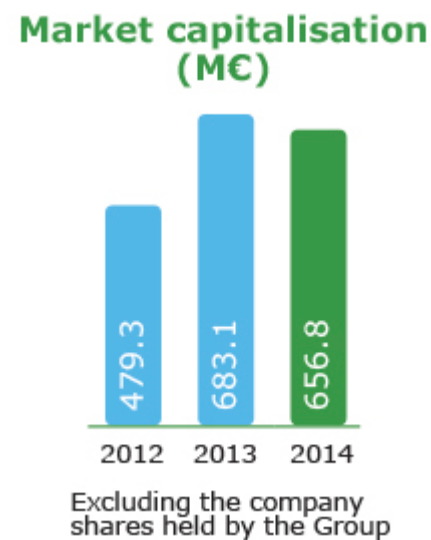
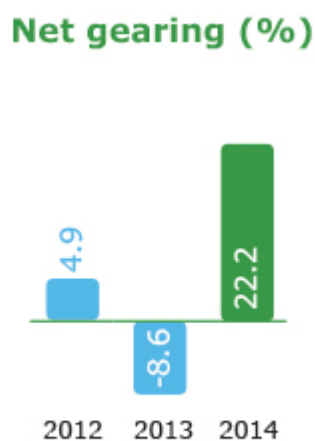
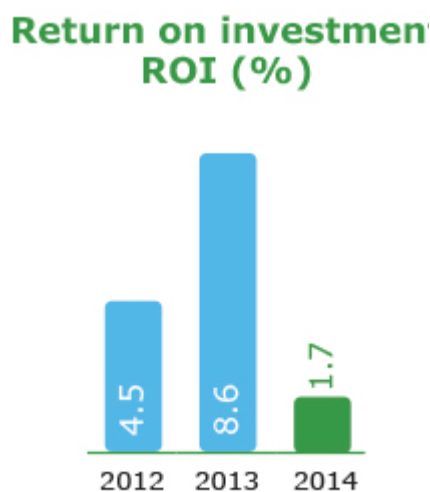
# Profitability



# Others



\* Board of Directors' proposal



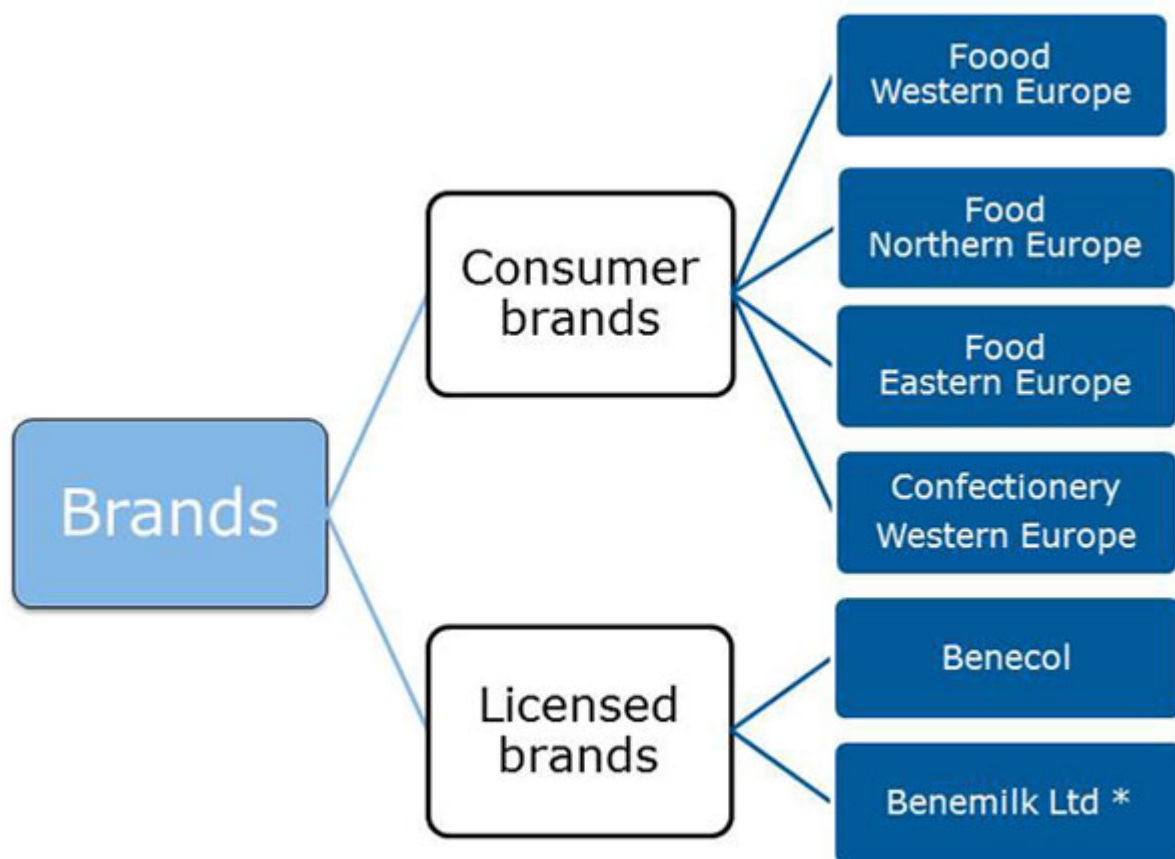


## Brands

Raisio's products are known through the company's brands. Raisio's product portfolio includes well-known local brands as well as Raisio's top innovations Benecol and Benemilk. Major market areas of Raisio's consumer brands are the UK, Finland, the Czech Republic, Poland and Russia. Markets for Benecol products are global.

Raisio's Brands Division is divided into two units: Consumer brands and Licensed brands. Consumer brands unit includes food operations in the Western, Northern and Eastern European markets. Licensed brands unit includes Benecol and Benemilk. Benemilk feeds sold and marketed in Finland are reported in Raisioagro's figures.

### Brands Division's organisation



\* Joint venture of Raisio and Intellectual Ventures

## Diverse product range to meet consumer needs

Raisio's Brands Division's product range consists of breakfast, snack and baking products, cholesterol-lowering functional foods, plant stanol ester, a unique cholesterol-lowering ingredient of Benecol products, and confectionery.

Raisio has several international and locally well-known brands



Benecol, Elovena, Provena, Honey Monster and Nordic are Raisio's well-known food brands. Fox's, Poppets and Juicee Gummees are Raisio's best-known confectionery brands.

Benecol is the original expert in cholesterol lowering. Benecol® is Raisio's trademark and plant stanol ester the company's widely patented ingredient of Benecol products. With the acquisition completed in November 2014, Benecol product home markets now include the UK, Ireland, Belgium, Poland, Finland, Portugal and Hong Kong. On the whole, the products are sold in some 30 countries on five continents.

## Brands' web pages

[Benecol](#)

[Benemilk](#)

[Elovena](#)

[Provena](#)

[Honey Monster](#)

[Nordic](#)

## Financial review

Net sales for the Brands Division totalled EUR 306.1 (in 2013: 304.7) million. Net sales for Consumer brands amounted to EUR 271.4 (271.4) million and for Licensed brands EUR 42.4 (41.3) million. The UK is the largest single market for the Brands Division accounting for more than 43 per cent of the whole Division's net sales.

EBIT for the Brands Division amounted to EUR 20.6 (35.7) and, excluding one-off items, 35.9 (41.4) million, which is 6.7 (11.7) and, excluding one-off items, 11.7 (13.6) per cent of net sales.

## Key figures for the Brands Division

		Q4/2014	Q3/2014	Q2/2014	Q1/2014	2014	2013
Net sales	M€	84.5	75.5	73.7	72.3	306.1	304.7
Consumer brands	M€	75.4	66.7	64.8	64.5	271.4	271.4
Licensed brands	M€	10.8	10.9	11.0	9.7	42.4	41.3
EBIT, excluding one-off items	M€	10.6	10.8	8.2	6.4	35.9	41.4
EBIT, excluding one-off items	%	12.5	14.2	11.1	8.9	11.7	13.6
One-off items	M€	-13.8	0.0	0.0	-1.5	-15.3	-5.7
EBIT	M€	-3.3	10.8	8.2	4.9	20.6	35.7
Investments *	M€	90.2	3.1	5.5	4.3	103.1	13.4
Net assets	M€	-	-	-	-	359.0	254.2

\* Includes acquisitions



# Consumer brands, Western Europe

The UK is the largest market area for Raisio's Brands Division. The key product groups are cholesterol-lowering functional foods, snack bars and cereals. Benecol, Honey Monster and Harvest Chewee are Raisio's brands. In addition, Raisio produces snack bars under its customers' brands. 2014 was challenging for the cereal and snack bar business.

## Main events in 2014

- The snack bar production was centralised to the Newport factory in South Wales and the Tywyn factory was closed.
- At the end of 2014, Raisio managed to fix the factory's service level problems resulting from the production transfer. Customer confidence began to return.
- Challenges continued in the cereal sales.
- At the end of 2014, Honey Monster cereals were relaunched with a new recipe containing less sugar.
- With the acquisition completed in November 2014, the UK is now Raisio's home market for Benecol products together with Ireland and Belgium. From the beginning of 2015, Benecol markets are reported as part of the Benecol unit figures.

## Financial review

Net sales for Western European Cereals and Snacks business decreased significantly from the comparison year due to the declined sales of Honey Monster cereals. The whole UK cereal market remained competitive and continued to decline.

Net sales for the snack bar business remained at the comparison period level despite the challenges related to the centralisation investment at the Newport factory. Over the last five months, the Newport factory delivered positive EBIT every month, excluding one-off items.

As a whole, EBIT for the Cereals and Snacks business was negative and clearly weaker than in 2013.

## Centralisation of snack bars enabling growth

Raisio's snack bar production was centralised to the Newport factory in the UK. The Tywyn factory was closed and its production lines were transferred to Newport. The existing lines were operated as normally as possible in spite of the ongoing construction and installation work.

As a result of the problems due to the start-up of transferred lines and training of new employees, the factory service levels declined significantly. In the second half of the year, the issues were resolved; the service level improved



back on its normal level and customer confidence began to return. Production efficiency and flexibility as well as high quality of products are competitive advantages of the Newport factory. These factors enable growth and the introduction of novelties matching customer needs.

*Challenges related to the centralisation of snack bar production now solved*

## Difficulties in the cereal business continued

The problems that started in Raisio's cereal business in 2013 continued in 2014, mainly due to the continuing negative sugar-related media visibility. Sales in Sugar Puffs cereals were clearly below the comparison year and fixed costs of the business also weakened profitability.

At the end of 2014, the relaunch of Sugar Puffs cereals began and the product name was changed into Honey Monster Puffs. The change was made because the Honey Monster character is well-known and the recipe of the cereals was renewed to match consumer needs. New Honey Monster Puffs cereals contain less sugar. Advertising and media measures supporting the relaunch were introduced in January 2015.

*Measures taken to assess the future of the cereal business.*

In November 2014, Raisio recorded a write-down of EUR 10 million of the Honey Monster brand's book value. The UK's breakfast cereal category has not grown and its profitability has declined. Therefore, Raisio expects the sales and profitability of Honey Monster cereals to remain permanently below the normal levels of recent years. Raisio has taken steps to assess the future of the business.

# Consumer brands, Confectionery

Raisio produces confectionery in the UK and Czech Republic and the confectionery is exported to over 40 countries. Net sales for Raisio's confectionery business amounted to almost EUR 100 million. Raisio has several own confectionery brands and the company is also a significant producer of its partners' branded and private label products.

## Main events in 2014

- Relocated production lines from the closed Skegness confectionery factory to another UK-based factory and to the Czech Republic were introduced in the last quarter of 2014.
- Just and Poppets gift boxes launched in the UK sold well.
- In the Czech Republic, good sales development continued in the confectionery sold under the Juicee Gumme brand.
- Consumption of gums and jellies showed continued growth.
- Profitability of the business was good.



## Financial review

Net sales for the confectionery business were at the comparison year's level and EBIT improved. Sales in the Czech-made branded products increased. Particularly good sales growth was seen in gums and jellies. Successful novelty launches in the UK resulted in sales growth of confectionery sold under the brands Poppets and Just. This was achieved even though sales of branded products were at the comparison year's level taking exchange rate changes into account.



## Raisio centralised its confectionery production

Raisio manufactures confectionery in three UK-based factories and in two Czech factories. With the closure of the Skegness factory in the UK, the production of gums and jellies was centralised to the Czech Republic. Raisio has carried out investments that provide the company with good growth opportunities as gums and jellies are the fastest growing confectionery segment.

*Raisio's focus is on its branded products and growing product segments, such as gums and jellies.*

The range of Raisio's branded products sold in the Czech market was expanded. At the end of the year, sales in novelties launched under the Pedro brand exceeded expectations. Raisio is also a significant partner for international confectionery giants.

The Leicester factory's product range was expanded with boiled sweets in the centralisation project. The factory also makes mints, toffees and chocolate candies. Total demand for



confectionery remained stable in the UK market. Fox's, Poppets, XXX Mint and Just are Raisio's well-known brands in the UK.



# Consumer brands, Northern Europe

In Finland, Raisio launched several novelties that meet consumer trends and complement the range of our own branded products. Sales in Elovena, Benecol and Provena products increased significantly. In Northern European operations, Raisio continued to focus on healthy and ecological snacks in line with the company's strategy, which was shown in improved profitability. At the same time, we have succeeded in enhancing our competitiveness.



## Main events in 2014

- Comparable net sales increased and profitability improved.
- Sales in Elovena, Benecol and Provena products increased in Finland and so did the share of further processed products of the product range.
- Improved manufacturing competitiveness led to sales volume growth in catering and industrial products.
- Our product range is a good response to consumer trends.
- Successful novelty launches.

## Financial review

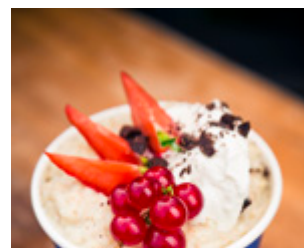
Net sales for Northern European operations were at the comparison year's level, over EUR 70 million. Comparable net sales increased since the comparison year figures included the non-dairy business divested in May 2013. EBIT was significantly better than in the comparison year.

Raisio focused on its main brands, which was shown in the sales growth of Elovena, Benecol and Provena products as well as in the increased share of further processed products. Manufacturing price competitiveness also improved, which resulted in the sales volume growth of catering and industrial products.

*Sales increased in Elovena, Benecol and Provena products.*

## Our product range responds well to consumer trends

Raisio's product range meets well Finnish consumer trends that emphasise healthiness, domestic origin, protein and gluten-free foods. The share of added value products in the product mix was greater than before, which was shown in better profitability. At the end



of 2014, particularly sales in Elovena and Provena products grew and our new business-to-business customers also increased net sales.

The Porridge Bar concept successfully increased the popularity of porridge and encouraged consumers to enjoy their porridge with trendy toppings. Raisio continues its efforts to make porridge a phenomenon to celebrate Elovena's 90th anniversary.

Sales in Benecol, Elovena and Provena products increased significantly from the comparison year. Sales growth was supported by new products, which were an excellent complement to our product range. New Benecol yogurts, new flavour of Elovena snack biscuits and Elovena Plus protein porridges were well received by consumers. Raisio is increasing the coverage of its Elovena Moumin biscuits and porridges for children.



*Profitability improved due to increased share of value added products.*



# Consumer brands, Eastern Europe

Poland, Russia and Ukraine are Raisio's markets in Eastern Europe. Poland is the second largest market of the Benecol products. The year 2014 was different for each of these markets. The year was exceptional as a whole, but it went well as the company reacted rapidly to the changes in the markets.

## Main events in 2014

- In Russia, sales volume in Nordic flakes increased despite the economic uncertainty. Euro-denominated net sales slightly decreased in spite of price increases.
- Sales to Ukraine decreased with stricter payment terms.
- In Poland, the consolidation of retail sector decreased sales volume of Benecol products.



## Financial review



In Russia, sales volume in Nordic products increased despite the economic uncertainty. Due to the weakened rouble, euro-denominated net sales slightly decreased despite Raisio's price increases. In Ukraine, Raisio significantly decreased its export as a result of the crisis.

In Poland, net sales and sales volume declined, which was largely due to the consolidation of retail sector and further intensifying competition. As a result of declined net sales, EBIT also weakened from the comparison year.

## Good performance in a challenging situation

In Poland, the competition is intensifying and promotions play an important role in the sale of cholesterol-lowering functional products. Benecol maintained its market leader position. At the end of 2014, the merger of two major retail chains resulted in a listing break that decreased the sale volume of Benecol products from the comparison year.

*Benecol is a market leader  
in Poland.*



In Russia, good demand for Nordic flakes continued and Raisio increased its prices taking the exchange rate into account. Russian consumers value high-quality Nordic products made in Finland.

Raisio managed to decrease the country risk in Ukraine and to tighten payment terms, which resulted in lower deliveries. Raisio also continued to take steps in order to reduce the amount of sales receivables and credit loss risk in Ukraine.

*In Russia, good demand for Nordic flakes continued.*

# Licensed brands, Benecol

Benecol business focuses on the licensing of Benecol brand and plant stanol ester to its partners around the world. Raisio aims to expand into new markets, particularly in Asia and South America. Acquisition of the Benecol business from the affiliates of Johnson & Johnson was a significant and important deal for Raisio. In 2014, consumers around the world used more than 400 million daily doses of Benecol products.



## Main events in 2014

- Benecol was launched in Brazil in November.
- Steady demand for Benecol products, although big differences in sales development between the countries continued.
- Sales in Benecol products grew in Finland, Spain, Indonesia and Hong Kong.
- Benecol products were launched in South Korea after the review period in February 2015.

## Financial review

Net sales for the Benecol business grew from the comparison period and business profitability remained at its normal good level.

Sales of plant stanol ester in, e.g., Finland, Spain, Indonesia and Hong Kong increased and were at the comparison year level in the markets acquired from the affiliates of Johnson & Johnson.

### Active work to open new markets

As a whole, demand for Benecol products was stable and at the comparison year level. Big differences between the sales in different countries continued. Sales in Benecol minidrinks and yogurt drinks increased in several markets.

Benecol milk was launched in Brazil in November. This launch supports the objective of Raisio's Benecol business to expand into new markets. In South America, Benecol products are now available in Chile, Ecuador, Columbia and Brazil.

The UK is still by far the largest market for Benecol products and Benecol is the market leader. Poland, Spain, Finland, Ireland and Belgium are also major markets for Benecol products. In Indonesia, sales in Benecol products increased while in Thailand, for example, the uncertain political situation and low marketing efforts decreased sales considerably. In Hong Kong, Benecol product sales increased due to TV campaigns.

