

CEO's review:

Raisio is an international brand house focusing on healthy food

For Raisio, the year 2018 was a period of strong renewal and construction. Now the company has a clear focus: healthy food.

In 2018, we built a solid foundation for our next steps. Our purpose and values defined together with our employees create the basis for all our work and guide the decision-making. In line with the strategy, we will focus on securing the growth and profitability of its core operations in 2019.

Raisio's further strengthened balance sheet enables the company to implement its long-term growth strategy.

Building a united Raisio

2018, an eventful year

In 2018, several separate events affected Raisio's sales and profitability.

For Raisioaqua, the second half of 2018 was exceptional as in August, the Russian authorities closed the border. The import ban of fish feeds resulted in the EBIT decrease of EUR 2.5 million on the comparison year. After the border was reopened in December, Raisioaqua continued to finalise the 2019 fish feed contracts. The Russian customers' confidence in Raisioaqua remains very high.

EBIT was affected by the planned increase in marketing costs and the challenges in the Russian and Polish consumer product markets. EBIT for the Russian and Polish operations was down by EUR 2 million on the comparison year. Raisio has identified the problem areas in these markets, carried out corrective measures and managed to turn the direction of the businesses.

Exceptionally poor harvest in Finland resulted in a grain price increase of up to 60 per cent, which led to decreased profitability. The quality of the 2018 harvest was also clearly lower than in previous years. Raisio reacted promptly to the price increases of grain with price changes.

Elovena Muru Oat Mince, Raisio's new oat innovation

Raisio's most significant novelty was the new oat innovation Elovena Muru Oat Mince launched in September. The product has been very well received by consumers and it has shown its ability to grow the whole category and compete for the market leadership.

Elovena Muru can be used quite in the same way as minced meat; it is ideal to anyone who wants to increase

the share of vegetarian food in their diet. With its competitive price and ease of use, Elovena Muru is a real plant protein for all.

Benecol products into new categories

In the summer 2018, Raisio launched Benecol novelties into new product categories and sales channels. New Benecol snack bars are available in the UK, Finland and Poland, and Benecol Greek Style Yogurt in the UK, Finland and Belgium.

Raisio increased the marketing investment to boost the sales of novelties and to gain new Benecol consumers. Furthermore, in our key Benecol product markets, we started long-term work to increase healthcare professionals' knowledge on cholesterol and on safe, effective Benecol products proven to lower cholesterol.

Our goal is to be an innovative and increasingly international brand house.

Pekka Kuusniemi
President and CEO

Raisio renewed its strategy

Raisio's new strategy focuses on healthy, responsibly produced food. The strategy covers the years 2019 - 2021.

Raisio's goal is to be an innovative and increasingly international brand house. Raisio's key target is to grow both organically and through acquisitions. Raisio's goal-oriented responsibility programme is a solid part of the strategy.

Strategic objectives

- We continue to invest in our leading and international cholesterol-lowering Benecol brand
- We are building oat-based value-added products to be the other pillar for Raisio's international business operations
- The focus will be on the international Benecol and Elovena brands, while local brands will be reduced in a controlled manner
- We are a values-led company whose long-term success is enabled by skilled and committed employees

Raisio's revised strategy is based on our strengths. We identified a number of growth opportunities while working on the strategy. We have also looked critically at our opportunities and taken into account the increasingly rapid change in the operating environment

Financial goals

Financial review

In 2018, several separate events affected Raisio's sales and profitability. The most significant impacts on EBIT were the Russian fish feed import ban, planned growth of marketing costs and challenges faced in the Russian and Polish consumer product markets. Furthermore, exceptionally poor harvest in Finland together with a grain price increase of up to 60 per cent decreased profitability. Raisio promptly reacted to the situation with price changes.

Raisio Group, January-December 2018, continuing operations

- The Group's net sales totalled EUR 228.2 (234.6) million.
- Comparable EBIT was EUR 25.6 (35.9) million, accounting for 11.2 (15.3) % of net sales.
- EBIT was EUR 16.6 (54.1) million, accounting for 7.3 (23.0) % of net sales. EBIT for the comparison year includes sales profits of EUR 28.0 million for the Southall factory property.
- The Board of Directors' dividend proposal to the Annual General Meeting is EUR 0.16 per share, of which EUR 0.04 as an extra dividend.

The comparison year figures in brackets

Net sales

Raisio Group's net sales totalled EUR 228.2 (234.6) million. Net sales decreased primarily due to the impact of the Russian fish feed import ban and declined sales volumes in many European markets. On the other hand, sales of novelties increased net sales. The grain trade business, transferred from Raisioagro to the Northern European operations, increased net sales by EUR 5.6 million, because grain was also purchased to the cattle feed business treated as a divested and discontinued operation and it is reported as external sales.

The conversion impact of the British pound on the net sales of the Group and Healthy Food Division was EUR -0.6 million. This refers to the impact that arises when the subsidiaries' net sales in pounds are converted into euros as part of the consolidated financial statements.

Net sales from outside Finland were EUR 142.1 (156.2) million of the Group's total, representing 62.3 (66.6) per cent of net sales. Finland accounted for over 35 per cent, the UK for more than 25 per cent, the rest of Europe below 35 per cent and the rest of the world clearly below 5 per cent of the Raisio Group's net sales.

Results

The Raisio Group's comparable EBIT amounted to EUR 25.6 (35.9) million, accounting for 11.2 (15.3) per cent of net sales. EBIT was EUR 16.6 (54.1) million, accounting for 7.3 (23.0) per cent of net sales. EBIT for the comparison year includes sales profits of EUR 28.0 million for the Southall factory property.

The conversion impact of the British pound on the comparable EBIT of the Group and Healthy Food Division

totalled EUR -0.1 million. The conversion refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

The Group's comparable pre-tax result was EUR 24.8 (34.5), and pre-tax result 15.7 (52.7) million. The Group's comparable post-tax result was EUR 19.3 (27.2) and post-tax result 12.1 (40.4) million. The Group's comparable earnings per share were EUR 0.12 (0.17), and earnings per share 0.08 (0.26).

Key figures 2017-2018

Continuing and discontinued operations

| | | 2018 | | | 2017 | | |
|-------------------------------|----|------------|--------------|-------|------------|--------------|-------|
| | | CONTINUING | DISCONTINUED | TOTAL | CONTINUING | DISCONTINUED | TOTAL |
| Income statement | | | | | | | |
| Net sales | M€ | 228.2 | 57.6 | 285.8 | 234.6 | 168.3 | 402.8 |
| Change in net sales | % | -2.7 | - | - | -9.1 | - | - |
| Comparable EBIT | M€ | 25.6 | 3.6 | 29.2 | 35.9 | 10.0 | 45.9 |
| Comparable EBIT of net sales | % | 11.2 | 6.3 | 10.2 | 15.3 | 5.9 | 11.4 |
| EBIT | M€ | 16.6 | 16.2 | 32.8 | 54.1 | -57.3 | -3.2 |
| EBIT of net sales | % | 7.3 | 28.1 | 11.5 | 23.0 | -34.1 | -0.8 |
| Comparable EBITDA | M€ | 31.3 | 4.1 | 35.3 | 42.2 | 14.8 | 57.0 |
| EBITDA | M€ | 31.0 | 16.7 | 47.6 | 68.1 | -23.7 | 44.4 |
| Financial income and expenses | M€ | -0.8 | - | -0.8 | -1.4 | -0.3 | -1.7 |
| Comparable earnings per share | € | 0.12 | 0.02 | 0.14 | 0.17 | 0.05 | 0.22 |
| Earnings per share | € | 0.08 | 0.10 | 0.18 | 0.26 | -0.37 | -0.11 |
| Balance sheet | | | | | | | |
| Equity ratio | % | 81.7 | - | - | 73.4 | - | - |
| Net gearing | % | -45.0 | - | - | -39.8 | - | - |
| Net interest-bearing debt | M€ | -119.2 | - | - | -105.1 | - | - |

| | | 2018 | | | 2017 | | |
|------------------|----|------------|--------------|-------|------------|--------------|-------|
| | | CONTINUING | DISCONTINUED | TOTAL | CONTINUING | DISCONTINUED | TOTAL |
| Equity per share | € | 1.68 | - | - | 1.68 | - | - |
| Investment | M€ | 5.6 | 0.3 | 5.9 | 10.1 | 5.7 | 15.8 |

Raisio Group's key figures

Continuing operations

| | | 2018 | 2017 |
|-------------------------------|----|-------|-------|
| Income statement | | | |
| Net sales | M€ | 228.2 | 234.6 |
| Change in net sales | % | -2.7 | -9.1 |
| Comparable EBIT | M€ | 25.6 | 35.9 |
| Comparable EBIT of net sales | % | 11.2 | 15.3 |
| EBIT | M€ | 16.6 | 54.1 |
| EBIT of net sales | % | 7.3 | 23.0 |
| Comparable EBITDA | M€ | 31.3 | 42.2 |
| EBITDA | M€ | 31.0 | 68.1 |
| Financial income and expenses | M€ | -0.8 | -1.4 |
| Comparable earnings per share | € | 0.12 | 0.17 |
| Earnings per share | € | 0.08 | 0.26 |
| Balance sheet | | | |
| Equity ratio | % | 81.7 | 73.4 |
| Net gearing | % | -45.0 | -39.8 |

| | | 2018 | 2017 |
|---------------------------|----|--------|--------|
| Net interest-bearing debt | M€ | -119.2 | -105.1 |
| Equity per share | € | 1.68 | 1.68 |
| Investment | M€ | 5.6 | 10.1 |

Key figures Q1-Q4/2018

Earnings from continuing operations (M€)

| | Q4/2018 | Q3/2018 | Q2/2018 | Q1/2018 |
|------------------------------------|-------------|-------------|-------------|-------------|
| Net sales by segment | | | | |
| Healthy Food | 53.3 | 51.9 | 47.8 | 48.1 |
| Raisioaqua | 2.0 | 10.9 | 11.7 | 1.3 |
| Other operations | 0.4 | 0.4 | 0.4 | 0.4 |
| Interdivisional net sales | 0.0 | 0.0 | -0.2 | 0.0 |
| Total net sales | 55.6 | 63.1 | 59.7 | 49.7 |
| EBIT by segment | | | | |
| Healthy Food | 8.5 | 7.3 | 6.8 | 8.1 |
| Raisioaqua | -1.1 | 0.9 | 0.3 | -1.0 |
| Other operations | -9.6 | -0.5 | -0.6 | -2.8 |
| Total EBIT | -2.1 | 7.8 | 6.5 | 4.4 |
| Financial income and expenses, net | -0.7 | -0.1 | -0.1 | 0.1 |
| Share of result of associates | - | - | - | - |
| Result before taxes | -2.8 | 7.6 | 6.4 | 4.5 |
| Income tax | 0.5 | -1.7 | -1.4 | -1.1 |
| Result for the period | -2.3 | 5.9 | 5.0 | 3.4 |

Risk management

Raisio's Risk Management Policy defines the objectives, principles and responsibilities of risk management. Risk management focuses on preventive action.