*UK is the largest Benecol product market.*

After the acquisition completed in November, Benecol product home markets administered by Raisio itself include the UK, Ireland, Belgium, Poland, Finland, Portugal and Hong Kong. Raisio subcontracts Benecol products containing a unique ingredient, plant stanol ester, and is responsible for the product sales and marketing in the markets mentioned above.

Stock Exchange Release: the acquisition of J&J's Benecol business



Raisio continues active efforts to open new Benecol markets, particularly in Asia. Benecol products were launched in South Korea after the review period in February 2015.

From the beginning of 2015, Benecol unit includes licensing and partnership work for plant stanol ester, Benecol product ingredient, as well as sales and marketing of Benecol consumer products in Raisio's home markets in the UK, Ireland, Belgium, Poland, Finland, Portugal and Hong Kong.

*Through the acquisition, the number of Benecol home markets rose to seven.*

# Licensed brands, Benemilk

The commercial Benemilk organisation started its operations on 1 July 2014. The organisation aimed to find partner candidates and to create operating models while continuing negotiations with potential partners in Asia, Europe, North America and Oceania.

In 2014, the main objectives of the Seattle-based commercial Benemilk organisation were to create an operating model to the international commercialisation of the



Benemilk innovation, to continue commercial negotiations and to introduce, together with some partner candidates, the first feeding tests conducted by external research institutes as a basis for license agreements.

In the commercialisation of the Benemilk innovation, potential partner candidates include innovative feed companies, mega farms and dairy companies.

## Partner candidates commissioning production and feeding tests

With some partner candidates, we have proceeded to the planning and implementation of feeding trials. The first feeding tests commissioned by partner candidates from external research institutes have shown that it easily takes several months to complete a feeding test and analyse the results. At the early stage of the project, it is important for the partner candidates to carry out their own production and feeding tests with locally used feeding concepts.

Negotiations with potential partners have helped us to better position the Benemilk innovation and to show the advantages of Benemilk feeds compared to other technologies.

The processing of dozens of Benemilk innovation related patent applications is proceeding normally. At the end of 2014, all patent applications were still pending.

*The international commercialisation of Benemilk is proceeding as planned.*









# Raisioagro

Raisioagro carried out an extensive reorganisation in 2014. Raisioagro's focus is on its cattle and fish feeds, grain trade and online sales. Raisioagro aims to be the leading operator in the agricultural sectors where success is based on feeding and plant cultivation expertise and on innovations. Innovations improving the effectiveness and profitability in agriculture and fish farming are in the core of Raisioagro's new strategy.

## Main events in 2014

- Termination of the pig and poultry feed production improved relative profitability and a total of EUR 10 million in working capital was released.
- Oil milling business was terminated at the end of 2014.
- Benemilk feed sales accounted for some 10% of Finnish dairy cattle feeds and for some 20% of Raisioagro's cattle feeds.
- Hot weather in the mid-summer weakened good sales of fish feeds. Exports to Northwest Russia increased.
- Strong increase in online sales. Expansion of the product range.

## Financial review

Raisioagro's net sales totalled EUR 201.6 (254.2 in 2013) million. Net sales decreased from the comparison period mainly due to the terminations of pig and poultry feed production and oil milling business. The summer was very hot

in Finland and net sales in fish feeds decreased from the comparison year. Net sales in cattle feeds decreased mainly due to the fall in main raw material prices. Successful grain import deals, however, increased net sales.

Feeds and farming supplies account for almost 85 per cent of Raisioagro's net sales. 85 per cent of Raisioagro's net sales come from Finland. Russia is the largest export market for fish feeds.

Raisioagro's EBIT was EUR -8.9 (3.1) and, excluding one-off items, 3.4 (3.1) million. One-off items totalled EUR -12.3 million, of which EUR -9.9 million resulted from expenses related to the termination of the pig and poultry production and EUR -2.4 million from the termination of the oil milling business. As the pig and poultry feed production was terminated, Raisioagro's relative profitability improved and a significant amount of working capital was released in the second half of 2014. A good product mix in cattle feeds and a growing share of further processed products also improved EBIT. The shutdown of the oil milling plant from the beginning of 2014 significantly decreased losses from the comparison period.

*Enhanced operative efficiency improved Raisioagro's profitability.*

*Raisioagro's return on investment rose to over 10 per cent.*

### Key figures for Raisioagro

		Q4/2014	Q3/2014	Q2/2014	Q1/2014	2014	2013
Net sales	M€	35.6	54.4	62.6	49.1	201.6	254.2
EBIT, excluding one-off items	M€	0.0	2.0	1.4	0.0	3.4	3.1
EBIT, excluding one-off items	%	-0.1	3.7	2.2	0.0	1.7	1.2
One-off items	M€	-2.4	-2.4	-7.5	0.0	-12.3	0.0
EBIT	M€	-2.4	-0.3	-6.1	0.0	-8.9	3.1
Investments	M€	0.2	0.1	0.4	0.4	1.1	2.3
Net assets	M€	-	-	-	-	33.0	52.4

# Benemilk

Raisioagro complemented its range of Benemilk feeds with, for instance, products suitable with different quality silages. The performance and profitability of Benemilk feeding were verified using the profitability calculations based on the farm monitoring results. Raisioagro continued its active efforts to promote Benemilk feed sales in Finland and Northwest Russia.

At the end of 2014, Benemilk feed sales accounted for some 10 per cent of the Finnish dairy cattle feeds and some 20 per cent of Raisioagro's cattle feeds.



## More milk, quark and butter with the Finnish innovation

The research results show that a Benemilk-fed cow produces 2.6 kilos more of energy-corrected milk (ECM) per day. ECM describes the joint effects between milk produced and fat and protein contents. With Benemilk, the feed efficiency was 9 per cent higher. The results of long-term Finnish farm monitoring programmes correspond to the scientific findings, for both yields and contents. Benemilk research results prove the world class status of the Finnish expertise and innovation capability.

Annual income of the Finnish dairy farms total almost one billion euros. A Benemilk-fed cow produces an average of 1.2 litres more milk, 150 grams more fat and 60 grams more protein. If all the farms started to use the Benemilk feeding, farmers' annual income would increase by about 80 million euros.

*More milk, fat and protein  
with Benemilk feeds.*

In addition, the research results show that Benemilk feeds have effects promoting animal health. They prolong cows' productive life and improve their well-being. After calving, cows often have an energy deficit. Benemilk innovation can help with this problem. The feed also has components promoting hoof health, preventing ruminal acidosis and boosting metabolism.

## Benemilk research results

Efficacy of Benemilk feeds has been verified in six scientific studies, three of which were conducted in Finland, others in France, Holland and Sweden.

### Average results (per cow per day)

- +2.6 kg ECM
- +1.2 kg milk
- +0.3 percentage points of fat
- +0.05 percentage points of protein
- +9% higher feed efficiency

*Benemilk's efficacy verified  
scientifically.*

## Finnish farm monitoring autumn 2014

- 1760 cows, 45 cows/farm
- yield of energy corrected milk (ECM) increased by 2.6 kg
- milk fat content increased on 100 per cent of the farms
- milk protein content increased on 90 per cent of the farms

## An international patent application filed for the milk solids index

The index developed by Raisioagro shows that all energy cows receive is not equal. The milk solids index, for which an international patent application has been filed, is a new meter for measuring the efficacy of feeds. The index can be used to anticipate the feed efficacy in the feeding of an individual farm. The milk solids index shows how a feed affects the production of milk fat and protein; the higher the index, the better the contents.

The milk solids index is calculated based on the composition of a feed. If the index of a feed is high, a cow's protein and fat yield is better, which raises the producer's milk income compared to a corresponding feed with a low index. The milk solids index of Benemilk feeds is high.

*Benemilk is Raisio's top innovation.*





# Fish feeds

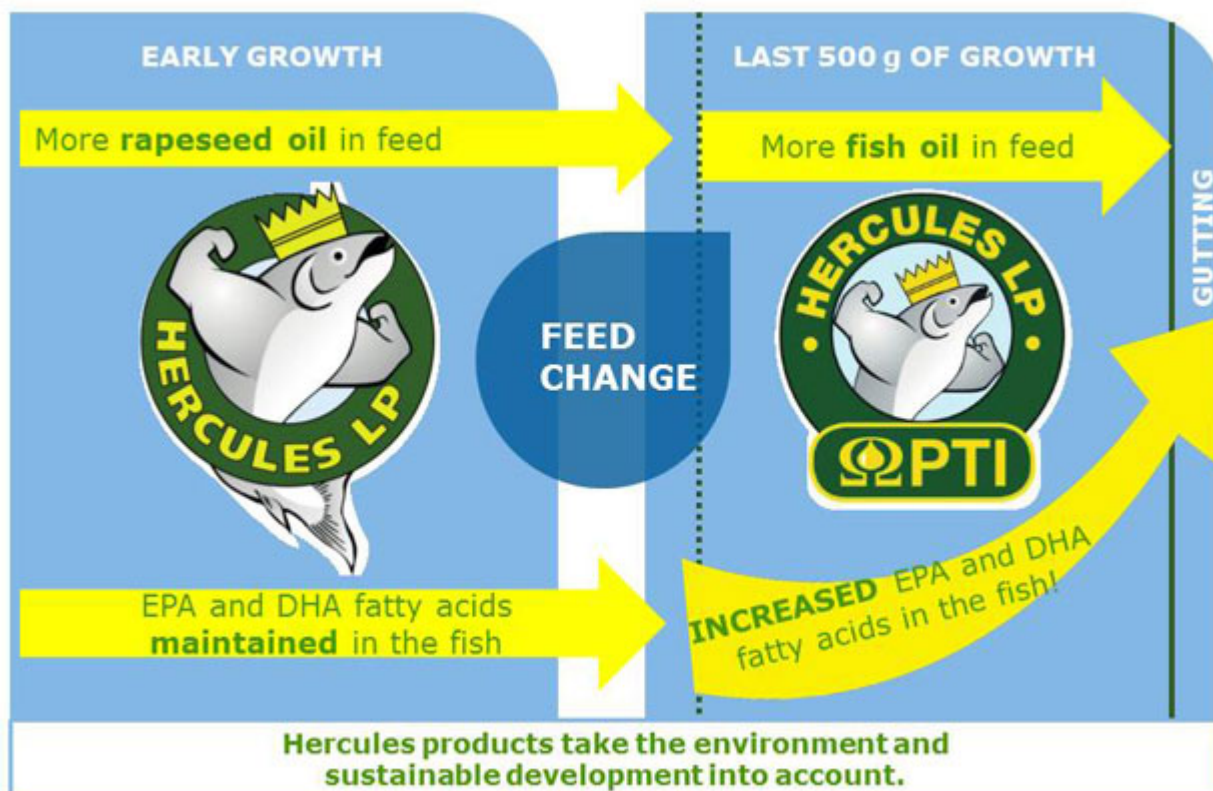
Raisioagro's fish feed export to Northwest Russia increased and market share strengthened. In Finland, more than half of farmed rainbow trout is produced using the feeds of Hercules LP Opti concept.

Hot weather in the middle of the fish farming season decreased net sales in the second half of 2014; fish eat less and in the worst case, stop eating altogether when the water becomes warmer than usual.

Raisioagro is a clear market leader in farmed rainbow trout feeds with sustainable and environmentally friendly feeds, of which a product concept called Hercules LP Opti is a good example. Almost all Raisioagro's Finnish customers have started with Hercules LP Opti concept, since well-managed environmental issues and sustainable feeds help ensure the future of the entire sector. Raisioagro's market share in Finnish fish feeds is more than 50 per cent.

Exports account for over 50 per cent of net sales of Raisioagro's fish feeds. Northwest Russia is the key export market for fish feeds.

*Hercules LP Opti concept  
tocks.*



## Farmed Finnish rainbow trout included in the green list of WWF's Seafood Guide

In the WWF Finland's recently updated consumer guide on seafood, Finnish rainbow trout was included in the green list of recommended and sustainable fish choices. Together with the Game and Fisheries Research Institute and

Finnish fish farmers, Raisioagro has been involved in the long-term development work to reduce environmental impacts of rainbow trout feeds and to ensure sustainable development of the sector.

Rainbow trout farmed using Finnish feed is also high-quality health food with fatty acid composition that meets nutritional recommendations.

[Raisioagro/fish feeds](#)

[WWF's Seafood Guide](#)

*Rainbow trout farmed using the Hercules LP Opti concept is top-class health food.*



# Online store sales, grains and vegetable oils

There was a significant increase in Raisioagro's online visits and sales in 2014. The product range has been extended with care to meet customer needs. In 2014, Raisioagro opened an online store open to all. The company continues active development of the store.

## Farming supplies and online store

Raisioagro's online store sales increased by nearly a third in a year. Visits in the online store increased by almost 50 per cent from the comparison year. In addition to feeds, the online product range includes a wide range of farming supplies, fertilisers, plant protection products and fuel oils.

In 2014, online sales of fish feeds grew sharply. Sales in farming supplies as a whole slightly decreased while sales in liquid fuels saw a significant growth. At the end of 2014, fertiliser sales fell sharply as a result of rapid price increases.

At the beginning of 2014, Raisioagro opened its online store open to all. The store has an important role in Raisioagro's customer-driven strategy: the store is designed to serve as a customers' service and information channel. In the future, it will also function as a user interface of digital services. The online store provides competitive advantage based on the identification of customer needs and purchasing behaviour.



## Raisioagro online store

*Strong growth in online store sales.*

## Vegetable oils

In November 2014, Raisioagro decided to terminate oilseed crushing as a result of the employee cooperation negotiations. The oil milling plant had been shut down and personnel temporarily laid off since January 2014.

## Grains

In Finland, demand for grain in relation to feed consumption is unchanged, but since Raisioagro terminated its pig and poultry feed production, the Division's need for feed grains decreased. However, feed grain purchasing continues as usual at our sites in Kouvola and Ylivieska.

*Raisioagro purchases grains for its own use as well as to be resold and exported.*

Raisio exported grains almost 30 per cent more than in 2013. Spain and Sweden were our most important export countries.

Quantitatively, malt barley and wheat were the most exported grains.



# Research and product development

Raisio's consumer operations are based on tasty, healthy, ecological and safe products that meet customer needs. In Raisio's feeds, we make extensive use of inventions and technologies that help improve efficiency and profitability of livestock production while also reducing environmental impacts.

The importance of responsible and environmentally-friendly products as part of the company's business continues to grow as consumers want more and more information on the origin, safety, production methods and environmental impacts of raw materials and products. As part of this Annual Report, we publish our Corporate Responsibility Report, which deals with Raisio's activities in terms of responsibility.

Raisio is actively involved in the development and streamlining of production chains related to foods and feeds. For example, improvement of livestock production efficiency is a global challenge. We think that many global challenges in the food and agriculture sector can be turned into opportunities with innovations supporting sustainable development. At Raisio, we already have such innovations.

# Benecol

Recent study results confirm, more clearly than before, the objectives related to LDL-cholesterol: the lower, the better and the sooner, the better.

The EU Commission approved Raisio's new health claim application on products containing plant stanol ester. According to the claim, a daily dose of 2.5-3.0 grams of plant stanol lowers cholesterol by 10.0-12.5 per cent.

After long regulation processes, Raisio received new authorisations to add plant stanol ester in foods in some countries in Asia. For years, Raisio has been actively working to expand into new markets in Asia and we continue, with our partners, to prepare new launches of Benecol products.



# Consumer products

In Finland, the product development focused on the development of new consumer-driven snacks and breakfast products for Northern European markets. Protein-rich products have been one of the most significant consumer trends in recent years. Studies have shown that adequate protein intake at breakfast plays an important role in comprehensive weight management. Elovena Plus protein instant porridge portions were developed to meet this consumer trend.



Together with the Moumin brand, Elovena launched new healthy snack biscuits and instant porridges designed specifically for children. Benecol yogurts, launched in the autumn, brought new alternatives in the range of cholesterol-lowering functional foods.

Our research activities focused on the study of new raw materials and specific characteristics of oats. Study results are used in our product development projects to achieve better product properties or to ensure a longer shelf life for an end product.

*Raisio has a wide range of healthy and ecological snacks.*



## Focus on research and product development

The Group's research and development expenses were EUR 6.6 (6.4 in 2013) million accounting for 1.3 (1.1) per cent of net sales. R&D expenses of the Brands Division were EUR 5.7 (4.9) million, those of Raisioagro EUR 0.8 (0.5) million and those of other operations EUR 0.0 (0.9) million. Benemilk related development costs of EUR 0.6 (0.3) million have been capitalised on the balance sheet.



# Raisioagro

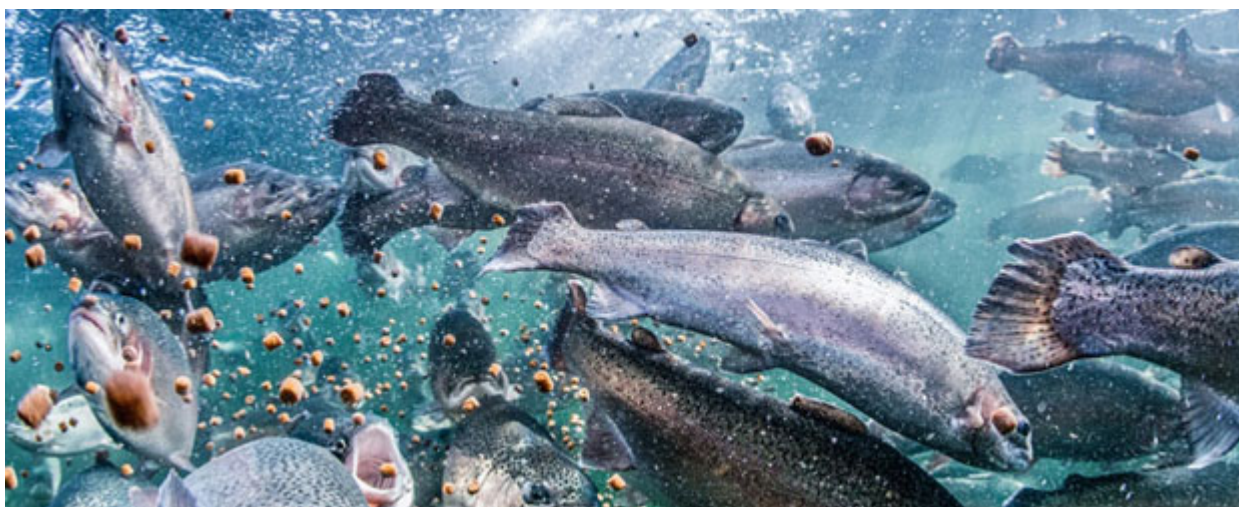


## Focus on Benemilk feeds

Raisioagro's R&D focused on Benemilk feeds. In the autumn 2014, the product range of Benemilk feeds was renewed to better complete different quality silages.

Scientific tests and the farm monitoring programme show that Benemilk feeds increase milk yields and improve milk contents. The results from the monitoring programme were consistent with the results obtained in scientific studies. Raisioagro continues Benemilk-related scientific studies in Finland and abroad, its farm monitoring programme and development of new Benemilk product applications.

*Benemilk is Raisio's top innovation.*



The efficacy and performance of Hercules LP Opti feeds were verified on the customers' fish farms. The feeds reduce phosphorous emissions from rainbow trout farming by more than a quarter and protect wild fish stocks,

because in the Opti feeding concept, approximately 50 per cent of fish oil in the feed is replaced by rapeseed oil. In the fish feed sector, research activities focus to study the feasibility of new protein raw materials.

*Hercules LP Opti concept supporting sustainable development is used by nearly all Raisio's customers.*



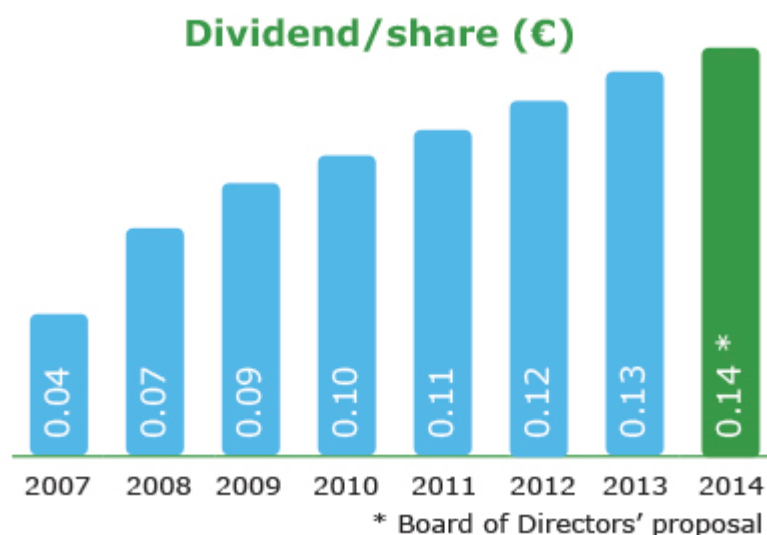
# Raisio's year 2014

Raisio continued the implementation of its growth strategy in 2014. The acquisition of Benecol business from the affiliates Johnson & Johnson in November 2014 was important for Raisio. Good growth in Raisio's strong businesses continued.

The year 2014 was twofold for Raisio. EBIT for the last two quarters was, however, higher than in the comparison periods and Raisio is back on improving trend. Raisioagro carried out a major reorganisation and will focus on its cattle and fish feeds, grain trade and online store. The international commercialisation of Raisio's top innovation Benemilk is proceeding as planned.

## Good dividend history continued

Raisio Board of Directors' dividend proposal to the Annual General Meeting is EUR 0.14 per share. Raisio has raised its dividend continuously since 2007.





## Acquisitions in 2014

On 19 November 2014, Raisio acquired the Benecol business from the affiliates of Johnson & Johnson in the UK, Ireland and Belgium and amended the agreement on the Northern American markets of Benecol. The acquisition met all the criteria Raisio has set on its acquisitions and it enables the development of Benecol business on Raisio's own terms for the first time since 1997.

The acquisition is estimated to increase Raisio's EBIT by some 9 million euros annually. In 2013, net sales for the J&J's Benecol business in Europe and the USA amounted to almost EUR 76 million, of which the UK and Ireland accounted for some 85 per cent. The purchase price of EUR 88.5 million for the business and stocks was paid when the object of the deal was transferred to Raisio. Majority of the purchase price was allocated to intangible assets. Through the deal, Raisio's goodwill increased by approximately EUR 53 million.

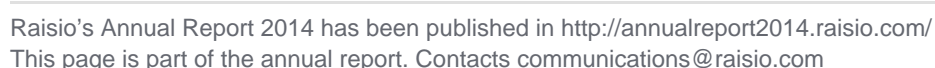
### Raisio acquired Johnson & Johnson's Benecol business

- The deal completed on 19 November 2014
- With the deal, Benecol business returned to Raisio in the UK, Ireland, Belgium and USA
- EBIT impact some 9 million euros annually
- J&J's Benecol net sales for 2013 almost 76 million euros
- Purchase price 88.5 million euros
- The acquisition meets Raisio's criteria on acquisitions

*Benecol acquisition – a good and important deal for Raisio.*

Cilag GmbH International has had the exclusive right to sell and market Benecol products in the UK, Ireland and

The integration of the acquired business as part of Raisio was completed according to plan. Benecol product deliveries continued without interruptions and sales were at good levels.



# Strategic objectives

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. The company's strategic objectives are based on this vision.

The core of Raisio's strategy includes innovations and healthy, ecological snacks.



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

	Brands	Raisioagro
Key figures 2014	<ul style="list-style-type: none"> <li>• Net sales 306 M€</li> <li>• EBIT 36 M€</li> </ul>	<ul style="list-style-type: none"> <li>• Net sales 202 M€</li> <li>• EBIT 3 M€</li> </ul>
Products	<ul style="list-style-type: none"> <li>• Fast moving consumer goods (FMCG)</li> <li>• Health, Ecology, Mobile Food (HEM)</li> </ul>	<ul style="list-style-type: none"> <li>• Cattle and fish feeds</li> <li>• Farming supplies</li> <li>• Grain trade</li> </ul>
Operating model	<ul style="list-style-type: none"> <li>• B2C</li> <li>• International</li> </ul>	<ul style="list-style-type: none"> <li>• B2B</li> <li>• Local</li> </ul>
Competitive advantages	<ul style="list-style-type: none"> <li>• Brands</li> <li>• Innovations</li> <li>• IPR</li> </ul>	<ul style="list-style-type: none"> <li>• Feeding expertise</li> <li>• Innovations</li> <li>• Online store</li> </ul>

## Focusing, streamlining and profitable growth

During its growth phase, Raisio has completed several acquisitions and grown especially in the UK. Furthermore, the company has divested businesses that are not at the core of its strategy and have a better opportunity to develop with other operators. Raisio's acquisitions completed during the growth phase have significantly increased the company's net sales and EBIT.



The most significant investment in 2014 was the acquisition of Benecol business from the affiliates of Johnson & Johnson in November 2014. The acquisition met all the criteria Raisio has set on its acquisitions and it enables the development of Benecol business on Raisio's own terms for the first time since 1997. In terms of Benecol products, Raisio's long-term strategic objective is to enhance competitiveness in the existing markets, to expand into new markets as well as to innovate new products.

In 2014, Raisio continued the centralisation and streamlining of its branded operations. We implemented several measures and investments related to the streamlining of activities. The most significant investments were the relocations of the UK snack bar and confectionery production.

The snack bar production was centralised to the Newport factory in the UK. After some initial difficulties related to the production transfers, Raisio now has an opportunity to realise its ambition to become one of the most significant snack bar producers in Europe.

The production flexibility of the Newport factory and high quality of its products are opening new opportunities for completely new products matching consumer needs.

*Acquisition of Benecol business from J&J's affiliates was a significant and important deal for Raisio.*



With the closure of the UK-based Skegness factory, the production of gums and jellies was centralised to the Czech Republic. The investments provide the company with good growth opportunities.

## Raisioagro's new Growth Inspirer strategy

Guided by its renewed strategy, Raisioagro focused on the agricultural sectors where success is based on innovations and expertise in animal nutrition and plant cultivation. Raisioagro's task is to help its customers produce healthy food for consumers effectively, profitably and sustainably.

With the centralisation, the aim is 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. In the future, the development efforts are targeted more strongly at strategically selected areas, i.e, cattle and fish feeds and plant cultivation.

Raisio is an active innovator in the solving of global challenges of the food chain. In recent years, we have been able to create inventions that profitably improve the efficiency of livestock production. Raisio continues the world improvement efforts as we have the ability, desire and skills to create innovations improving profitability and efficiency of the food chain in a sustainable way.



*Raisio providing solutions to global challenges*

## Small and growing segments

Raisio also has businesses, such as the confectionery business of almost EUR 100 million, which complement our vision by being good, profitable businesses in their own markets. In these businesses, we can promote the objective in line with our vision through the development work based on customer needs.

Raisio has the ability to react rapidly to market and demand changes while ensuring the business profitability. Increased demand for Nordic flakes in 2014 despite the economic situation in Russia is a good example of this. Raisioagro aims to increase its feed export to Russia.

## Ambition at the end of the growth phase

Raisio continues the implementation of its growth phase started in 2010. Raisio is growing organically and through acquisitions. Raisio remains active on the acquisition front.



## BRANDS

### Growth

- Net sales: 500 M€
- EBIT-margin: +10%

## RAISIOAGRO

### Profitability

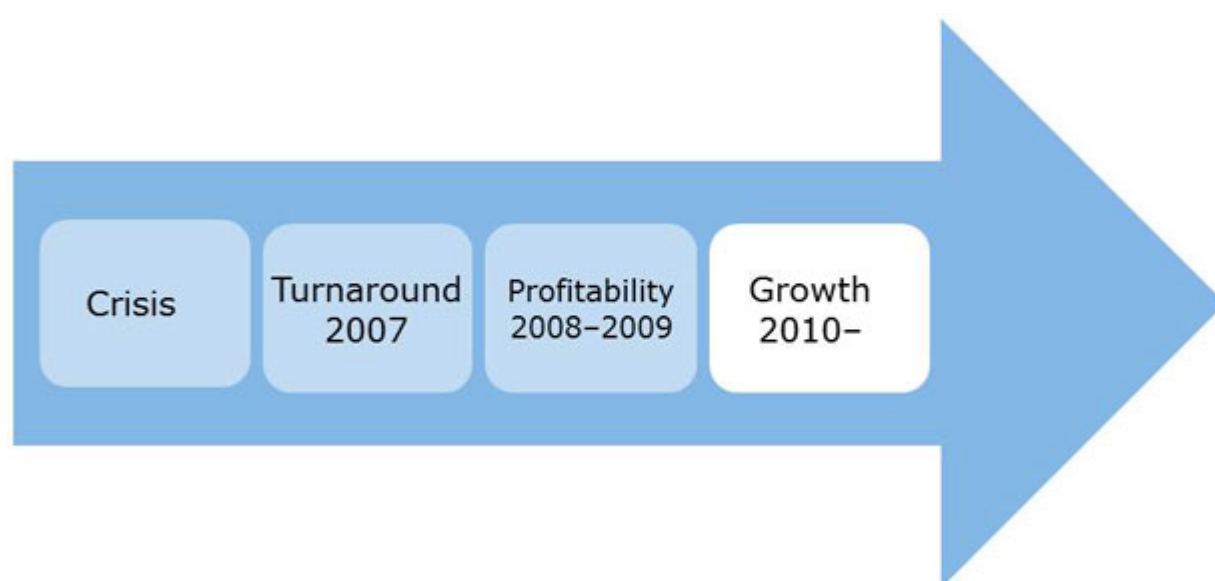
- EBIT: 0 → 5 → 10 M€



# Strategic phases

Raisio's operations in 2007-2014 fall into three strategic phases. In 2010, following the phases of turnaround and improved profitability, Raisio moved to the growth phase that is still continuing. The acquisition of Benecol business from the affiliates of Johnson & Johnson completed in 2014 was a good and important deal for Raisio. It gives us the opportunity to develop Benecol on our own terms.

## Raisio's strategic phases



## The year 2014: Growth phase continued

On 19 November 2014, Raisio acquired the Benecol business from the affiliates of Johnson & Johnson in the UK, Ireland and Belgium and amended the agreement on the Northern American markets of Benecol. The acquisition is estimated to increase Raisio's EBIT by some 9 million euros annually. The integration of the acquired business as part of Raisio was completed according to plan. Benecol product deliveries continued without interruptions and sales were at good levels.

Stock Exchange Release 11 November 2014: [Raisio acquired Benecol business from affiliates of Johnson & Johnson](#)

## Raisio's EBIT 2007-2014



The acquisitions and divestments Raisio has completed during its growth phase have significantly improved the company's EBIT.

## The years 2010-2013: Growth

Raisio's key target is profitable growth organically and through acquisitions. Although Raisio has faced different challenges during the three strategic phases, all phases have had common success factors: the ability to detect opportunities, to use them efficiently and to adapt promptly to significantly and rapidly changing business environment.

Raisio has shown its ability to make successful acquisitions. The acquisitions completed met the criteria Raisio has set on its acquisitions. During the period 2010-2013, Raisio has carried out four acquisitions; two largest in the UK, one in Poland and one in the Czech Republic.

Raisio was again a net debt free company despite the acquisitions of EUR 200 million completed on a debt free basis during the growth phase. This gave Raisio a good opportunity to continue the implementation of the growth phase in line with its strategy.

## Acquisitions and divestments 2010-2013

Raisio sold fixed assets of its non-dairy business as well as Nordic Milkfreedom and Soygurt brands to Norwegian Kavli. The contract was signed on 5 March 2013. Operations were transferred to the new owner on 9 May 2013. Raisio sold and transferred its US-based esterification plant to American Avoca Inc. The agreement was signed on 18 April 2013. Raisio's Summerville plant operated as a reserve plant with low volumes. In 2012, net sales of the factory totalled approximately EUR 3.2 million excluding the plant stanol ester production.

On 13 November 2012, Raisio acquired a Czech confectionery company, Candy Plus. The purchase price was EUR 20.5 million on a debt-free basis including a new capital investment of EUR 2.3 million in fruit-liquorice capability. Raisio paid the consideration from its cash reserves. The acquisition complements Raisio's existing, successful confectionery activities in the UK.

On 20 March 2012, Raisio acquired Polish Sulma sp. z o.o.'s pasta and grits operations, its intellectual property rights as well as fixed and current assets. The value of the deal was EUR 2.4 million (PLN 9.8 million).

On 1 July 2011, Raisio divested its malt business to Viking Malt and continued the contract farming of malting barley. The malt business divestment was part of streamlining of Raisio's activities since synergies between the company's other businesses were not significant. The transaction price was EUR 17 million and Raisio recorded a one-off gain of approximately EUR 5 million on the deal.

At the beginning of its growth phase, Raisio strengthened its foothold in the UK through the acquisition of Glisten in 2010 and Big Bear Group in 2011. The product range of each company included breakfast and snack products and confectionery. Raisio has reorganised and centralised its activities during the years.

## The years 2008-2009: Profitability

During the profitability phase of 2008 and 2009, Raisio focused on the profitability improvement. Main measures to achieve this included the renewal of product range to better meet consumer needs and enhancement of business processes. In addition, Raisio launched new products in its home market and prepared to enter into new markets and product categories. Moreover, the company's Eastern European operations were rationalised to improve profitability.

In 2009, Raisio sold its margarine business to Bunge. With this divestment, Raisio strategically focused more clearly on grain-based products and gained additional resources for the development of the company's other businesses. At the end of the profitability phase, Raisio had become the most profitable listed food company in Finland.

## The year 2007: Turnaround

During the turnaround phase of 2007, Raisio divested its unprofitable operations, such as potato and diagnostics businesses, and sold the company manufacturing special feeds as well as its share in the Polish dairy company. In addition, the organisation was streamlined and operations were enhanced.

When Raisio got back the rights related to the Benecol brand and plant stanol ester from its long-term partner McNeil, the company had an opportunity to focus on the development of its operations and product applications.

# Business risks

Global economy is expected to grow moderately but extensively in 2015. Markedly weakened euro is accelerating the recovery in the euro area but the most important source of growth is private consumption. In Finland, prospects of private consumption are, however, grim; consumer purchasing power is weakening and cautiousness continues. In the UK, economic growth is continuing and private consumption is growing. Weakening of the Russian economy continues. Raisio expects the grocery market to remain relatively stable compared to other sectors.

The crisis in Russia and Ukraine has increased the risks of our operations in the area, but we have managed, for example, to decrease the amount of sales receivables. Raisio is closely monitoring the development of the situation; the company has the ability to rapidly adjust its operations to changing situations.

*Innovations - the key to Raisio's future success.*

The EU zone's milk quota system will come to an end in March 2015. As the demand for milk products is globally growing, it becomes more and more important that dairy chain operators are able to innovate products in line with consumer needs and to improve the efficiency of milk production. Raisio sees that top innovations, such as Benemilk, are the key to future success.

Volatility in raw material prices is estimated to remain at a high level. Low economic growth and potentially good harvests may calm down the price development but, on the other hand, extreme weather events resulting from climate warming will probably cause sudden changes in harvest expectations and price levels of various agricultural commodities. In terms of profitability, the role of risk management remains essential both for value and volume.

*Management of the volatility of raw material prices is an important aspect of risk management.*

Raisio's growth phase is a period of changes, during which several of the company's activities are developed and business management is considerably more challenging than in ordinary circumstances. Growth and rationalisation projects may still cause substantial costs in relation to the company size.

# Risk management

Raisio's risk management policy defines the objectives, principles and responsibilities of risk management. Raisio's risks fall into operational and strategic as well as financial and damage risks. Risk management is part of Raisio's day-to-day operations and decision-making.

Risk management is an activity that aims to identify and assess significant external and internal uncertainties that may threaten the strategy implementation and achievement of objectives.

Objectives of Raisio's risk management:

- To identify and assess strategically significant risks.
- To take advantage of business opportunities in a risk-conscious way.
- To ensure business continuity.
- To ensure safe operations and products.

Damages caused by products with inadequate safety and related liability risks are a key issue in the risk management of the Group producing foods, food ingredients and feeds. Identified risks are eliminated, reduced, avoided and utilised to the extent possible.

Risk management is part of the Group's day-to-day operations. Special emphasis is placed on preventive action and its development. Each division is responsible for conducting its own practical risk management in line with the risk management policy and the Group's guidelines. Operative responsibility is held by the management of each division and function. The divisions survey and identify risks in connection with annual planning, among other things. The Group is prepared to operate in crises and for crisis communication.

External advisors are also used to develop risk management activities. Risk management function is responsible for the Group-wide insurance schemes. Their scope is assessed, for example, in conjunction with risk surveys carried out at company sites.

Risk management function reporting to the CFO coordinates, develops and monitors risk management. Similarly, the business controller functions report to the CFO in matters related to risk management. Divisions and service functions, such as financing, report on their main risks to the Group Management Team. Observations of internal control and business risks are reported to the Board as part of monthly financial reporting.



# Outlook 2015

Raisio expects its EBIT to return on its long-term upward trend. The guidance applies for the full year 2015 and it was published in the Financial Statement release on 12 February 2015.

The year 2014 was twofold for Raisio. Weak performance at the beginning of the year was exceptional but we were able to correct the situation quickly during the second half of 2014. In the last two quarters, Raisio reached higher EBIT than in the comparison periods, which shows that we are back on improving trend. Raisio is one the few Finnish companies that have been able to improve profitability from the comparison period in almost every quarter for the past eight years.