Risk Management Policy

The target of risk management is to identify risks and safeguard the continuity and integrity of Raisio's business operations, safety of products and activities, personnel and property. Furthermore, Raisio aims at anticipating and preventing events undermining shareholder value.

Raisio's risk management emphasises preventive actions and aims at the comprehensive development of risk management. The Divisions independently make operational risk management decisions. These include, for example, occupational safety, partner selection and payment terms.

Raisio has a Group-wide insurance programme to manage, for example, risks related to property and continuity of operations. The management of financial risks is centralised to the Finance Department. Findings of internal control and business risks are reported to the Board as part of monthly financial reporting.

Risks and sources of uncertainty in business operations

As an international food chain operator, Raisio's operations are affected by the overall economic development and consumer demand. Raisio estimates that the grocery market will remain fairly stable compared to other sectors in the company's key markets. However, the decline in consumer purchasing power resulting from, e.g. import duties, sanctions and exchange rate changes, may pose challenges for the company's businesses. Changes in the retail sector and intensifying competition are a challenge for the food industry too, through sales prices and sales terms in all Raisio's main markets.

Changes in the availability, quality and price of our key raw materials, such as grains, are a major challenge for Raisio's operations. Extreme weather events linked to climate change have an impact on the grain harvest expectations, supply, demand and price. Changes in supply, demand, quality and price of other key raw materials, such as sterols and soy products, are challenges for Raisio's operations. Extreme weather events, such as long heatwaves, are a challenge for Raisioaqua's fish feed business in the company's main markets, Finland and Northwest Russia.

Preparing for Brexit is particularly important for Raisio as the UK is the biggest market for the Benecol products. Raisio has assessed major risks and necessary measures related to the Brexit implementation. Brexit together with possible changes in the subcontracting chain and licensing expose Benecol business, in particular, to availability, price, currency and market risks that may lead to reorganisation in order to secure the supply chain and business profitability.

Changes in exchange rates have an impact on Raisio's net sales and EBIT, directly and indirectly. They may

also affect the utilisation rates of Raisio's production plants through the changes in demand. Changes in the Raisio's key currencies affect the results of the Group's subsidiaries, largely due to the purchases of the Benecol business. Volatility in the external value of the rouble affects the export of both fish feeds and flake products.

Currency conversions also affect Raisio's reported net sales and EBIT. With the currency conversion, particularly the changes in the UK pound have a major impact as a significant part of Raisio's net sales and EBIT are generated in the UK-based subsidiary.

To ensure growth and profitability of its operations, Raisio may carry out corporate restructuring, significant investments and/or other projects that may result in significant items affecting comparability.

Operating environment

Raisio is an international brand house focusing on healthy, responsibly produced food and fish feeds. Raisio's key markets include Finland, the UK, Ireland, Poland and Russia.

Healthy Food

Global phenomena, such as climate change, Earth's limited resources, demographic change, technological breakthroughs and faster information flow have an impact on consumers' everyday life and their purchasing decisions. This will be seen in many ways: consumers make responsible choices, invest in health throughout the life and prefer easy-to-use products suitable for busy everyday life.

When choosing responsibly produced food, consumers pay attention to the whole product lifecycle: from raw materials to production, distribution and consumption, all the way to the package recycling and food waste. As the proportion of people over the age of 60 continues to grow globally, taking care of health is increasingly important. Instead of seeking for short-term solutions, consumers have a holistic approach to their health and well-being.

Food is at the core of Raisio's operations. We make responsible, healthy and tasty food for each moment of the day to make consumers' everyday life easier. We determinedly develop our product range healthier taking consumers' changing needs into account. We want to be a forerunner in responsible food, and we have set ambitious goals for our responsibility work. In addition to profitable growth, our Healthy Growth Strategy 2019-2021 emphasises the commitment to healthy food and responsible business operations.

Health is #1 to consumers

Finnish grain crop

Due to the exceptionally dry growth season, the Finnish grain harvest was only 2.7 million tons, which is about a third less than in a normal year. Harvest levels were clearly down also in Europe. Grain prices rose in Finland in the autumn by over 60 per cent, depending on the type of grain. In terms of quality, the 2018 harvest was clearly lower than in previous years.

Raisio is able to acquire Finnish oat and wheat sufficiently for its own use. The most challenging situation is with oat as the production outcome from the lower quality harvest is clearly smaller. Oat is Raisio's most used grain and its use increased from the comparison year. Oat used by Raisio in its own products accounts for about 40 per cent of all oat processed in Finland for food use.