*Raisio back on improving trend at the end of 2014.*

# Corporate Responsibility

## Raisio for you

YEAR 2014



our products were sold in almost **60** countries



some **115,000** dairy cows produced milk with Raisioagro's high-quality feeds



our team has almost **1,900** employees



more than **400 million** daily doses of Benecol products were consumed



**continuous** dividend growth since 2007



own production in **4** countries



H

HEALTH



E

ECOLOGY



M

MOBILE FOOD

## HEALTH

# Food

### Enjoy tasty food and feel good

Well-being is the sum of many factors. Food, physical activity and situation in life affect the whole. Good food is tasty raw materials, suitable options for each consumer and information that makes choices easier. Raisio has a versatile range of tasty and plant-based products. ;



Pasta products and side dishes



Gluten free products



Cholesterol lowering products



Instant oat meals and flakes



Snack drinks



Breakfast cereals & muesli



Snack bars



Confectionery



Baking products



Snack biscuits

### Nutrients in balance

Sugars occur naturally in almost all foods. They are found most in fruits, berries and honey. Sugars are needed to provide the body with energy and, for example, to extend the shelf life of products.

- Raisio has many low-sugar alternatives and we are constantly developing new ones.
- For an adult, dietary guidelines recommend about 50 grams of sugar per day.
- Physical activity and nutrition play a key role in weight management. This is particularly important for children. With our long-term involvement in organisational cooperation, Raisio wants to promote children's exercise and healthy nutrition.



## Package information

Product information and labels on packages help you choose the most suitable product.

Gluten-free Provena pure oat products are transported and produced entirely separately from other cereals.

The Heart Symbol is on more than 40 per cent of Raisio's foods made in Finland.

# Feeds and cultivation



Raisio researches and develops future agricultural innovations  
that support sustainable development  
and improve financial results of our customers, too.

Raisioagro combines expertise and special know-how  
in both animal feeding and plant cultivation.

### INNOVATIONS

Research and product development ensure up-to-date information about plant cultivation and animal feeding.

### FARMING GUIDANCE SERVICES

Well-timed and planned measures during the growing season allow high-quality harvest.

### FEEDING RECOMMENDATIONS AND METERS

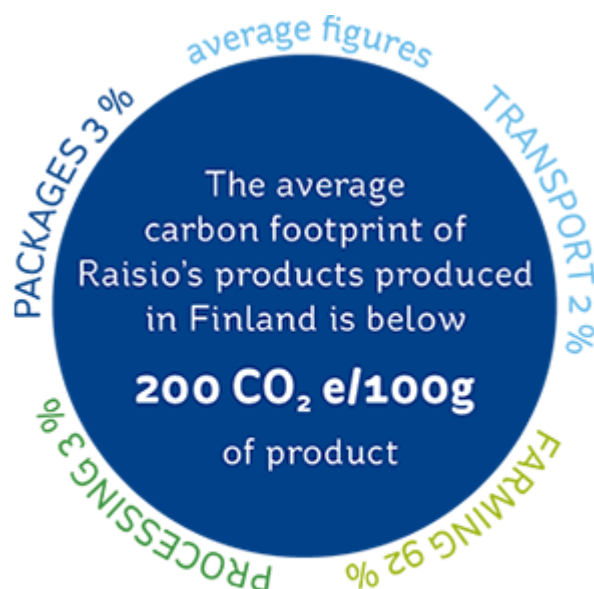
Dairy producers and fish farmers are always provided with up-to-date information on feeds and feeding methods.

## ECOLOGY

# Food

### Package information

Raisio was the first in the world to label a food product with carbon and water footprints. We started with Elovena oat flakes. So far, we have added a carbon footprint label on more than 20 products.



Plant based foods have a low carbon footprint!



## Feeds and cultivation

Better yields, smaller environmental impact







## SNACKS

# Snack is a bigger thing than its size

The pace of life and eating habits are changing. According to our customer feedback, many feel better when they have several smaller meals a day instead of a few big ones. Snacks are eaten in a wide variety of situations so they need to be easily accessible and ready to eat. It is estimated that snacks already provide up to 40 per cent of daily energy need.



### Benecol Minidrinks

Daily dose of plant stanol (2 grams) is in one bottle. Easy to enjoy.



### Elovena Plus porridges

Porridge is increasingly popular as breakfast food and snack. Elovena Plus porridges, rich in protein, are new nutritious and tasty favourites.



### Provena

Gluten-free is a growing trend. Of all grains suitable for the gluten-free diet, oat in the Provena products is the highest in fibre.

# Innovations

## HEALTH

### Healthy snacks



#### Benecol Minidrinks

Daily dose of plant stanol  
(2 grams) is in one bottle.  
Easy to enjoy.

#### New spread Benecol® butter & rapeseed oil

As a result of sustained focus on product development, our new Benecol spread combines good taste of butter, heart-friendly fatty acid composition and cholesterol-lowering effect of plant stanol ester.



#### Elovena Plus porridges

Porridge is increasingly popular as breakfast food and snack. Elovena Plus porridges, rich in protein, are new nutritious and tasty favourites.

## Oat in Elovena products is superfood

Oat is ideal nutrition. It contains a good ratio of carbohydrates, protein and fats. Oat is rich in soluble beta-glucan, which reduces the absorption of cholesterol in the body.



## Honey Monster cereals

Honey Monster cereals now have less sugar without compromising on taste.

## Provena

Gluten-free is a growing trend. Of all grains suitable for the gluten-free diet, oat in the Provena products is the highest in fibre.





# Feeds and cultivation

## Hercules LP Opti

Almost 50 per cent of fish oil in the feed is replaced by more ecological rapeseed oil. This protects wild fish stocks.

With the use of Hercules LP Opti concept, taste and quality in farmed rainbow trout remain good and healthy EPA and DHA fatty acids of the fish at levels recommended in nutrition guidelines.



**+BENEMILK®**

## Benemilk

Benemilk is Raisio's top innovation for milk production. Benemilk feeds result in more milk, fat and protein. Benemilk enhances feed efficiency and reduces the nitrogen loading of animal feeding. International patent applications have been filed for the innovation.

### Unique gluten-free Provena pure oats

The production chain developed by Raisio makes Provena pure oat products suitable for people with celiac disease. In this unique process, the purity of oats is ensured through the entire production chain – transport equipment included. Therefore, the consumer can be sure that tasty and fiber-rich Provena baking and breakfast products are gluten-free.



### Top Farmers

The farms awarded in Raisio's Next Top Farmer contest produced yields nearly twice as big as the national 10-year average of the Information Centre of the Ministry of Agriculture and Forestry. In total, the farms produced 80 per cent higher yields compared to national levels.



## ORIGIN

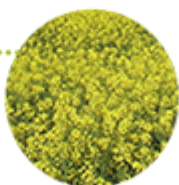
1.

GRAINS  
(FEEDS,  
FOODS)



2.

PROTEIN CROPS  
(FEED)



3.

SUGARS  
(CONFECTIONERY,  
FOODS)



### Sustainably produced soy

Raisio uses about 4,500 tonnes of soy-based raw materials per year. We use Brazilian soybeans.

The soy protein and soybeans we use have Proterra and Non Amazon Biome Supply Chain certifications. They indicate that the soy production is responsible and does not destroy rainforests. We require these certifications from all our soy producers. Raisio is a member of the Round Table on Responsible Soy Association that promotes sustainable soy production and acquisition..

### GMO-FREE Raisio

No genetically modified raw materials are used in Raisio's foods or feeds.

More  
certified  
palm oil

The amount of palm oil used in foods is  
**< 1%**  
of all Raisio's raw materials

In 2014, over  
**90%**  
of palm oil used in foods was CSPO certified

Our objective is that all palm oil used in Raisio's foods is certified during  
**2015**

  
**< 100km**

An average transport distance of to the factory in Finland



In Finland,

**99%**

of raw materials  
is Finnish

In Europe, Raisio's grain is purchased locally near the production, e.g. from the UK, France, the Czech Republic and Poland.





# Raisio building a sustainable food chain

As a significant specialist in grain-based products and animal nutrition, Raisio has the desire and opportunity to build sustainable food chain through its innovations.

Raisio started the third two-year period of cooperation with WWF Finland. The cooperation aims to promote the environmental responsibility in the food chain and thus to reduce humanity's ecological footprint. The work has already resulted in significant achievements: Finnish farmed rainbow trout was added on the green list of WWF's recommended fish choices and a children's guide Best Food on the Planet has gained wide popularity. It has been reprinted several times.

Benemilk is Raisio's top innovation for the milk production and international commercialisation of the innovation has already begun. With Benemilk feeds, cows are doing well and produce more milk, fat and protein. Benemilk enhances the feed efficiency and reduces the nitrogen load from animal feeding. International patent applications have been filed for the innovation.

Significance of the responsibility related to raw materials, such as palm oil, soy and sugar, increased also in Raisio's operations in 2014. Consumer and customer requirements vary in different parts of Europe, but for example in our UK's operations, we have already taken more stringent customer requirements into account. Raisio is also committed to moving to the exclusive use of certified palm oil produced in line with the principles of sustainable development during 2015. In 2014, already more than 90 per cent of palm oil used in our foods was CSPO certified.

As Raisioagro terminated its production of pig and poultry feeds, the use of GMO soy in feeds ended. Raisio has always used only GMO-free soy in its foods.

In 2015, Raisio aims to develop particularly its responsibility management processes.

Matti Rihko

CEO of Raisio plc



# Development and cooperation projects

In 2014, Raisio participated in several development and stakeholder cooperation projects related to responsibility. Most of the projects will continue in 2015.

## Locality

### Me & MyCity in Southwest Finland

Raisio continued its three-year cooperation project in the Me & MyCity of Southwest Finland. In the autumn 2014, it was awarded as the world's best education innovation in the competition World Innovation Summit for Education. Me & MyCity is a learning environment dealing with entrepreneurship, economy and society. It is aimed at sixth-graders and coordinated by the Economic Information Office TAT. Me & MyCity includes premises of many companies and local authorities. Every student works for one day in a position for which he/she has been chosen through a recruitment process. Pupils are paid for their work and they spend a day as consumers and citizens, part of society. At a time, some 70 pupils work in the Me & MyCity on an agreed date.

Five students work as Raisio's employees as CEO, Product Developer, Marketing Manager, Sales Representative and





Production Manager. During the day, they become familiar with the food industry, through consumer screening and product development. The students learn how to make product innovations and how sales and marketing are part of the company's operations. The product lifecycle is described from primary production to sales, and the central theme of the day is the development and launch of a new product. During the workday, Raisio employees take care of the delivery of products to be sold in shops and restaurants as well as generate ideas for a dream portion of porridge.



[Read more about Me & MyCity project](#)



### Elovana Power Days

Elovana Power Day is an event tour organised by Elovana and Finnish Athletics Federation (Suomen Urheiluliitto, SUL). The event brings energy and power to the school children's day. Elovana Power Day aims to communicate, through activities and games tickling children's grey cells, the importance of healthy food and happy exercising.

In 2014, a total of 30 Elovana Power Days were arranged across the country. The cooperation between SUL and Elovana Power Day started in 2007 and is continued in 2015. To celebrate Elovana's 90th anniversary, we aim to arrange a total of 50 Power Days and donate new, up-to-date sports equipment to schools. In addition, we are launching a project called Elovana Local Sports Arena. The project aims to finance and build, together with the state and municipalities, new sports fields designed by children.

[Read more about Elovana Power Days](#)

### New partnership agreement with Turku University of Applied Sciences

In 2014, Raisio and Turku University of Applied Sciences, TUAS, signed a partnership agreement to develop their long-term cooperation. The active cooperation between Raisio and TUAS applies to all TUAS's services for companies: trainings, services, projects in R&D and innovation, theses and students' practical training.

With the agreement, Raisio will be able to use TUAS's specialist as its staff trainers and consultants. Furthermore, Raisio employees graduated from TUAS will be visiting the school to tell the students about their jobs at Raisio and industry-related professional requirements.

Raisio is also involved in the business mentoring of TUAS sales studies; students can do sales-related projects and trainee periods at Raisio, for example in tasks supporting purchasing, production, sales and marketing. In 2014, Raisio also participated in the INNO project: students were assigned by Raisio to brainstorm under the theme of "how to make porridge a phenomenon".

## Students' company visits in Finland

Besides the cooperation in business mentoring, Raisio also provided schools with more conventional form of cooperation; we gave targeted lectures regarding, e.g., corporate responsibility and informed school children on healthy eating and snacking. In 2014, Raisio had partners from various schools and institutes; students came from, for example, Faculty of Education and Faculty of Agriculture and Forestry.

In addition, Raisio Consumer Service's test kitchen offered students from different fields cooking afternoons under the theme of healthy and easy snacks. As a result, everyone could taste and evaluate, e.g. smoothies, self-made crispbread, muesli, raw porridge and barley wok.

## Environment

### Project: For the Best of Crops and Environment

Raisio and Yara started a cooperation project in 2011. The project called Ympäristön ja sadon parhaaksi (For the Best of Crops and Environment) aims to decrease the footprints of farming and nutrient runoffs into waterways. The project also seeks to find ways to increase protein self-sufficiency.

In 2014, various measures were carried out to reduce the environmental impact of farming. One of the key things was the contest Huippufarmari haussa (Raisio's Next Top Farmer), in which Yara Suomi is Raisioagro's partner.

Environmental impacts of Raisioagro's contract farmers' grain yields have been monitored throughout the project period. The results show that greenhouse gas emissions have declined for all grain varieties. In addition, the pilot farms have reported encouraging results regarding the impacts of eutrophication.

### Huippufarmari haussa (Raisio's Next Top Farmer)

In 2013, Raisioagro launched a crop contest called Huippufarmari haussa (Raisio's Next Top Farmer), which aimed to produce high yields and good economic results as well as to minimise the environmental impacts of farming. In 2014, the yields of the best farms were 80% higher than the national average levels.

### NUTS – Finland to be a model country for sustainable nutrient economy

This unique three-year project conducted by Lappeenranta University of Technology is building a sustainable nutrient economy. Raisio is in the steering group of the project.

The project proceeded well during 2014 and some of the pilot projects have already been carried out. The project has developed a definition method for nutrient footprint. To support the development work, Raisio has provided the

project with background information on food production.

## FOOTPRINTBEEF – Reduction of environmental impacts of beef production

MTT Agrifood Research Finland's project studies extensively the environmental impacts of beef production and ways to reduce these impacts. Raisio is in the steering group of the project.

FootprintBeef, part of the wider NUTS project, is gradually moving from the data collection phase into the phase of environmental impact modelling. In 2014, farm models were developed and information was gathered to support the modelling of environmental impacts.

## Bioeconomy providing added value to agricultural production

The project looked for cost-effective technologies for the collection and recovery of field biomass. The project also aimed to improve nutrient use efficiency by bringing Raisio's environmental indicators into the everyday life of the farms. The project was part of the Ministry of the Environment's Programme to promote the recycling of nutrients and to improve the status of the Archipelago Sea.

The project was completed in October 2014. In 2014, key measures included a seminar Olki energiatuotantoon (Straw in energy production) in Loimaa and a trip Olkienergia (Straw Energy) to Denmark at the beginning of April. During the trip of two days, participants familiarised themselves with many different ways to use straw in energy production. The project analysed the recovery of field biomass in the biogas production and tested straw pellets at the biogas plant of Institute of Land-based Studies at Tuorla.

The project results have been compiled into a final report. [Read the final report \(available in Finnish only\)](#) (pdf)

## Bio Refine Tech – Development of bio refinery expertise and business

The Bio Refine Tech project has been focused to examine, in a laboratory scale, the suitability of forest industry filtrates in algal farming as well as opportunities for organic fertilisers while looking for benefits of bio refinery integration for the forest industry. Turku University and Aalto University were execution partners in the project administrated by Cursor Oy. Raisio was in the steering group of the project.

The Finnish Environment Institute's project creates a forum for the region of South-West Finland aiming to develop a more sustainable food chain from the field to table. The target is to bring operators of the industry together and to launch experiments reducing food chain emissions and increasing regional well-being. Raisio is in the steering group of the project.

KESTI has brought food chain operators of Southwest Finland together through various development projects. KESTI has taken measures related, e.g., the optimisation of biogas plant operations and it created a campaign



Kauden kasvis (Vegetable of the Season). Furthermore, KESTI operates as a development platform for new projects; four project applications have been prepared related to sustainable and climate friendly food chain of regional level.

### Hyötyä taseista (Benefits from Balances) – Interpretation of nutrient balances to benefit the environment and farming

The research project led by MTT Agrifood Research Finland combines and summarises the information included in nutrient balances in a new way. This benefits the development of resource-efficient cultivation. Raisio is in the steering group of the project. Raisio has provided the project with background information for the calculation of nutrient balances.

The project is looking for answers to following questions: What are the limits within which nutrient balances vary in different circumstances? What kind of balances are possible to achieve in the practical farming? What is a good nutrient balance in terms of the environment? The project combines all available information on balances, controlled studies and materials collected from farmers. According to the information, the aim is to determine the nutrient balance variations related to different soil conditions and crop rotations. The project objective is also to set reference values for balances by means of the criteria related to variation, environmental impacts and economy of cultivation.

# Raisio's interest groups

INTEREST GROUP	COMMUNICATION CHANNELS
Personnel	Personal meetings and performance appraisals, staff info, superior letters, personnel magazine, intranet, opinion surveys, working groups
Consumers	Consumer service, product demonstrators, Sunnuntai and Elovena clubs, social media, Raisio's cook book website in Finnish, brand websites and sustainability communications, newsletters, advertising
Customers (foods), among others retail trade, wholesale, bakeries and industry, commercial kitchens, exports, partners	Direct customer contact, websites, extranet, Benecol Brand Meeting
Customers (Raisioagro), Livestock producers and farmers, Raisio's contract farmers	Personal contact, events for producers and farmers, Contract farmers' days/events, fairs and seminars, cruises for customers, website, online store, customer magazines Agro- and AquaMakasiini, extranet
Owners	Meetings, annual general meeting, stock exchange releases and publications, annual report, websites
Institutional investors and analysts	Roadshows, meetings and events for investors, Capital Markets Day, stock exchange releases and publications, annual report
Financiers	Meetings, stock exchange releases, publications, financial statement, interim reports
Authorities	Meetings, influencing in organisations, Raisio's representation in, e.g., chambers of commerce, committees, employers' association
EU	
Subcontractors	Direct contact, meetings, audits, Supplier Code of Conduct, Supplier Self-Assessment Questionnaire
Partners	Direct contact, meetings
Media	Direct contact, meetings, interviews, press conferences, seminars, releases, social media, websites
Local communities	Events, company visits, websites
Schools and institutions	Sponsor schools, speaker visits, company visits

Universities and polytechnics	Personal contact, research cooperation, cooperation through Raisio's Research Foundation
Organizations and memberships	Joint seminars and events, Raisio's representation and memberships in organisations, website
Food, nutrition and health experts	
Trade unions	Meetings, agreements, cooperation with other companies, development projects, such as a development project in occupational safety

# Over 90% of the palm oil used by Raisio is already certified

In 2014, palm oil continued to raise a lot of social debate. Palm oil accounts for less than one per cent of all Raisio's raw materials. Raisio is committed to moving to the exclusive use of certified palm oil produced in line with the principles of sustainable development. In 2014, 94 per cent of palm oil used by Raisio was already certified.