Exceptionally weak grain harvest

Raisioaqua

The consumption of farmed fish is projected to grow globally by eight per cent by 2025. The EU aims to increase the production of farmed fish by five per cent annually. Finland and Sweden aim to double the aquaculture production over the next few years. Russia, too, is seeking a clear growth in the aquaculture production.

In Finland, demand for domestic fish continues to increase, but new fish farming licences and licences to increase the current quotas are rarely granted. Thanks to Raisioaqua's environmentally friendly Baltic Blend feeds, farmers still believe in positive licensing processes. In Northwest Russia, the Baltic Countries and Sweden, innovative feed producers, such as Raisioaqua, have opportunities to increase their business.



*Demand for farmed fish
continues to grow*

Financial review

The Healthy Food Division's net sales totalled EUR 201.1 (201.4) million. Net sales for Northern and Eastern Europe were EUR 101.1 (98.1) million, for Western Europe EUR 66.4 (68.2) million and for the Rest of the World EUR 33.6 (35.2) million.

The Healthy Food Division's net sales increased as the grain trade business, transferred to the Northern European operations, increased net sales by EUR 5.6 million from the comparison year, because grain was also purchased to the divested cattle feed business treated as a discontinued operation and it was reported as external sales.

More than 50 per cent of the Healthy Food Division's net sales were from the Northern and Eastern Europe, more than 30 per cent from the Benecol product sales in the Eastern European markets and the rest, more than 15 per cent from the Rest of the World business.

The Healthy Food Division's comparable EBIT totalled EUR 29.8 (39.3) million, accounting for 14.8 (19.5) per cent of net sales. EBIT was EUR 30.8 (38.4) million, accounting for 15.3 (19.0) per cent of net sales. The comparison year EBIT included the refund of pension payments of some EUR 0.7 million, paid to Raisio's Swedish subsidiary.

The conversion impact of the British pound on net sales was EUR -0.6 million and EUR -0.1 million on EBIT. The conversion refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

| | 1-12/2018 | 1-12/2017 |
|-----------------------------------|-----------|-----------|
| Net sales, M€ | 201.1 | 201.4 |
| Northern and Eastern Europe, M€ | 101.1 | 98.1 |
| Western Europe, M€ | 66.4 | 68.2 |
| Rest of the World, M€ | 33.6 | 35.2 |
| Comparable EBIT, M€ | 29.8 | 39.3 |
| Comparable EBIT, % | 14.8 | 19.5 |
| Items affecting comparability, M€ | 1.0 | -0.9 |
| EBIT, M€ | 30.8 | 38.4 |
| EBIT, % | 15.3 | 19.0 |
| Investments, M€ | 3.2 | 1.5 |

| | 1-12/2018 | 1-12/2017 |
|----------------|------------------|------------------|
| Net assets, M€ | 121.2 | 116.7 |

Healthy Food

Raisio's well-known brands Benecol, Elovena, Sunnuntai, Provena, Torino and Nordic offer consumers familiar favourites and innovative new products. The key markets of the Healthy Food Division are Finland, the UK, Ireland, Poland and Russia.

Main events in 2018

- Focus on the novelty launches
- Benecol novelties into new categories: snack bars and Greek Style Yogurt
- Elovena Muru Oat Mince, Raisio's latest oat innovation
- Grain price increases promptly responded with price changes
- In Poland, long-lasting slide now stopped
- In Russia, back to premium pricing
- Raisio's own sales and marketing organisation took over Ireland
- Raisio increased its communications on cholesterol lowering to healthcare professionals

Northern and Eastern Europe (main markets Finland, Poland and Russia)

In the Finnish market, the focus was on the launches of novelties. Raisio's most significant novelties were Elovena Muru Oat Mince, Benecol snack bars and Benecol Greek Style Yogurts. At the end of 2018, Raisio focused on passing on higher grain prices to the product prices with the company's strong brands.

Comparable net sales remained at the comparison year level. As a whole, Elovena product sales remained at the strong comparison year level. Strong sales growth for Benecol products also continued. Sales for the Torino brand grew significantly with the new vegetable pastas. The drop in sales and tightening competition in the baking category resulted in the sales decrease for the Sunnuntai brand.

Elovena, Finland's most valued oat brand

Nordic flakes are Raisio's main products in Russia and Ukraine. In Russia, sales volume remained almost at the comparison year level. In euros, net sales were clearly down from the comparison year due to the negative impact of the currency. Price increases were made at the end of 2018 to meet the grain price rise. In Ukraine, strong sales growth continued with the Nordic products.

In Poland, Raisio focuses on the Benecol consumer products. The organisation and cost structure have been renewed to support the company's focus on its core business. Net sales were significantly down from the comparison year and EBIT was negative. However, the worst slide has now been stopped. Raisio will continue measures to improve business profitability in 2019.

In Poland, focus on the core business

Western Europe (Markets: the UK, Ireland and Belgium)

In the UK, Benecol snack bars and Benecol Greek Style Yogurts were launched in the summer. Sales of the Benecol snack bars expanded to include pharmacies. In addition, sales of the Benecol products expanded into over 5,500 new retail stores. Sales in the Benecol yogurt drinks were at the comparison year level while in the Benecol spreads, sales were slightly down from the comparison year. The UK net sales were almost at the comparison year level.