Raisio uses palm oil and palm oil derivatives in the production of various products: biscuits, snack bars, confectionery and subcontracted margarines. Part of biscuits made and sold in Finland are already now baked using rapeseed oil. In Finland, Raisio aimed to start using only rapeseed oil in the biscuit production in Finland during 2014, but due to recipe-related challenges, the goal was achieved only partially.

*Our objective is that all palm oil used in Raisio's foods is certified during 2015.*

Raisio's UK-based breakfast and snack product factories as well as confectionery factories were all certified by Roundtable on Sustainable Palm Oil (RSPO) in 2014. Most of the palm oil Raisio uses in its cereal and snack production is segregated, which means that palm oil is produced in accordance with the separated production. Palm oil that Raisio uses in Finland is Green Palm certified.

In September 2014, a Finnish civic organisation Finnwatch published a report, in which it criticised the social responsibility requirements of the Roundtable on Sustainable Palm Oil (RSPO) to be still insufficient. However, Finnwatch recommended that the companies should immediately certify all palm oil they use; this is Raisio's objective, too. Raisio has been a member of the RSPO since 2011.

Raisio sources palm oil and palm oil derivatives mainly as part of various fat mixtures from European operators, for example, in the UK, Denmark, Spain, Germany and France.

# Raisio using only non-genetically modified soy

Raisio uses processed soy in its foods as well as soy in Raisioagro's feeds. All soy used by Raisio is non-GMO, and most of it comes from old soy plantations in Brazil.

## Raisioagro stopped the use of GMO soy at the end of 2014

In 2014, Raisio decided, in line with its new strategy, to focus its activities on cattle and fish feeds and on plant cultivation, which are the company's core competencies. At the end of 2014, the production of pig and poultry feeds was discontinued, and as a result, Raisioagro no longer uses genetically modified soy at all.

Genetically modified soy has never been used in Raisioagro's cattle and fish feeds and the entire Finnish milk and fish chain is completely non-GMO..

In its feeds, Raisioagro uses non-GMO soy protein and non-GMO soybean meal, both from Brazil. The soya used for our products is ProTerra or NonBiome certified.

*No genetically modified raw materials are used in Raisio's foods or feeds.*

## Only non-GMO soy also in Raisio's foods

Soybean is a good source of plant protein also in foods. Raisio has always used only GMO-free soy in its foods. For example, soy protein of Elovena Snack Drink Fruitmix strengthens muscles and vitamin D and calcium are good for bone health. .

# Higher crop yields with Raisio's Next Top Farmer contest

The contest called Huippufarmari Haussa (Raisio's Next Top Farmer) organised for the second time showed once again that competent farming aiming at good crops is also the best option in terms of the environment. Good crops as well as correctly designed agricultural inputs and practices generate the best results, both economically and environmentally. The assessment of the environmental impacts of crop production is what makes this contest different from other crop contests.

## Tight battle for the first prize

It was an even contest but finally, there were three farms competing for the victory with small margins. Ari Siivonen's Aittaniitty farm from Huittinen won with his huge crop of Lennox wheat. Tuomas Levomäki from Loimaa school farm finished second with his peas and Kalle Vanha-Perttula from Iso-Hulmi farm in Loimaa came in good third with his Marthe barley.



These three farms' yields were nearly twice as big as the national ten-year average (Information Centre of the Ministry of Agriculture and Forestry). On the whole, the contest participants produced 80 per cent higher yields compared to national levels.

*80 % higher crop yields*

## Nutrients effectively bound to the crop

High yields and correctly designed agricultural inputs keep the environmental impact of crop farming low. In terms of energy efficiency and carbon footprint, last year's top results were not quite achieved. For example, farmers needed more energy for drying than last year due to weather conditions.

In this year's contest, phosphorus balances were low with the average phosphorus balance of -9kg/ha. In terms of nitrogen balance, Tuomas Levomäki's pea, a nitrogen fixing plant, with -104kg/ha and Ari Siivonen's spring wheat, grown in organic land, with -75.7kg/ha nitrogen balance clearly stood out from the rest. These professional farmers were able to take full advantage of the natural potential of soil and the grown plant. Low phosphorus and nitrogen balances reduce the risk of nutrient leaching and eutrophication of waterways.

## Knowledge intensity allows sustainable farming

The results of the contest show that the importance of knowledge intensity is growing in agriculture. Measuring of



the right things and utilisation of information are required in order to enhance both the yields and sustainability of agriculture. In its renewed strategy, Raisioagro has raised knowledge intensity as one of its strategic spearheads.

Crop farmers are important development partners and raw material suppliers for Raisioagro and the company will provide them with new digital services during 2015. These services are designed to make farmer's life easier as well as to allow the competitiveness in the Finnish agriculture and pioneering in sustainable development.

*Raisioagro's knowledge intensive business model and digital services help to solve the global challenges of food production*

# Raisioagro encouraging environmentally efficient cultivation

Raisioagro's new strategy Growth Inspirer focuses in the agricultural sectors where success is based on innovations and expertise in animal feeding and plant cultivation. Raisioagro is a major grain purchaser in Finland, so it has an excellent opportunity to develop the food chain responsibility also in the primary production.

Raisioagro is one of the biggest buyers, users and suppliers of grain in Finland. The company uses feed grains for the production of cattle feeds at its own factories in Kouvola and Ylivieska. As the production of pig and poultry feeds was terminated, the amount of feed grain purchased for own use decreased. Raisioagro, however, continues to supply grains to other industrial operators and is active in the export of grain. Grass cultivation is a new, strategically important field for Raisioagro.

The results of Raisioagro's Next Top Farmer contest 2014 showed that cultivation is worth investing in. Plants in the contest included spring wheat, barley, oat, feed peas and corn as well as grass as a new entry. Good crops as well as correctly designed agricultural inputs and practices generate the best results, both economically and environmentally. Grass cultivation, for example, prevents erosion and thus nutrient run-offs into water. As a perennial, grass also recovers a lot of nutrients from the field. Moreover, grasses are well suited for crop rotation. Raisioagro's farming experts help farmers to produce healthy food effectively, profitably and sustainably.

High yields do not automatically mean high environmental impacts; a good crop is the best way to protect the environment. For example, the yields from the eight farms participating in the contest in 2014 were on average 75% higher than average yields reported in Finland. The contest yields bound plenty of phosphorus from the soil; phosphorus balances on the contest farms were very low, totalling -136.4kg/ha

Through its customer service and environmental projects, Raisioagro aims to bring environmental indices into the everyday life of the farms. Nutrient utilisation can be considerably enhanced with the right cultivation measures.

# Raisioagro's new strategy boosting R&D activities

Raisio increased its efforts in research and development activities with the company's new Growth Inspirer strategy. The new strategy allows Raisioagro to focus on the product development of cattle and fish feeds as well as on grains and grass as part of the responsible food chain.

Raisioagro's product development aims to improve the feeding efficacy on dairy and fish farms with its innovative feeds containing nutrients in the right proportions. Benemilk feeds are a good example of products that have helped increase feeding efficacy by enhancing the utilisation of feed energy. Benemilk innovation provides the milk chain with biological and economic sustainability. Raisioagro will emphasise these elements in its product development also in the future.

Responsibility is an integral part of Raisioagro's R&D activities. Feed and feeding solutions improving production efficiency and nutrient utilisation go hand in hand with the sustainability of production, in terms of both the environment and animals.

## Focus on the whole dairy cattle feed chain

Raisioagro invests in the feeding of dairy cattle also by developing the grass cultivation. Improving the efficiency of the grass feed chain brings biological and economic sustainability to the milk chain. In Finland, there is wide variation in the grass feed crops but opportunities for improvement can be found. For example, crops obtained from one hectare using exactly the same inputs may vary between 4,000 and 10,000 kg. Raisioagro aims to help its customers to get the maximum benefit from the used production inputs and land, which is also environmentally sustainable.

*Long-term development  
work with high regard for  
animal welfare and  
environmental aspects.*

## Accuracy to fish feeding

Raisioagro has developed fish feeds for many years, with a strong focus on environmental issues. The next major step in the fish feeding is the development of feeding techniques and feeding accuracy. They have an impact on the energy utilisation and environment: fish get and use the energy in feed in a timely manner and as little feed as possible gets into water.

Sustainability can also be increased by further development of feed raw materials. In Raisioagro's feeds of the Hercules LP Opti concept, the use of wild fish stocks has already been reduced while maintaining the optimal EPA

and DHA fatty acid levels in farmed salmon.

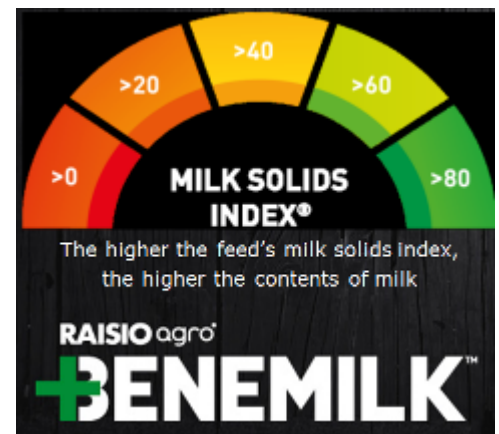


## Benemilk - the form of energy makes a difference

In 2014, Raisioagro renewed its Benemilk feeds that are high-quality cattle feeds based on the company's top innovation. Well-being/Health components extending the cow's productive life were added to all Benemilk products.

In 2014, Raisioagro developed a milk solids index, an indicator showing the impact of feed energy quality on the milk composition. All energy is not equal. In Benemilk feeds, efficient protected fatty acids are used as an energy source, which means that the energy of the feeds is in a more effective form than in conventional feeds and the content index is high.

In 2013, the Swedish University of Agricultural Sciences conducted a scientific study comparing two feeds with the same energy value but with different production processes and fatty acid compositions.



	CONTROL FEED	BENEMILK BLACK	CHANGE
MILK, kg	33.6	34.5	+0.9 kg
ECM, kg	31.4	34.8	+3.4 kg*
FAT, %	3.60	4.03	+0.43 percentage points*
PROTEIN, %	3.32	3.53	+0.21 percentage points*
FAT, g/day	1220	1370	+150 g*
PROTEIN, g/day	1110	1210	+100 g*
FEED EFFICIENCY, kg ECM/kg of dry matter	1.32	1.54	+10.4 %*
PROTEIN UTILISATION, milk nitrogen / feed nitrogen, %	26.8	31.5	+17.5 %*

\* P<0.001

Protein and fat contents of milk increased with the Benemilk feed. Volume of energy-corrected milk increased by over 10 per cent. The same increase can be seen on the farms using Benemilk feeds.

### Benemilk extending a cow's productive life

Most dairy cows are forced to retire prematurely due to fertility, udder and leg problems. The energy deficit following calving also increases the removals. Benemilk feeding protects cows from problems due to lack of energy without rumen acidification. It also increases the energy content of colostrum that gives calves a good start.

Besides in Sweden, Benemilk has been scientifically tested in Holland, France and Finland. All the test results show that the Benemilk production process improves feed utilisation and increases energy-corrected milk yields. On average, the increase has been more than 2.6 kg energy corrected milk/cow/day. Feed efficiency has also improved by nine per cent.

*The correct Benemilk feed at the correct dosage ensures higher contents and healthy cows*





## Raisio focusing on the Benecol product development

In November 2014, Raisio completed an acquisition that expanded the company's home markets for cholesterol-lowering Benecol products. Raisio is responsible for the sales and marketing of Benecol products in Finland, Hong Kong, Portugal and Poland and now in the UK, Ireland and Belgium.

The acquisition of Benecol business from the affiliates of Johnson & Johnson is in line with Raisio's HEM strategy. HEM stands for Health, Ecology and Mobile food. In December 2014, all Benecol operations were combined into one entity, which means that the licensing and partner cooperation for plant stanol ester, a Benecol product ingredient, as well as the sales and marketing of Benecol products in home markets are included in the same unit.

### Strong focus on marketing and novelties

Raisio is focusing on the sales and marketing of Benecol products and product range development in its home markets. The UK and Poland are the largest markets of Raisio's home markets for Benecol products. In other Benecol's home markets, Raisio develops and creates novelties together with its licensing partners.

Consumer habits and the most popular Benecol products vary from country to country. In several markets, Benecol minidrinks have already for years been a growing product group. In Finland, sales are showing good growth in

Benecol yogurts launched in 2014. Last year, Benecol Plus minidrinks were launched in the UK. In addition to cholesterol-lowering effect, the minidrinks contain vitamin B or calcium.

Raisio seeks growth for Benecol in two directions: organic growth in the existing markets and new market entry opportunities, particularly in Asia.



*Sales growth continued in  
Benecol minidrinks*



# Nutrition and safety

Healthy, ecological and safe products are at the core of Raisio's operations. Raisio has a versatile range of tasty and plant-based products that have been developed in line with customer needs. Raisio also studies and develops future agricultural innovations that support sustainable development and improve financial results.

## Nutrition and product development

### Foods

- Raisio's products are constantly developed based on the feedback from customers. Sugar levels of foods continued as an interesting topic among consumers in 2014 and this also guided Raisio's product development. [Read more](#)
- All Raisio's food labelling has been updated to comply with the Food Information Regulation entered into force in 2011. The new EU-level regulation aims to facilitate the consumers' access to information and to harmonise the labelling throughout the European region. General labelling had to be altered by December 2014. In many respects, the mandatory labelling remained unchanged, but the new regulation meant that nearly all of the food labelling needed updating.
- Raisio's aim to start using rapeseed oil instead of palm oil in the biscuits produced in Finland during 2014 proved more challenging than expected. Raisio continues its work to achieve the objective in 2015.
- In 2014, the amount of palm oil used in foods was below 1 per cent of all Raisio's raw materials. More than 90 per cent of the palm oil used in foods was CSPO certified. [Read more](#)

### Feeds

- In 2014, Raisioagro renewed its Benemilk feeds that are high-quality cattle feeds based on the company's top innovation. Health components extending the cow's productive life were added to all Benemilk products. Benemilk feeds support animal welfare and with the same amount of energy, a cow produces more milk and milk with better contents.
- Due to the fish feed concept called Hercules LP Opti, developed by Raisioagro, Finnish rainbow trout was added on the list of recommended and sustainable choices in the WWF's Seafood Guide. Already more than half of rainbow trout farmed in Finland is fed using the Hercules LP Opti concept.

## Withdrawals

- In its own quality assurance, Raisio stated that the Provena Gluten-free Chocolate Muffin Mix with Chocolate Chips may contain small amounts of milk without the correct information on the packaging. The product may have got a small amount of milk with the chocolate raw material. Thus, the product was not necessarily suitable for people with the most sensitive dairy allergy. The product is safe to all other users.
- Snack bars made by Halo Foods to the UK market had to be withdrawn in May 2014. Wrappings with *Contains no nuts* labels were packed with products containing nuts. In order to prevent similar situations, the code verification of the production line was improved immediately.

# In healthy diet the whole is more important than details

Consumers are increasingly interested in sugar levels of foods. At Raisio, we regard healthiness as an important objective in our snack products.

In recent years, consumers' interest in the sugar levels of food products has increased in Europe. Nutrition guidelines recommend choosing high-quality, fibre-rich carbohydrates and avoiding excessive use of sugar. But what is the appropriate amount of sugar?

The image of healthiness that we get through the media is changing rapidly. In the current debate, sugar has been labelled as an unhealthy nutrient. According to nutrition guidelines, a small amount of sugar, up to 10 per cent of daily energy, is allowed also in healthy diets. According to the guidelines, a diet that promotes and maintains health is characterised by high intake of vegetables, fruits, berries, fish, vegetable oils and whole grains, lower intake of meat, meat products, sugary foods and beverages and only little salt. In other words, the whole is more important than details. Moderate use of sugar and occasional treats do not wreck the whole.

## Healthy diet consists of high-quality foods

It is seldom possible to assess the healthiness of a food based on the amount of a single nutrient since many things are related to each other in a diet. Healthy diet consists of good foods. It is of course important to make sure that sugar does not displace more nutritious foods in the diet, but according to our nutrition experts, it is even more important to consider a food product as a whole. A sugar-free product may be poor in other nutritional values in which case, it is not necessarily a better option than a product that contains little sugar but a lot of good fibre of wholegrain oats, beta-glucan, and minerals.

The starting point in Raisio's product development is that the healthiness of a product cannot be measured by its sugar levels only. For example, a healthy snack may contain a small amount of sugar if the product is otherwise nutritionally balanced. According to the criteria for sustainable nutrition, Raisio chooses its raw materials on the basis of their nutritional value. As the product range is designed, different diets are also taken into account.

## Versatile product range to meet consumers' needs and wishes

We have worked a lot on the product development in order to create alternatives containing less sugar – and this work continues. In Raisio's products, we prefer to use healthy basic raw materials and to add sugar, fat and salt as little as possible.

The main part of Raisio's food products sold in Finland are basic grain products with no added sugar. Next year, to meet consumer wishes, we will launch low-sugar options to complement our existing range of sweetened instant porridges.

In the UK, the recipe of Honey Monster cereals was modified so that the product now contains 33 per cent less sugar. This year, our renewed packages were equipped with a voluntary GDA (Guideline Daily Amount) label in the



form of traffic lights. Our aim is to provide consumers with clear information on products to support their choices.

Raisio also owns confectionery plants in the UK and Czech Republic. The UK confectionery businesses have been transferred to Raisio as part of the acquisitions completed. In confectionery too, our goal is to provide consumers with healthier alternatives. In many products, sugar is replaced by various ingredients, such as fruit juices.

# Lowering cholesterol reduces the risk of cardiovascular diseases

Most cardiovascular diseases result from lifestyle choices and diseases can be prevented effectively by making changes in lifestyle. Cholesterol lowering plays a key role in the prevention of cardiovascular diseases.

Cardiovascular diseases are the leading cause of death in Finland and elsewhere in Europe. Several scientific studies as well as global, European and Finnish recommendations have shown that lowering of the so called bad cholesterol, or LDL cholesterol, is an important way to prevent arterial diseases.

Genes and lifestyle, particularly dietary choices, affect blood cholesterol levels. According to recommendations, blood cholesterol levels should be below 5 mmol/l, of which the share of LDL cholesterol should be below 3 mmol/l and lower in risk groups. For each 1 mmol/l reduction of LDL cholesterol, there is a 20-25% risk reduction of fatal coronary events.