As planned, Raisio's own sales and marketing organisation took over the Irish Benecol business at the beginning of September. In late 2018, the number of promotions was lower than in the comparison period, which in turn resulted in a clear net sales drop. Sales in Benecol spreads remained at the comparison period level while in yogurt drinks sales decreased.

In the UK Benecol expanded into over 5,500 new retail stores

In Belgium, sales in Benecol yogurt drinks and spreads were clearly down from the comparison year. Sales turned into slight growth thanks to campaigning and Benecol Greek Style Yogurts launched in late 2018. Net sales for Belgium clearly decreased from the comparison year. After Ireland, Belgium is the next priority area where Raisio aims to turn net sales into clear growth.

Rest of the world

The Rest of the World business includes the deliveries of plant stanol ester, the Benecol product ingredient, for the production of consumer products sold in Raisio's own markets as well as the Benecol product ingredient sales to licensing partners. The figures for the Rest of the World business also include Raisio's food exports to other than the company's own main markets.

Deliveries in the Benecol product ingredient for the production of consumer products sold in Raisio's home markets slightly increased from the comparison year. Deliveries to licensing partners in the US and Asia were significantly down from the comparison period.

Raisio's licensing agreement with the Spanish partner ended at the end of 2018. In line with its new strategy, Raisio will take over Benecol product markets in Europe in case the situation with a licensing partner changes and the market is important for Raisio.

As part of its strategy work, Raisio has also assessed the functionality of the current licensing model. The licensing model remains one way to provide consumers with cholesterol-lowering Benecol products in the markets where Raisio does not operate, and especially outside Europe. Raisio will continue to further develop its licensing model in 2019.

Benecol

Benecol is Raisio's top innovation and the company's most international brand. Millions of consumers use Benecol products daily for cholesterol lowering.

Raisio is responsible for the sales and marketing of Benecol products in its own markets in the UK, Ireland, Belgium, Finland, Poland and Hong Kong, and for the sales of plant stanol ester, the Benecol product ingredient, to its European, Asian and American licensing partners.

Novelties to new categories

In the summer 2018, Raisio launched Benecol novelties into new product categories and sales channels. New Benecol snack bars are available in the UK, Finland and Poland, and Benecol Greek Style yogurt in the UK, Finland and Belgium.

Sales of the Benecol snack bars expanded to pharmacies in the UK. In addition, sales of the Benecol products expanded into over 5,500 new retail stores. The novelty launches were boosted with advertising campaigns increasing the brand awareness and consumer interest to try Benecol.

Delicious food was highlighted in the marketing communications, which inspires consumers to lower their cholesterol with tasty, convenient Benecol products. Our new marketing messaging raised younger consumers' interest and they have increased experimenting the cholesterol-lowering Benecol products.

*Delicious food concept
inspires to try*

Healthcare professionals important influencers

For its key markets, Raisio set up an organisation to increase the knowledge of healthcare professionals on the importance of lowering of elevated cholesterol.

The goal is to encourage healthcare professionals to recommend Benecol products to their customers as part of a healthy diet. Healthcare professionals' recommendations are of great importance to consumers with elevated cholesterol levels.

Some 80 clinical trials have confirmed the effectiveness and safety of Benecol products.

Elovena

Elovena is Finland's most valued oat brand. Elovena products have so far only been sold in Finland but in line with its new strategy, Raisio aims at making Elovena an international oat brand over the next few years.

Elovena's media visibility has been determinedly grown since 2017, which has made the brand and its consumer marketing familiar to more and more consumers. Elovena novelties respond well to consumer needs, and the pioneering brand has kept up with the times and is associated with delicious food.

Sales in the Elovena snack biscuits increased by over 15 per cent in 2018. As a whole, Elovena product sales remained at the strong comparison year level.

Elovena - Feel free to eat!

Elovena Muru Oat Mince, Raisio's new oat innovation

Raisio's latest oat innovation, Elovena Muru Oat Mince, was launched in the autumn 2018. Retailers took Elovena Muru Oat Mince extensively into selections and the nationwide distribution coverage was quickly built.

Elovena Muru Oat Mince, made in Finland, is a plant-based alternative to minced meat and suitable for versatile cooking. In just a few months, Elovena Muru has started to compete for the market leadership of the category.

Financial review

Raisioaqua's net sales totalled EUR 25.9 (31.8) million. Net sales decreased by almost 20 per cent on the comparison year due to the interrupted Russian exports. Fish feed deliveries to Finnish customers remained almost the same as in 2017. Finland accounted for nearly 45 per cent, Russia almost 55 per cent and the share other markets was small.

Raisioaqua's EBIT totalled EUR -0.8 (2.4) million. Fish feed export to Russia declined by almost 30 per cent on the comparison year. The decrease in net sales also meant a significant decline in EBIT.

Key figures for the Raisioaqua Division

| | 2018 | 2017 |
|-----------------|-------------|-------------|
| Net sales, M€ | 25.9 | 31.8 |
| EBIT, M€ | -0.8 | 2.4 |
| EBIT, % | -3.2 | 7.5 |
| Investments, M€ | 1.4 | 3.0 |

Raisioaqua, a forerunner in responsibility

The Raisioaqua Division includes the fish feed business. Raisioaqua is the only Finnish fish feed manufacturer. The key markets are Finland and Northwest Russia.

Main events in 2018

- The raw material supplier's product did not meet the contract terms as its GMO levels were too high. This resulted in the Russian authority's import ban from 4 August to 6 December 2018.
- The impacts of the GMO case were minimal and the most important fish farming customers continue with Raisioaqua.
- Availability and recognition of the responsibly farmed Benella fish improved.

Export

The fish feed season had a good start in the spring, and feed exports were up on in the comparison period. The analysis conducted by the Russian border authorities showed genetically modified soybean in some of the fish feeds made and delivered by Raisioaqua between 11 June and 10 July 2018. This is against Raisio's policy. Genetically modified material was found in concentrations that exceeded the labelling limit established in the EU labelling legislation and the limit established in the Russian legislation. This concerned only a part of the transports while most of them were in order. The Russian authorities announced to close the border on 4 August 2018.

The Russian authorities announced the end of the import ban on fish feeds and the opening of the border on 6 December 2018. The Russian border was closed four months. During the import ban, Raisioaqua could not deliver fish feeds to its Russian customers. When the import ban was lifted, the 2018 fish farming season had already ended.

The soy product Raisioaqua uses in its fish feeds was supplied by a Finnish supplier whose product was against the contract and Raisio's gmo policy. Raisio continues to negotiate with the supplier on the damage compensation.

Immediately after the border was reopened, Raisioaqua continued to finalise the delivery agreements for the 2019 season with its customers. The impacts of the GMO case were minimal and the most important farming customers continue with Raisioaqua.

Raw material supplier's defective product resulted in the closing of the Russian border

Finland

The exceptionally long heat period in the summer 2018 significantly weakened the fish growth conditions in Finland and neighbouring regions, as the water temperature was so high that the fish stopped eating. Warm water also caused fish deaths, particularly in the fish farms of the interior regions of Finland. In the autumn, conditions for fish growth were good and the growth season was longer than usually.

Due to the exceptional hot summer, the total fish production decreased by some 10-15 per cent. Raisioaqua delivered its Finnish customers nearly as much fish feed as in the comparison year and this way the Division strengthened its market position.

Benella

Contract producers for the responsibly farmed Benella fish have changed their production cycle so that particularly rainbow trout is available throughout the year. In 2018, Raisioaqua made a wholesale agreement with, for example, Hätälä Oy; this also expanded the availability of the Benella fish.

In Finland, Kesko further intensified its Benella cooperation with Raisioaqua. The store coverage, visibility and brand awareness of the Benella fish, part of Pirkka Premium Line, significantly increased in a year. National and local Pirkka Premium Benella campaigns were conducted in the stores and media.

Some contract restaurants took Benella into their selections in Finland and Sweden. For example, already some 60 restaurants in Stockholm use Benella as raw material. The Swedish retail chains are also showing interest in Benella, and our work to open retail sales continues.

Improved awareness and availability for Benella fish

Benella's website in Finnish and in Swedish: www.benella.fi

Added value for customers with Growth Radar

Raisioaqua focuses on products and services that ensure the fish welfare and production efficiency while promoting responsible fish farming. Raisioaqua also continues to use and survey new and responsible raw materials for fish feeds.

Raisioaqua continued its strong investment in the further development of digital Growth Radar (Kasvuluotain) application. The application uses Raisioaqua's strong feeding expertise and produces added value for fish farmers by analysing their data. Growth Radar enables the optimisation of fish feeding and minimises the entry of nutrients into waterways as the application makes fish growth monitoring and feed dosing easier. Growth Radar is already in use at several fish farms in Finland and Russia.

Growth Radar for easier fish farming

Responsible and healthy food at the heart of Raisio's strategy

Raisio is an international company focusing on healthy, responsibly produced food. In Raisio's products, the focus is on well-being, health, good taste and sustainable development. One of Raisio's strategic goals is to be a forerunner in responsibility. That is why the company has set ambitious targets for its responsibility work for 2019 - 2023.

The company's responsibility work is guided by Raisio's purpose: *Food for Health, Heart and Earth*.

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

Management of responsibility risks

Raisio has identified risks related to responsibility and assesses them systematically and regularly. The responsibility risk survey is updated annually.

Climate change is the most significant environmental risk for Raisio. Extreme weather phenomena resulting from climate change affect energy prices as well as the quality, availability and prices of Raisio's key raw materials, such as grains. The climate risk realised in 2018 when, due to the exceptionally dry growth season, the Finnish grain harvest was at its lowest in over 30 years and grain prices rose significantly. Grains account for about 75 per cent of Raisio's raw materials. With its strong brands, Raisio was able to shift higher raw material costs to product prices. Raisio assumes its responsibility for climate change and aims at carbon neutral production by 2023.

Raisio's risk survey showed that major human right risks in raw materials are related to the purchase of soy, palm oil and cocoa. Raisio's policy is to use only responsibility certified soy, palm oil and cocoa.

The quality risks for raw materials and products are managed by enhancing product safety in all stages of the supply chain, from product development and procurement to manufacturing and distribution. The quality and safety of products are ensured with certifications, audits, staff training and effective processes.

Raisio's strategic focus is on healthy and tasty food. As for the healthiness of food, consumers face information overflow that Raisio identifies as a risk, Raisio communicates responsibly on nutrition and product healthiness in line with the nutrition recommendations.