## Cholesterol alarmingly on the rise

Coronary heart disease mortality of working-age population in Finland has declined by more than 80% in four decades. Mortality has been successfully reduced especially through dietary changes and reduced cholesterol levels due to these changes.

In recent years, Finns' cholesterol levels have taken an upward swing after decades of decline. This is due to the increased use of butter as well as spreads containing milk fat and creams.

Trendy diets and misleading articles occasionally presented in the media can guide consumers to understate the significance of elevated cholesterol for health. However, solid scientific research evidence as well as Finnish and international recommendations for the prevention and treatment of arterial diseases indicate that elevated cholesterol has a significant impact on the onset of cardiovascular disease.

## Benecol proven to lower cholesterol

Raisio's Benecol products are proven to lower cholesterol. The strongest possible European disease health claim granted to foods is permitted in the marketing of Benecol products. According to this health claim, Benecol's active ingredient, plant stanol ester, lowers blood cholesterol and elevated cholesterol is the risk factor for coronary heart disease. This kind of disease risk reduction health claim has been granted to only a few food ingredients.

### Links:

[www.benecol.com](http://www.benecol.com)

# Gluten-free diet gaining popularity

Gluten-free diet has become a trend in recent years and it is also followed by people who do not suffer from coeliac disease. However, eating gluten-free food does not make the diet healthy as such and special attention should be paid to fibre intake.

Scientists say that coeliac disease is on the rise and many suffer from the disease without knowing it. According to the Finnish Coeliac Society, there are approximately 30,000 individuals (0.5% of the population) with diagnosed coeliac disease in Finland. The actual disease prevalence is estimated to be 2% in the population. .

Gluten-free diet is also recommended for people with gluten sensitivity. Its symptoms are similar to coeliac disease but not caused by damaged villi of the small intestine as in the disease. There is still not much research data on gluten sensitivity. Specialists believe that its prevalence is at the same level with coeliac disease; in that case, around two per cent of the Finnish population would suffer from gluten sensitivity.

## Gluten-free food alone does not make the diet healthy

Avoidance of gluten and white wheat is not harmful if it helps with the existing symptoms. As with all special diets, it is good to remember that one dietary component does not affect the overall diet one way or the other.

By focusing on small details, a diet becomes too difficult to follow and the maintenance of a balanced diet is easily forgotten. At best, a diet is easy to follow both at home and while eating out. In this way, a tasty and healthy diet really promotes well-being, providing both physical and mental health benefits.

When gluten and white wheat are eliminated from the diet, the composition of a diet probably becomes nutritionally better. If gluten avoidance helps with difficult daily stomach problems, not explicable by coeliac disease, it may also result in improved quality of life and often the diet becomes more diverse.

## Provena pure oats diversify a gluten-free diet

Nutritionally, it is not good to avoid all cereals because without grain products it can be difficult to get enough fibre. Wholegrain is also an important source of B vitamins and many minerals.

Oats have the highest content of fibre of the cereals suitable for gluten-free diet. All oat products are not, however, gluten-free because they have often come into contact with cereals containing gluten at the stage of cultivation, transportation or production.

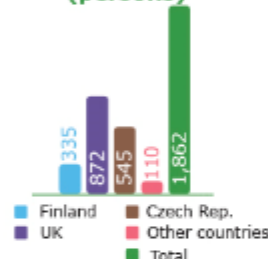
Provena oat products are suitable for coeliacs due to the Provena pure oat production chain developed by Raisio. In this unique process, the purity of oat can be ensured throughout the entire production chain, up to the rolling stock used for transportation. Consumers can be sure that there is no gluten in the Provena baking and breakfast products. The use of Provena pure oat products as part of a gluten-free diet diversifies the diet nutritionally. Provena products also make it easier to follow the diet in practice.

# Raisio's personnel 2014

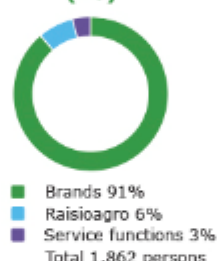
In 2014, Raisio centralised and terminated its productions and acquired the Benecol consumer business from Johnson & Johnson. These measures and related reorganisations of activities widely affected Raisio's personnel.

At the end of 2014, Raisio employed 1,862 (at the end of 2013: 1,896) persons, of whom 18% (21%) worked in Finland, 47% (46%) in the UK, 29% (28%) in the Czech Republic and 6% (5%) around the world. Raisio has personnel in ten countries.

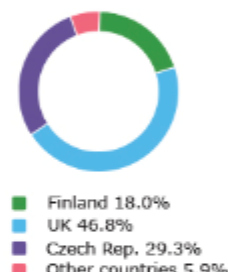
Personnel,  
31 December 2014  
(persons)



Number of employees  
by businesses  
(%)



Personnel  
by countries (%)



## Main events in 2014

- The centralisation projects of the UK productions launched in 2013 were continued in 2014.
  - Confectionery production ended at the Skegness factory at the end of March 2014. Production was partly transferred to the UK factory in Leicester and partly to the Czech Rohatec factory. Skegness factory employees were given the opportunity to work in the other UK locations. [Read more](#)
  - Snack bar production was centralised to the Newport factory; the production lines of Tywyn factory were transferred to Newport gradually from January 2014. Personnel of the Tywyn factory were given an opportunity to work at the Newport factory. [Read more](#)

- The scope of performance appraisals increased by four per cent; from 26 to 30 per cent.
- The number of new employees recruited was exceptionally high due to the production relocations. For example, a total of 70 new employees started at Leicester factory and some 130 at Newport factory. During 2014, 587 new employees started at Raisio
- The operations of Benemilk Ltd, a joint venture between Raisio and Intellectual Ventures, were strengthened with a US-based organisation.
- With Raisioagro's renewed strategy, the Division was reorganised and part of its management and key personnel changed. Raisioagro recruited several new employees.
- In Finland, Raisio decided to end oilseed crushing and to close its Raisio-based oil milling production after long periods of lay-off. Oil milling plant employed 14 persons. Raisio also decided to terminate the production of pig and poultry feeds at the end of September 2014. The statutory cooperation negotiations resulted in the termination of 43 employments.
- Raisio acquired the Benecol business in the UK, Ireland and Belgium from Johnson & Johnson. With the acquisition, nine employees in the UK started as Raisio's employees.
- Raisio Group's CFO changed at the end of 2014. In addition, the renewals carried out in the Brands Division resulted in some changes in the Group's management and responsibilities.
- Raisio regularly reviews market salaries in order to maintain its competitiveness. In 2014, Raisio's wages and fees from continuing operations totalled EUR 68.6 (66) million including other personnel expenses.

## Objectives for 2015-

- To increase job satisfaction among employees – Staff opinion survey conducted in the summer 2015
- To expand the coverage of performance appraisals towards the long-term target of 100%.
- To decrease the amount of sick leaves.





# Competence

In 2014, Raisio carried out significant production transfers in the UK and Czech Republic. The transfer projects showed the importance and necessity of the staff induction. In the competence development, Raisio focused on occupational training and internal operations. Additionally, employees were provided with communication, work safety, first aid and IT as well as quality and environmental related trainings.

## Employees' performance appraisals

The scope of performance appraisals was 30% (26%), the target being 100%. At Raisio's offices in Finland, Poland and the USA, the performance appraisals covered 100% and in the UK 18% (11%) of the personnel. In the UK, the appraisals have been introduced mainly in management, middle management and key personnel. In the Czech Republic, the introduction of performance appraisals was prepared during 2014 and the appraisals are planned to be started gradually from the beginning of 2015.

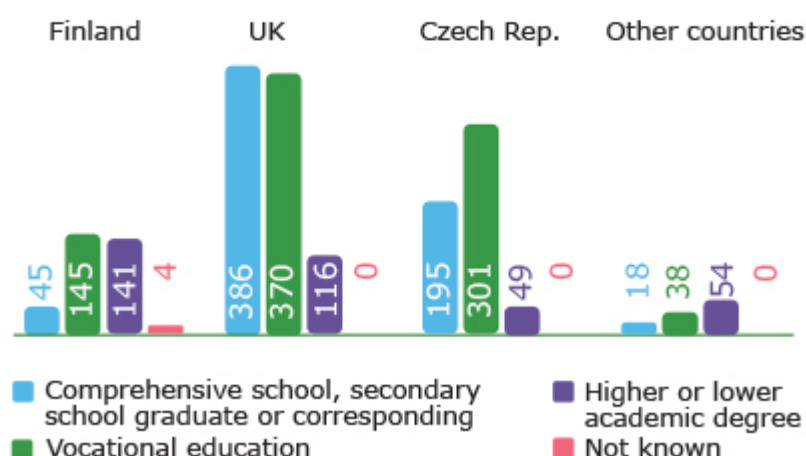
## Personnel competence

- Raisio used EUR 305,850 (2013: EUR 257,000) to train its personnel. Internal trainings are not included in the figure. Arrangement of internal training was favoured.
- Superior trainings were carried out widely in different countries and units. In addition to general superior training, Raisio arranged training for work induction in the UK and Czech Republic.
- In production relocations, the importance of induction training was emphasised. In changing conditions,

Raisio focused on the development of professional competence by means of induction training and on-the-job learning.

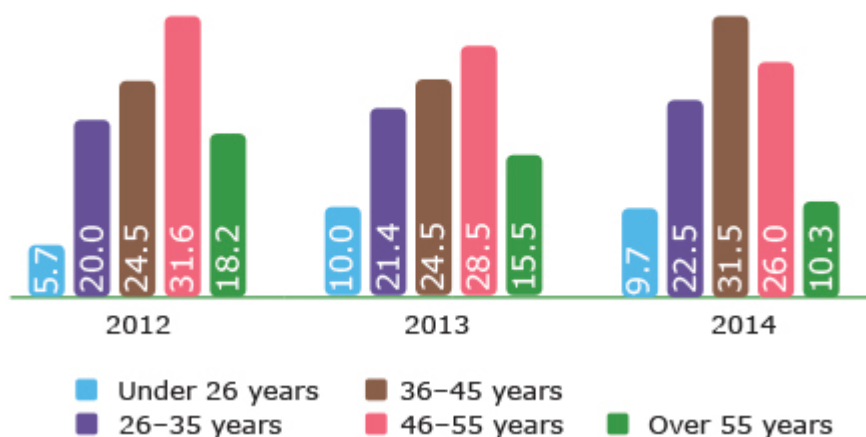
- The Brands Division continued the meeting practice of Extended Management Team. In 2014, there were two Extended Management Team meetings. Key directors of Raisio's businesses participated in these meetings. The aim of the meeting practice is to deepen the knowledge of Raisio Group's strategy and businesses, to improve the Division's internal cooperation and to enhance business activities. At the end of 2014, Raisio decided to extend the Extended Management Team practice to cover the whole Group. The first meeting of the Extended Management Team was held in January 2015.
- Raisio continued its efforts to strengthen the role of superiors and personnel communications. Several training and informative events were arranged for superiors with the focus on Raisio's topical issues and the development of the company from the viewpoint of responsibility.
- Raisio's operations in Finland:
  - Demand for internal workshop instructors has been high. New training for workshop instructors launched in 2013 was completed in April 2014. The instructors lead participatory think tanks as well as problem solving and planning meetings.
  - Raisio's cooperation with schools and institutes continued; students were provided with, e.g., company visit, thesis and training period opportunities.
  - The Trainee programme was also continued. The Trainee 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. Most of the trainees continue to work at Raisio after the trainee period.

## Employees' education



# Personnel as figures

## Age distribution of personnel (%)

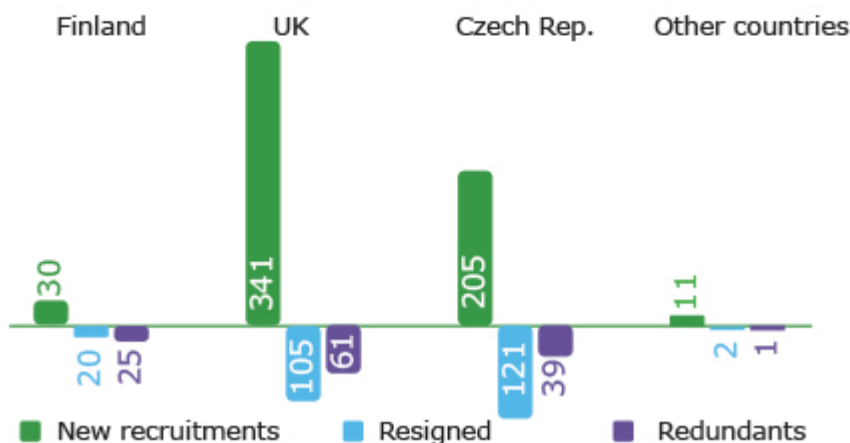


## Personnel by countries (%)

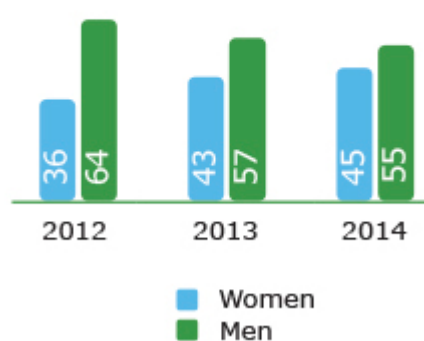


Finland	18.0%
UK	46.8%
Czech Rep.	29.3%
Other countries	5.9%

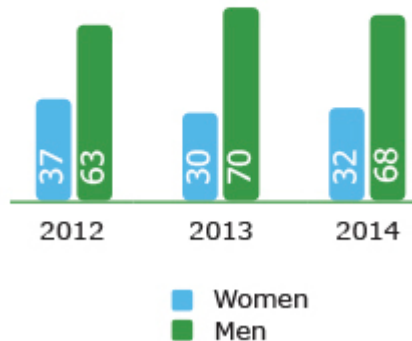
## Personnel turnover entered/left 2014 (persons)



## Gender distribution of personnel (%)

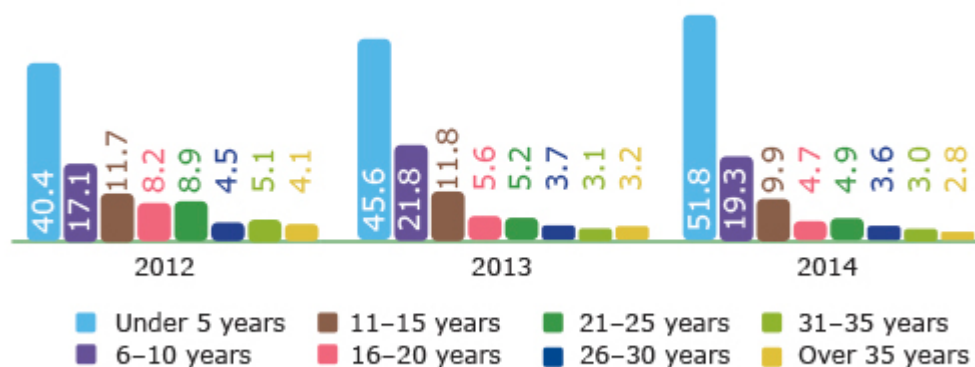


## Gender distribution in managerial positions (%)



# Employment relationships

## Lengths of employment relationships (%)



The average length of employment is 8.8 years.

# Occupational safety

"Zero accidents" is our main long-term objective in Occupational Safety and Health (OSH) at Raisio Group's factory locations. Each year, we take into account all variable factors in our operating environment and based on this evaluation, we prepare our action plan to improve safety at work. All Raisio Group's units have an OSH organisation that carries out safety inspections and investigates all workplace accidents.

## Finland

- In 2014, Raisio organised four safety card trainings in Finland, with more than 60 employees. We also held several trainings for first aid and initial extinguishing as well as one hot work card event during the year.
- In addition to the evacuation drills carried out in the Raisio-based production plant, the standby teams of Southwest Finland Emergency Services continued, as in previous years, to study functions and risk factors of the industrial area. In connection of the annual fire inspections, the information on the Emergency Services' plans was updated. The plans include rescue work arrangements of the new Naantali-based Luolala office.

## UK

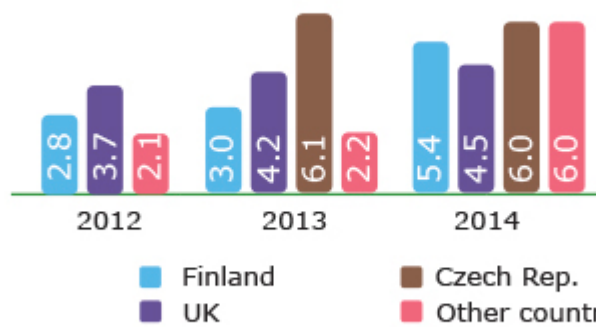
- At the beginning of 2014, the number of occupational accidents rose significantly at the factories starting with transferred productions. Work induction of new employees and new production lines with related changes made it difficult to maintain the level of work safety. However, we avoided serious occupational accidents and the number of accidents decreased significantly towards the end of the year.
- Strong focus was on work safety training. Some 300 persons completed OSH training in the Snacks unit.

## Czech Republic

- Number of workplace accidents decreased from the previous year.
- Certified work safety system OHSAS in use.
- Several production projects enhancing work safety were carried out; temperature control was improved, safety equipment of steam distribution was strengthened and safety devices were added on packing machines, to mention a few.



### Absences due to illness of theoretical working hours (%)



Employees' absence due to illness on average in 2014 was 5.1%.

# Raisio's idea activities

Strategically important innovations are born from ideas. Raisio's idea activities serve as one of the innovation channels for the renewal and development of the company's operations. At best, ideas can generate new business and growth, but small and everyday improvements can also develop Raisio's operations.

Raisio's employees have the opportunity to directly affect the company's business development through the idea activity or staff suggestion scheme. Our idea activities aim to create new and improved practices, products or processes that add value to Raisio, its customers and employees.

Raisio is known for its innovations and for us, it is important that everyone is able to influence Raisio's business activities. Therefore, improvement suggestions can be made, not only by the Raisio staff, but also by employees of the companies providing the Group with various services.

In Finland, Raisio's employees can record their ideas in InnoWay, Raisio's electronic idea system, where the ideas are processed together and carried out on a joint decision. In terms of personal initiatives, the company's specialists assess them and feasible ideas are implemented. Raisio has idea activities in Finland and the Czech Republic.

# Healthy and ecological snacks highlighted in Raisio's strategic changes

In 2014, Raisio carried out changes in its businesses. The changes are related to Raisio's HEM strategy (healthy, ecological and mobile snacks) enabling profitable growth. Benecol, the original expert brand in cholesterol lowering, was returned in full to Raisio's possession and Raisiagro focused on the activities that highlight innovations, special expertise and animal nutrition know-how supporting sustainable development.

In its home markets in Finland, Raisio has a product range in line with the HEM strategy: it meets the needs of consumers and other customers, and includes several well-known, trusted brands. With the reorganisations and centralisations carried out, Raisio's HEM strategy can be better implemented also in Western and Eastern European markets.

*HEM = Healthy, ecological,  
mobile food*

## Benecol is Raisio's internationally most recognised brand

Home market for Raisio's Benecol products expanded with the acquisition completed in November 2014. After the acquisition, Raisio's Benecol businesses have been combined into a single entity, which allows the company to develop the business on its own terms, supporting the objectives. Benecol unit now includes consumer products in Raisio's home markets in the UK, Ireland, Belgium, Poland, Finland, Portugal and Hong Kong as well as licensing and partner cooperation work on plant stanol ester, Benecol product ingredient. Raisio continues to focus on the product development and sales of healthy, cholesterol-lowering Benecol products.

In 2014, the responsibility-related measures taken at Raisio's Brands Division could be seen most clearly in the product development and issues related to the origin of raw materials. In the UK, the amount of sugar in Honey Monster cereals was reduced. In addition, a clearer label showing the sugar content was added on the package. In Finland, Raisio launched new Elovena Plus instant porridges containing more protein. Furthermore, Elovena Porridge Bar brought a healthy, mobile snack to consumers in a new delicious form.

## Raisioagro renewed its strategy

Raisioagro announced its new Growth Inspirer strategy in September 2014. Raisioagro focuses on the agricultural sectors where success is based on innovations and expertise in animal feeding and plant cultivation.

Benemilk and Hercules LP Opti, the top brands of Raisioagro, are leading products also in terms of responsibility. With the same amount of energy, Benemilk feeds provide more milk, and milk contents improve while the feeds also support animal welfare. Hercules LP Opti feeding concept protects wild fish stocks due to lower use of fish oil. Moreover, the optimal fatty acid composition is maintained.



# The environment

Raisio is aware of the environmental impacts of its operations. Sustainable policies and transparency form the basis for Raisio's responsible environmental work.

## Review of Raisio's responsible environmental work in 2014

- At Raisio's sites in Finland, investments in environment, health and safety totalled approximately EUR 0.5 million. 70% of investments were targeted at the improvement of process and work safety and some 30% at the development of material efficiency and waste management. Investments were mainly aimed at the improvement of work and process safety. The measures included, for example, maintenance decks, lock gates of silos, central cleaning system, load steering. With the changes carried out, both safety and material efficiency improved. Energy saving was sought through the renewals of an air compressor and lighting.
- In Finland, Raisio was involved in the regional odour dispersion study concerning the area of Raisio-Naantali. Odour measurements were carried out in Raisio's industrial area in the autumn 2013. The Finnish Meteorological Institute completed its final report and odour modelling at the end of 2014. According to the report, the Raisio Group's effect on the odours in the region was small.
- Noise level measurements were carried out in Raisio's industrial area in 2014. In addition, air emissions from the power plant were measured and the measurement of volatile organic compounds (VOCs) was carried out at the esterification plant. The measurement results mentioned above met the environmental permit requirements.
- At the Finnish production plants, Raisio avoided serious environmental damages in 2014. In August, an external fire risk occurred at the Ylivieska feed factory when a fire broke out in the wood loading area next to the factory. The fire was extinguished partly through the factory yard using the factory's fire-protection

water-supply system. The incident did not harm the feed production.

- Raisio's annual waste training event was organised in the spring and it was open to all Finnish employees. The purpose of the event was to review the key practices and objectives in waste management and to inform the staff about new legislation and other prospective changes.
- Operating costs of environmental protection totalled some EUR 0.4 million in Finland.
- Compliance with regulations: The application for verification of environmental permit for Kouvola's feed factory was filed to the Regional State Administrative Agency of South Finland in August. For Raisio's power plant, the filing of the application in question was postponed to 2015 due to the ongoing survey of energy production alternatives.
- Emission measurements in accordance with the environmental permits were carried out. The company is not currently aware of any fines or sanctions related to violation of environmental legislation.

## Environmental projects

Raisio has identified the key areas of sustainable development by means of the product life cycle assessment, focused on the reduction of waste and energy consumption as well as helped its contract farmers cultivate more sustainably and effectively. Raisio cooperates with its stakeholders in several research and development projects to reduce environmental impacts and to improve its supply chain. For Raisio, it is important to affect the sustainability of the entire food chain, since most of its environmental impacts take place outside Raisio's own operations.

[More about the environmental projects with stakeholders](#)

## Scope of environmental reporting

Raisio has production in four countries; Finland, the UK, Poland and the Czech Republic. In terms of key environmental impacts, Raisio's environmental reporting covers all the Group's continuous operations in Finland, the UK and Poland.

The two Candy Plus' production plants in the Czech Republic are included in the reporting from the beginning of 2013. Scope of reporting no longer includes the vegetable oil business, which Raisio decided to terminate as a result of the cooperation negotiations started in the autumn. The production at the factory had already been suspended since the end of January 2014. In addition, production centralisation and streamlining measures were taken at the Finnish feed factories and in the UK.

OBJECTIVE 2015

**100%**

of palm oil used in Raisio's foods is certified during 2015.

OBJECTIVE 2015

**Enhancement** of waste recycling



# Environmental objectives 2013-2017 for production plants in Finland

Raisio is committed to practices promoting environmental well-being. We can most effectively affect the key environmental factors that are significant in our own operations, i.e. reduced energy and water use, as well as prevention of waste and wastewater generation. Raisio's persons responsible and the senior management monitor regularly the implementation and indicators of the company's environmental objectives.

Objectives proportionate to production volumes are set annually for at least three years ahead. Environmental targets for the Finnish production plants were updated in 2013 to correspond businesses and production structures of that time. However, major changes in the production structures took place during 2014. For example, the centralisations of feed factories and the oil mill plant closure affected the production volumes, and consequently the environmental objectives. For the production plants in question, the objectives have been updated to correspond the production and commodity volumes of the current structure.

## OBJECTIVE ACHIEVED

Waste to landfill  
decreased from the  
previous year

**32%**

## OBJECTIVE FOR 2016

**No landfill  
waste**

Raisio's target is to  
generate no landfill  
waste in Finland in 2016.

## ACHIEVEMENT

Total energy  
consumption decreased

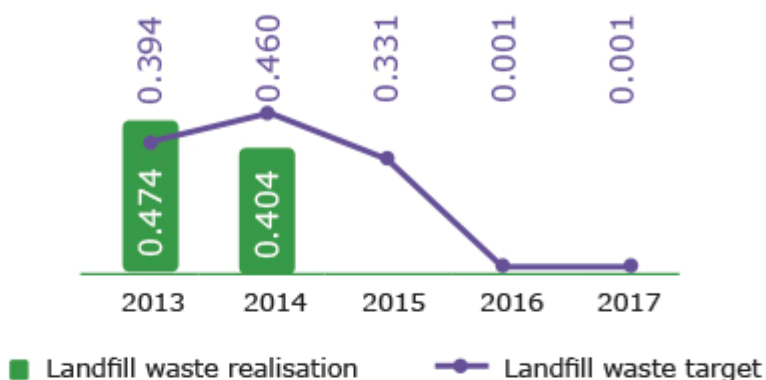
**more than  
9%**

## Objectives and achievement 2013-2017

The objectives are set for the specific use of commodities per tonne of product.

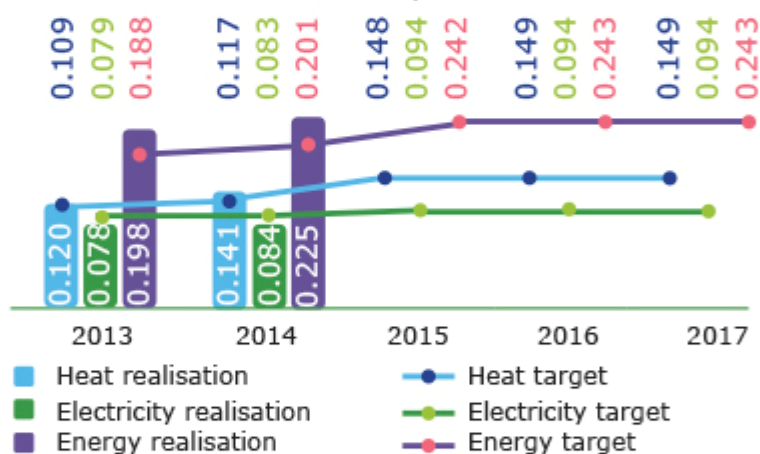
### Landfill waste, Finland

kg/tonne produced



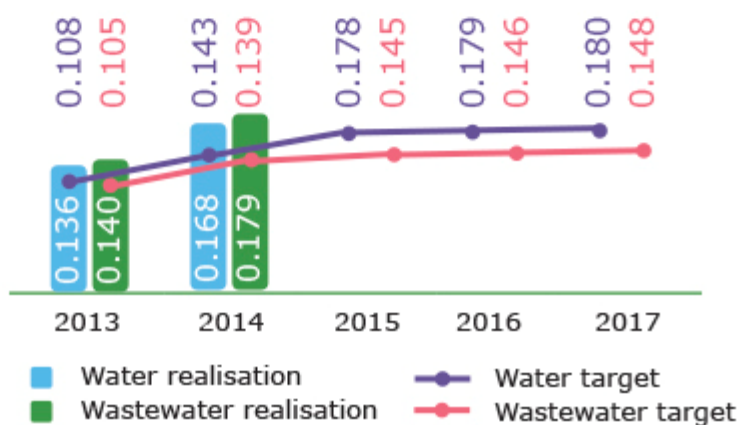
### Use of energy

MWh/tonne produced



### Water and wastewater

m<sup>3</sup>/tonne produced



## Year 2014

In 2014, the results of environmental reporting were significantly impacted by the production restructuring carried out at the feed factories in Finland. The measures taken can be seen in the quantity of commodities used and production volumes. Total use of commodities, waters and energies decreased while the specific uses per tonne of product increased. Although total energy consumption decreased by more than 9 per cent, the specific consumption target set for continuous operations was not reached, especially in regard to thermal energy. Total water consumption decreased by about 1.5 per cent but the targets set for the specific water consumption and wastewater were not achieved.

The target for landfill waste was achieved. At Raisio's production plants in Finland, landfill waste declined by 32 per cent and the specific use per tonne of product decreased by almost 15 per cent. Raisio's objective is to generate no landfill waste in Finland in 2016.

## Environmental objectives 2015-2017

Raisio's environmental objectives concretely promote and guide activities in which the central idea is continuous improvement. Consumption of energy and household water are forecast to decrease in the coming years, although the feed factory's move to part-time production in the autumn 2014 is growing the specific use of energy and water. In addition, reduction of energy consumption will become difficult due to the new hygiene requirements set for feeds. These requirements will increase the steam use. .

The specific wastewater volume is expected to decrease by almost 18 per cent by 2017 compared to the levels of 2014. At the end of 2014, Raisio's feed factory carried out a process change and now it is possible to direct clean cooling water separately from the water drained to sewers.

In terms of waste, Raisio's objective is to generate no landfill waste in Finland in 2016.

# Environmental objectives 2013-2017 for production plants in other countries

In addition to Finland, Raisio has production in the UK, Poland and the Czech Republic. The production plants of these countries have set their own environmental objectives. The reporting on the objectives will be more accurate as soon as we have gathered enough follow-up data and the calculation is at established levels for all the plants.

## Measures taken in 2014

### UK

- Enhancement of waste recycling
- Reduction of wastewater load in confectionery production.

### Czech Republic

- Extensive centralisation measures and production relocations in the confectionery business significantly affected the energy use at the production plants. In the Czech Republic, there was an increase of 21% in energy use mainly due to renewal and construction of the production lines. It is worth mentioning that as a result of the changes carried out, the production volume increased by 17%. In 2015, it can be expected that consumption will return to normal levels and that energy efficiency will improve
- Waste was recycled 10% more than in 2013.
- At the Petrvald factory, the energy consumption decreased in line with the objective by 5% per tonne of product.

## Environmental objectives 2015-2017

- The key objective is continuous improvement of operations
- Increasing the efficiency of energy use.
- Increasing the share of recycled waste.

# Environmental protection

Raisio's environmental protection work is continuous improvement. Primary aim of our long-term and systematic environmental work is to improve and enhance the quality of operations and to minimise emissions

## Investments in environmental protection

At Raisio's sites in Finland, investments in environment, health and safety totalled approximately EUR 0.5 million. 70% of investments were targeted at the improvement of process and work safety and some 30% at the development of material efficiency and waste management.

The measures included, for example, maintenance decks, lock gates of silos, central cleaning system, load steering. With the changes carried out, both safety and material efficiency improved. Energy saving was sought through the renewals of an air compressor and lighting.

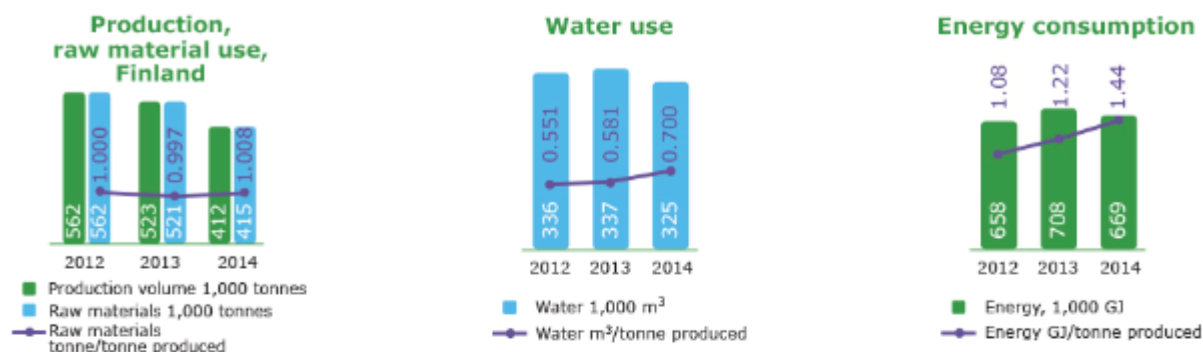
Operating costs of environmental protection totalled some EUR 0.4 million in Finland.

## Environmental damages

In 2014, Raisio Group avoided serious environmental damages.

In August, an external fire risk occurred at the Ylivieska feed factory when a fire broke out in the wood loading area next to the factory. The fire was extinguished partly through the factory yard using the factory's fire-protection water-supply system. The incident did not harm the feed production.

# Environmental meters



## Raw materials and material efficiency

Raisio has developed its waste management in Finland by guiding side streams for reuse. In addition, the company's aim has been to reduce the number of waste transport times, which has decreased the environmental load resulting from waste transportation. Raisio's material flows between the production plants are considerable. These by-product transfers cause multiplication in the reported raw material and production volumes.

### Scope of reporting

The graph describes the raw material use and production volumes of the **Finnish production** plants only.

## Water

Water consumption is an important environmental factor for Raisio. Water is used in production and cooling processes.

In line with its objectives, Raisio has reduced its total water consumption. Centralisation and streamlining measures targeted at the production structure were carried out at the Finnish feed factories and in the UK. These measures resulted in the growth of specific water consumption.

Raisio enhances its water use by using water sparingly and by recovering and recycling of usable water.



## Scope of reporting

The graph above shows all the Group's continuous operations in Finland, the UK and Poland. The two Candy Plus' production plants in the Czech Republic are included in the reporting from the beginning of 2013.

## Energy

Raisio Group's processes use energy in the form of electricity and steam. Raisio's energy supply is mainly based on purchased energy. Electric energy that Raisio buys in Finland produces no carbon dioxide emissions.

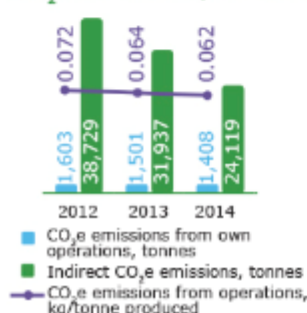
In Finland, Raisio owns two power plants, one in Raisio and the other in Kouvola. Both the plants are within the scope of emissions trading.

Raisio Group's total energy consumption decreased by about 6 per cent. However, the specific consumption per tonne of product increased by some 18 per cent due to changed production structure. Heat treatment requirement imposed on the feed production has also increased the specific heat consumption.

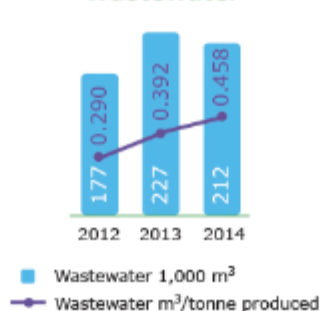
## Scope of reporting

The graph above shows all the Group's continuous operations in Finland, the UK and Poland. The two Candy Plus' production plants in the Czech Republic are included in the reporting from the beginning of 2013.

CO<sub>2</sub>e emissions, Finland



Wastewater



Landfill waste



## Emissions of energy production

Raisio reports the direct greenhouse gas emissions generated in its own energy production as CO<sub>2</sub>e values. Reporting also includes the CO<sub>2</sub>e values of purchased energy according to the quantities Raisio's energy suppliers have reported. Carbon dioxide equivalent (CO<sub>2</sub>e) describes the total climate warming effect of greenhouse gases.

The electricity acquired to the Finnish sites is eco-labelled constituting 50 per cent of the Group's electricity use. Its production does not generate greenhouse gas emissions advancing climate change.

### Scope of reporting

The graph above shows the CO<sub>2</sub>e emissions of Raisio's **Finnish production**.

## Wastewater

The volume of Raisio Group's waste water is reduced through reuse and recycling solutions. In Finland, wastewaters from the production plants are mainly conducted directly to municipal wastewater treatment plants. At the Raisio-based site, part of the wastewater is already treated using the company's own cleaning solutions before it is conducted to the Group's wastewater pretreatment plant. After the pretreatment, wastewater is conducted to the municipal network.

Raisio has succeeded to reduce the total volume of waste water.

### Scope of reporting

The graph above shows all the Group's continuous operations in Finland, the UK and Poland. The two Candy Plus' production plants in the Czech Republic are included in the reporting from the beginning of 2013.

## Waste

Raisio's key objective is to reduce the amount of landfill waste. For Finland, the target is zero by 2016. In this regard, our target-oriented work has gone well. Raisio aims at the reduction of waste volume and at high recovery rates of waste. To achieve these goals, correct and careful sorting is of key importance. Raisio mainly uses recovered waste either as material or an energy source.

Raisio Group succeeded to reduce its total waste volume compared to previous year by about 20 per cent. This was achieved, for example, by separating oat hulls from waste and directing them as a by-product at the Finnish mill in Nokia. As a result, the share of reused and recycled waste of the total waste volume decreased to approximately 55 per cent (in 2013: approx. 70 per cent).