In terms of social and HR matters, Raisio considers workplace accidents and the stability and availability of competent workers as its major risks. Risks are managed by developing the occupational safety culture and by determinedly promoting competence management and well-being at work.

Raisio's value chain

Raisio's value chain extends from primary food production to consumers. The company is responsible for the responsibility of its own operations. The opportunity to influence and degree of interaction vary in other parts of the value chain. Raisio's ability and willingness to develop responsible foods and fish feeds promote the sustainable food chain.

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

Raisio's largest raw material group is grains that the company mainly purchases from Finnish farmers. Some of the Group's branded products are made by subcontractors who work closely together with Raisio. Their agreements specify, for example, the quality requirements of raw materials used. More information on Raisio's responsible procurement practices [here](#).

Understanding consumer needs and eating habits plays the key role in the development of the product range. Raisio is closely studying consumers' behaviour and changing needs. This way, Raisio can provide retailers with interesting, reliable branded products that correspond to consumer needs. For Raisio, it is particularly important to develop its brands so that they continue to interest consumers and retailers. Trade organisations, catering companies and industrial customers set us criteria regarding the product responsibility and require reporting of responsibility issues.

At the higher end of the consumer products value chain, Raisio influences consumers communicatively, for example through nutritional guidance, environmental labels, recipes and tips how to use the products. Raisio is engaged in a continuous dialogue with consumers e.g. in social media and customer service channels. Consumers are interested in the responsibility issues of Raisio's brands, such as the origin of raw materials and recycling of packaging.

Raisio is a forerunner in responsible fish farming. The company's fish feed innovations have significantly reduced the environmental impact of the fish chain.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd. The company has over 36,500 shareholders and about 320 employees. Raisio operates in 11 countries and Raisio has its own production plants in two towns in Finland.

In 2018, Raisio sold its cattle feed business. The divested business, treated as a discontinued operation, had two production plants in Finland and about 70 employees who transferred to the new owner. In the Corporate Responsibility Report, we report the earnings and key figures of Raisio's continuing operations only.

Raisio's key responsibility themes

In its responsibility work, Raisio focuses on the themes most material to the company's stakeholders and operations. The Materiality Assessment of responsibility themes guides Raisio's corporate responsibility work. Based on the Assessment, we have set goals to promote important themes.

Raisio's Materiality Assessment was updated at the end of 2017. With a stakeholder analysis, we surveyed our stakeholders' views on important responsibility themes; a total of 1,400 consumers, customers, employees and investors participated. After the analysis, Raisio's management evaluated the current or potential economic, social or environmental impact of the themes for the company. Raisio's Board of Directors has confirmed the Materiality Assessment.

The key responsibility aspects identified and prioritised based the views of Raisio and stakeholders are grouped in the matrix below.

Responsibility Programme 2016 - 2018

The key themes of Raisio Group's 2016 -2018 Corporate Responsibility Programme were sustainable food chain, healthier food, and safety and well-being at work. During the three-year Responsibility Programme, Raisio's responsible practices were determinedly developed. The company achieved the most part of the programme targets: for example, sickness absences decreased, more than 2/3 of the products are healthy alternatives in their own categories, and only responsibility certified palm oil and soy are used in the products. Some of the programme targets were related to long-term development of responsible procedures; for example, the development of responsible procurement continues.

Raisio's Responsibility Programme 2016 - 2018 supported the business strategy and focused on material responsibility issues. Key parts of Raisio's value chain are matters related to responsible raw material procurement, environmental responsibility, and health and safety at work.

In 2018, we outlined Raisio's new responsibility programme. The Good Food Plan 2019 - 2023 has five key themes in which Raisio wants to become a forerunner in terms of responsibility: environmentally friendly packages, healthy food, healthy food professionals, climate change, carbon neutrality, and sustainable food chain.

[Read more about the Good Food Plan.](#)

Goals and results of Raisio's Responsibility Programme 2016 - 2018

Sustainable food chain 2016-2018

| TARGET | RESULT |
|---|---|
| We will further develop the responsible procurement of our key raw materials. Raw materials that we use the most include grains, particularly oats and wheat, and rapeseed. | 75% of raw materials for our own products were grains. Almost 90% of grains are purchased from Finland, mainly directly from farmers. Raisio Supplier Code of Conduct has been incorporated into the farming contracts. |
| We require all our suppliers to operate in line with our Supplier Code of Conduct. | 95% of raw materials, packages and subcontracting were acquired from suppliers committed to the Code in 2018. |