### Scope of reporting

The graph above shows all the Group's continuous operations in Finland, the UK and Poland. The two Candy Plus' production plants in the Czech Republic are included in the reporting from the beginning of 2013.

# New environmental and sustainability objectives at the Newport factory

In 2014, Raisio's UK-based Newport snack bar factory carried out its own environment and sustainability programme to complement the Group's sustainability objectives. The production transferred from Tywyn to Newport also included sustainability goals.

In 2014, new employees were recruited to Newport for the development of environmental work, and the factory management committed to the new environmental objectives. The aim is to reduce the most important environmental impacts: water and energy consumption, fuel consumption and impact of fuel used in transportation and waste to landfill. In addition, Newport is focusing on waste recycling and pollution prevention.

The production of Tywyn snack bar factory was relocated to Newport during a period of six months. One of the key environmental objectives in 2014 was to reduce the carbon footprint of manufacturing and this was achieved through the production transfer. The manufacturing carbon footprint decreased by about 15 per cent compared to 2013. Moreover, water consumption declined significantly compared to the year before with the production centralisation.

## What can be measured, can be improved

At the Newport factory, the aim is to meet the new objectives by 2017. This year, the factory management is discussing the possible introduction of the ISO 14001 standard. In Finland, all Raisio factories are within the scope of ISO 9001 and ISO 14001.

At the Newport factory, environmental indicators are now followed more closely than before, which allows the development work and achievement of objectives. Newport has also carried out major improvements in terms of hygiene and related standards. In 2014, the Newport plant received an RSPO (Roundtable of Sustainable Palm Oil) certification and continues to focus on products made of sustainable raw materials. Raisio's customers have given positive feedback to the factory management on the development– they like what they see.

Raisio has successfully reduced the carbon footprint of its production already before. In Finland, the carbon footprint calculation of Elovena snack drink Aurinkoinen led to improvements in energy efficiency at the non-dairy plant that was at the time owned by Raisio.

## Linkit:

Case, jossa kerrotaan tarkemmin tuotannonsiirrosta

# Locality

Raisio operates internationally and has production plants in four different countries. Personnel in these plants are mainly local and raw materials are purchased locally near the production, especially in Finland. Raisio works together with local interest groups, such as schools and universities.

## Cooperation with schools and universities

Raisio works actively together with local schools and universities in all 11 locations where Raisio has production facilities. The form of cooperation varies from place to place, but most commonly it concerns business services, such as training, services, R&D and innovation projects as well as student theses and traineeships.

### Partnership agreement between Raisio and Turku University of Applied Sciences

In 2014, Raisio and Turku University of Applied Sciences, TUAS, strengthened their cooperation by signing a partnership agreement to develop their long-term cooperation. With the agreement, Raisio will be able to use TUAS's specialists as trainers and consultants in the training events for Raisio personnel. Raisio employees graduated from TUAS visit the school to tell the students about their own work at Raisio and professional requirements.

Raisio is involved in the mentoring programme related to TUAS's sales studies; students can do sales-related projects and trainee periods at Raisio. An example of the annual cooperation is the traineeship period of TUAS students at Raisio in purchasing, production or support tasks of sales and marketing. Raisio also participated in the project called Inno: students were assigned by Raisio to brainstorm under the theme of "porridge to become a phenomenon". .

### Theses and trainees

Raisio annually offers thesis assignments for university students. In 2014, topics were related to raw materials, products and internal training. Furthermore, at the beginning of 2014, a few students did their practical training at Raisio's head office and were hired as summer workers after the training period. Raisioagro has also signed a few trainee agreements. Trainees are familiarised, for example, with the duties of an account manager.

### Raisio is involved in Me & MyCity of Southwest Finland

Raisio continued its three-year cooperation project in the Me & MyCity of Southwest Finland. In the autumn 2014, it

was awarded the best education innovation in the world in the competition World Innovation Summit for Education. As a partner, Raisio supports the aim of Me & MyCity of showing that young people's readiness for entrepreneurship is an investment in the future.

Me & MyCity is a learning environment dealing with entrepreneurship, economy and society. It is aimed at sixth-graders and coordinated by the Economic Information Office TAT. Me & MyCity includes premises of many companies and local authorities. The students work for one day in a position for which they have been chosen through a recruitment process. Pupils are paid for their work and they spend a day as consumers and citizens, part of society.



Some 70 pupils work in the Me & MyCity at a time on an agreed date. Five students work as Raisio's employees as CEO, Product Developer, Marketing Manager, Sales Representative and Production Manager. During the day, they become familiar with the food industry through consumer service and product development. The students learn how to create new product innovations and how sales and marketing are part of the company's operations. The product lifecycle is described from primary production to sales, and the central theme of the day is the development and launch of a new product. During the workday, Raisio employees take care of the delivery of products to be sold in shops and restaurants as well as generate ideas for a dream portion of porridge.

[Read more about the learning environment](#)

## Raisio and its personnel gave their Christmas presents to poor families

At Christmas 2014, Raisio and its Finnish personnel donated the funds reserved for the customers and personnel's Christmas greetings, 16 500 euros in total, to the Hyvä Joulumieli charity campaign. The donated sum was used to buy food vouchers for poor families with children. The vouchers were worth 70 euros each and a family in a difficult situation could use it to buy food for Christmas. Raisio's personnel initiated the donation and decided which charity will receive the donation.





# Raisio and WWF Finland promoting the food chain responsibility

Raisio Group continues the well-functioning cooperation with WWF Finland with a new period extending to 2016 in order to promote the environmental responsibility in the food chain. Raisio Group and WWF Finland have worked closely together since 2010.

The cooperation aims to promote the environmental responsibility in the food chain and to reduce humanity's ecological footprint. To reach the objectives, Raisio aims to promote the responsibility in its own operations and through consumer communications and environmental education.

## **Versatile cooperation for the benefit of the food chain**

In the field of environmental education, Raisio and WWF have produced, among other things, a guide called Best Food on the Planet providing tips and ways to improve the welfare of both children and the environment.

In terms of the food production, WWF and Raisio Group's Raisioagro - an expert in animal feeding and plant cultivation – cooperate to promote, e.g., the responsible fish farming. In addition, Raisio has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011.

## **More information on responsible food choices**

At the beginning of each two-year period of cooperation, Raisio and WWF define together the most suitable models and projects for the cooperation in order to achieve the set target. The new period of cooperation extending to 2016 will focus on the promotion of environmental education of 7th-9th graders in the form of learning material. The aim is also to make consumers' responsible food choices easier by the recipe development and by the use of digital channels.

## **Raisioagro's main strategic themes at the heart of cooperation**

Key themes of Raisioagro's strategy provide a solid foundation for the cooperation between Raisio and WWF. The themes are in line with the policies of both organisations. The successful cooperation

in the promotion of responsible fish farming will be continued during the new period. In addition, the cooperation will focus on enhancing the understanding of the factors related to the responsibility of the milk production chain.

# Elovena Power Day encouraging school children to exercise

Elovena and the Finnish Athletics Federation (Suomen Urheiluliitto, SUL) help school children to exercise and to choose smart snacks.

Elovena Power Day is a joint activity form of Elovena and the Finnish Athletics Federation. For eight years already, Elovena has provided Finnish school children with the joy of field sports and nutrition information through these action-packed events.

## With children, physical activity and healthy diet go hand in hand

Increased health and well-being as well as improved nutrition are an essential part of Raisio's strategy. We aim to provide high-quality, healthy products that taste good. Raisio is constantly developing new products that are in line with consumer needs and that emphasise good taste and healthiness.

With its products, Raisio Group wants to help primary school pupils to feel better and to support their learning of active and healthy lifestyle. Finns love their iconic brand Elovena that is also perceived as a healthy brand, so it is a natural way to encourage children to choose healthier snacks. All Elovena products contain an abundance of pure strength of Finnish oat.

Our cooperation with the Finnish Athletics Federation started in 2007 has proven an effective channel to inform school children on healthier snacking in a way that interests them. Already 165,000 children have participated in the Elovena Power Day events. In 2014, a total of 5,000 pupils from primary schools attended the events.

## Twice as much power for 2015

In 2014, a total of 30 Elovena Power Days were arranged across the country. In 2015, we want to provide even more positive sport experiences, so we have doubled the investment allocated to Power Days to celebrate Elovena's 90th anniversary. We aim to arrange some 50 fun activity days and to donate new, up-to-date sports equipment to participating schools.

## Elovena Local Sports Arena - a new project to improve children's sport opportunities

Elovena and the Finnish Athletics Federation will also launch a new concept Local Sports Arena that aims to carry out, together with municipalities and the state, local sports fields designed by children. This new project is a response to the municipalities' weakening ability to provide sport opportunities for children.

The project is important to Raisio and Elovena also in terms of the promotion of children's wellbeing. Healthy diet and adequate rest are important to every child. In addition, children need daily exercise, which can be done in the

local sports facilities by means of the project. This is a safe way to promote weight management of children and youth.

**Linkit:**

# Skegness production transfer and its effects on the staff

As the Skegness confectionery factory was closed in March 2014 and part of its production was transferred to another UK location, Raisio hoped to have as many employees as possible to move to Leicester. However, only about ten did. Most of them stayed in Skegness mainly for family reasons. The recruitment of new employees went well and all the vacancies were filled within the time given. Some 70 new employees were recruited in Leicester.

As always in projects of this size, the recruitment process was challenging. The challenges were not linked to the transfer or recruitment but were due to the culture as well as terms and conditions that people were brought into. After lengthy negotiations with employees and trade unions, Raisio was able to reach an agreement regarding the terms and conditions for new employees.

Some colleagues who moved from Skegness to Leicester have already been promoted into new positions at the site. Raisio made sure that all employees had all the help and support they needed to enable them to relocate successfully with their families.

## Flexible communication extremely important

Quite a few people commented afterwards that there should have been a focus group comprising of current and new colleagues to deal with, e.g., challenges related to employment. As an end result of the project, Raisio now has a committed staff forum that is able to work together with the Trade Union.

Even though employees and their families were offered support throughout the process, more time for activities improving the relocation of Skegness employees should have been reserved. In the future, Raisio will also be able to better define the resources that are the most significant in terms of the transferred production.

In 2015, Raisio will be focusing on themes concerning the work safety and job satisfaction. The company is well on our way towards a unified factory culture.

# Raisio aims to become the leading snack bar producer in Europe

As part of an extensive project, the production of the Tywyn snack bar factory in Mid Wales was relocated to the Newport site in South Wales. With the relocation, Raisio aims to improve the business competitiveness, enhance cost and production efficiency, have shorter transport distances and ensure future growth.

Negotiations with the Tywyn personnel on the possible closing of the factory started in June 2013. Raisio hoped to see as many Tywyn employees as possible to move to Newport with the production. However, many decided not to, mainly due to family reasons. The recruitment of new employees turned out to be a very challenging process.

The first transferred production line in Newport was started up in January 2014 and as many as 127 new employees started their work at the factory during the first three months. The situation was extremely challenging: we needed to provide the new starters with necessary training but experienced staff were required to support production runs. The Newport manufacturing area was also in the process of development with new areas being built, transferred lines installed and the production still taking place during this time. Production shutdowns were kept to a minimum by means of a very accurate forward planning.

The situation resulted in, for example, weakened service levels, which in turn increased the amount of challenges. Factory's committed staff worked to ensure the success of the project and start-up of the transferred lines.

The lines transferred at the end of 2014 are now operating, employees are trained and service level has returned to normal. The Newport site is now stable offering high-quality products, on time and in full to our customers. Now we are able to reach our target to become the leading snack bar producer in Europe.



# 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 2014](#)

## Profitability and continuity

On 31 December 2014, the Group's equity ratio totalled 60.2 (68.2 in 2013) per cent and net gearing was 22.2 (-8.6) per cent.

The average return on equity over the last five years is 4.7 per cent.

The average return on investment over the last five years is 5.4 per cent.

## Personnel's salaries

The company regularly reviews market salaries in order to maintain its competitiveness. In 2014, Raisio's wages and fees from continuing operations totalled some EUR 69 (65) million including other personnel expenses.

# Scope of reporting and materiality

Raisio's Corporate Responsibility Report 2014 is based on [GRI G3 guidelines](#). Raisio's Corporate Responsibility Report covers the impacts of the Group's own operations.

Sustainability impacts of Raisio's products extend outside our direct control, to primary production, other industry and consumption, for example. Raisio operates together with its stakeholders in several research and development projects to diminish the environmental impacts and to promote sustainable development in the entire food chain.

*Raisio's sustainability report is based on GRI G3 guidelines.*

Raisio has identified the key areas of sustainable development by means of the product life cycle assessment, and through its innovations, has focused on the reduction of waste and energy consumption as well improving the efficiency of food production. For Raisio, it is also important to affect the sustainability of the entire food chain, since most of its environmental impacts take place outside Raisio's own operations.

# Corporate Governance

## Raisio plc's Corporate Governance Model

Raisio plc has over 35,000 shareholders.



Raisio's Corporate Governance Statement 2014

# Investor Relations

Raisio's Investor Relations aim to provide all market participants with equal, correct, sufficient and up-to-date information to form a sound basis for share price determination.

## Annual General Meeting

The shareholders of Raisio plc are hereby invited to the Annual General Meeting which will be held on Thursday 26 March 2015 at 14.00 (2 p.m.) at Turku Fair and Congress Center, address Messukentäkatu 9-13, FI-20210 Turku, Finland.

## Registration

A shareholder who wishes to participate in the General Meeting shall inform the Company about his/her participation no later than Thursday 19 March 2015 at 15.00 (3 p.m.), either

- by e-mail to [eeva.hellsten@raisio.com](mailto:eeva.hellsten@raisio.com) or
- by telephone +358 50 386 4350 (from Monday to Friday from 9.00 a.m. to 4 p.m.) or
- by fax +358 2 443 2315 or
- by a letter addressed to Raisio plc, Osakeasiat (Shareholder matters), P.O. Box 101, FI-21201 Raisio, Finland.

In connection with registration, the following information shall be given: shareholder's name, identity number or Business ID, address and telephone number, name of possible assistant, and whether the shareholder will use a representative, and his/her name and identity number.

Shareholders are entitled to have the Annual General Meeting handle a matter that pertains to it under the Companies Act, if requested in writing from the Board of Directors well in advance for it to be included in the call to the meeting.

## Investors

### Subscribe releases

## Board of Directors 31 December 2014



### **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:* 17/17

*Fees in 2014:* Annual remuneration EUR 60,000 of which some 80% paid in cash and some 20% in shares; a total of 2,776 free shares were assigned as fees. Attendance fees EUR 4,600; paid in cash.

*Holdings in Raisio:* series V 17,359



### **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 2004:

President & CEO; Hackman Metos Oy Ab 1995-2004: CEO; Hackman Designor Oy Ab

1989-1994: CEO; International Masters Publishers Inc. 1986-1989: CEO; Skandinavisk

Press AB 1984-1986: CEO

*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:* 17/17

*Fees in 2014:* Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,110 free shares were assigned as fees. Attendance fees EUR 4,600; paid in cash.

*Holdings in Raisio:* series V 54,761



**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, Turku University: Member of Consultative Committee

*Meeting attendance:* 17/17

*Fees in 2014:* Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,110 free shares were assigned as fees. Attendance fees EUR 3,800; paid in cash.

*Holdings in Raisio:* series K 364,940 and series V 142,310



**Pirkko Rantanen-Kervinen**

*Born* 1949

*Place of residence:* Vantaa, Finland

*Education:* B.sc. (Econ.)

*Key employment history:* Turkistuottajat Oyj (later: Saga Furs Oyj) 2009-2010: Executive Advisor, 1991-2009: CEO, 1989-1991: Executive Vice President, 1987-1989: Director of



Finance:

*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, LähiTapiola Uusimaa *Mutual Insurance Company*: Chairman of the Board of Directors

*Meeting attendance:* 17/17

*Fees in 2014:* Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,110 free shares were assigned as fees. Attendance fees EUR 3,800; paid in cash.

*Holdings in Raisio:* series V 7,971



**Antti Tiitola**

Executive Vice President, Neste Oil Plc

*Born* 1967

*Place of residence:* Helsinki, Finland

*Education:* Commercial College graduate, Gross- und Aussenhandelskaufmann

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

*Board membership:* Member since 27 March 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:* 12/13

*Fees in 2014:* Annual remuneration EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,110 free shares were assigned as fees. Attendance fees EUR 3,400; paid in cash.

*Holdings in Raisio:* series V 1,110

## Supervisory Board 31 December 2014

MEMBER	DOMICILE (FINLAND)	MEMBER SINCE	END OF TERM
Paavo Myllymäki, Chairman, born 1958	Mynämäki	1998	2017
Holger Falck, Deputy Chairman, born 1957	Sipoo	2006	2015
Cay Blomberg, born 1947	Kemiönsaari	2009	2015
Risto Ervelä, born 1950	Sauvo	1991	2016
Vesa Harjunmaa, born 1973	Huittinen	2011	2017
Mikael Holmberg, born 1961	Parainen	2012	2015
Panu Kallio, born 1965	Helsinki	27 March 2014	2017
Markku Kiljala, born 1971	Reisjärvi	2012	2015
Timo Könttä, born 1968	Masku	2011	2017
Hans Langh, born 1949	Kaarina	1990	2016
Pirkko Lönnqvist, staff representative, born 1955	Turku	2012	2015
Juha Marttila, born 1967	Simo	2013	2017
Kari Niemistö, born 1962	Helsinki	2008	2017
Jyrki Nurmi, staff representative, born 1957	Turku	2008	2015
Yrjö Ojaniemi, born 1959	Lapua	2002	2017
Heikki Pohjala, born 1959	Harjavalta	2006	2015
Juha Salonen, born 1973	Kaarina	2010	2016
Jari Sankari, staff representative, born 1957	Kaarina	2007	2015
Urban Silén, born 1959	Salo	2003	2016
Mervi Soupas, born 1968	Sauvo	2013	2016
Johan Taube, born 1950	Tammisaari	1987	2016

Arto Vuorela, born 1960	Pyhtää	2010	2016
Rita Wegelius, born 1960	Hattula	2006	2015
Tapio Ylitalo, born 1955	Turku	2006	2015

## Management Team 31 December 2014



**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:* 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



**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 from 3 December 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 from 18 December 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:* -



**Leif Liedes**

*Born* 1953

*Domicile:* Naantali, Finland

*Education:* Business College Graduate

*Occupation in Raisio:* Senior Advisor, Benemilk project

*Principal employment history:* Raisio plc 1978-

*Management Team membership:* Member since 2006

*Positions of trust:* Finnish Food and Drink Industries Federation: Chairman of Feed Industry Association



**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 from 1 November 2013

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