| TARGET | RESULT |
|--|--|
| We require that our suppliers complete a Supplier Self-Assessment Questionnaire at least every three years. | The conduct was established throughout the Group. In 2017, we carried out an extensive project and self-assessment questionnaires were collected from the suppliers. The questionnaire is part of the supplier's assessment process. |
| We continue to purchase Proterra or RTRS certified soy. | Goal achieved. Raisio has used certified soy since 2014. |
| We are committed to the use of GMO free raw materials. | Goal achieved. Raisio's production chains of foods and fish feeds have always been GMO free. |
| We only use responsible palm oil. The responsibility of palm oil used in foods will be improved by transferring to the use of physically traceable palm oil. | Goal achieved. 100% responsibility certified palm oil in foods. The mass balance or segregated palm oil accounted for 60% of the palm oil used by Raisio in 2018. |
| We use only UTZ certified cocoa in our foods. | 80% of cocoa used by Raisio was UTZ certified in 2018. |
| We will further decrease our raw material acquisitions from the countries classified as risk countries. | We surveyed the raw materials acquired from risk countries according to the BSCI risk country classification in 2016. We acquire raw materials, whenever possible, from low-risk countries. |
| We will improve energy efficiency. | Despite our energy efficiency actions, the total energy consumption increased in the review period. We continue our efforts to improve energy efficiency. |
| We will perform energy audits at all our production plants at least every two years. | Work in progress. |
| We will analyse material efficiency in terms of raw materials and other production inputs. We will decrease waste at our production plants. | Raisio has been actively involved in developing the material efficiency commitment of the food industry. The waste of Raisio's productions is very small. |
| We will only use recyclable materials in our product packages. | More than half of our consumer product packages are recyclable carton, and the rest mainly plastic. The recyclability of plastic varies in different markets. |

| TARGET | RESULT |
|--|---|
| We continue to develop and commercialise innovations that benefit the environment and our customers. | The Baltic Blend feed innovation launched in 2016 proven to lower the fish farming's phosphorus load into waterways. The feed also recycles the nutrients of the Baltic Sea. Elovena Muru Oat Mince is a protein-rich, easy-to-use plant protein product. |

Healthier food 2016-2018

| TARGET | RESULT |
|---|--|
| 2/3 of our foods are healthier alternatives in their own categories. | 69% of our foods were healthy alternatives in their own categories at the end of 2018. |
| We will develop fish feed innovations promoting well-being of people and animals. | Benella Fish launched in 2016 is fed using Raisio's feeding concept ensuring the recommended levels of good EPA and DHA fatty acids in the fish. |
| We will maintain the BRC certification at our food sites. | Goal achieved. |
| Raisioaqua aims at excellent recipe accuracy in its feeds. | The recipe accuracy and product quality have improved with e.g. fish feed plant investment. |
| The number of recalls will be zero. | Goal achieved. |

Work safety and well-being 2016-2018

| TARGET | RESULT |
|--|---|
| Continuous reduction in the frequency of workplace accidents | The number of accidents has decreased. Preventive safety indicators were introduced in 2018 and safety culture was further developed. |
| Continuous reduction in sickness absences | Goal achieved. The average number of sickness absences 2.0% of theoretical working time in 2018. |
| Improved employee satisfaction | No comparable results available. In the latest survey of 2017, employee satisfaction was at a good level (3.9/5). |

| TARGET | RESULT |
|--|--|
| Continuous development of employees and the scope of performance appraisals toward the target of 100 per cent. | The scope of performance appraisals 90%. |

Raisio's New Responsibility Programme 2019 - 2023

In 2018, Raisio outlined its new responsibility programme, the Good Food Plan for 2019 - 2023. Based on a stakeholder analysis, the new programme and its key targets were drawn up in cooperation with Raisio's different businesses. The Plan defines five themes in which Raisio wants to become a leader in responsibility: environmentally friendly packaging, healthy food, food professionals, climate change and carbon neutrality, and sustainable food.

The Good Food Plan is part of the Group's Healthy Growth Strategy; one of its goals is to be the leader in responsibility. The Plan sets ambitious goals for Raisio's responsibility work and the implementation began at the beginning of 2019.

Goals of Good Food Plan 2019-2023

Environmentally friendly packages

We will stop using plastic packages in our consumer products, and all our consumer product packages will be recyclable by 2023. We want to be a forerunner in environmentally packaged foods.

- We are looking for more environmentally friendly solutions to replace plastic packages
- We help consumers recycle packages by providing clearer recycling instructions
- We further enhance the recyclability of packages

Healthy Food

We make genuinely healthy food. In 2023, 80 per cent of our products will be healthy alternatives in their own categories.

- We develop Raisio's criteria for healthy food to make sure our products are in line with nutrition guidelines
- We especially focus on the healthiness of Benecol and Elovena products

- We have the ability to develop healthy foods to meet the growing international consumer demand

Food professionals

We strive for an excellent employee experience with support for healthy lifestyle.

- We support the well-being of our personnel by organising, for example, Health Days and training on nutrition
- We ambitiously promote well-being at work
- We reward our employees for a job well done
- We prepare a competence development plan for all Raisio employees

Climate change and carbon neutrality

We aim to have carbon neutral production by 2023. We continue our ambitious work to reduce our carbon footprint.

- We invest in carbon neutral energy solutions in our production plants
- We encourage our subcontractors to reduce their carbon dioxide emissions
- We increase the level of transparency about the environmental impact of our supply chain

Sustainable food

We promote the responsibility of our entire supply chain and expect commitment to respect human rights.

- We further improve the sustainability of our procurement
- We require transparency in the value chains of subcontracted products
- We assess human rights risks in our supply chain

Responsible Code of Conduct and Policies

Promoting responsibility and responsible way of operating are part of each Raisio employee's work. Raisio's vision and strategy guide Raisio's responsibility work and its priorities are defined in our Materiality Assessment. In addition, Raisio follows principles and policies defining responsible practices.

[Raisio Group Code of Conduct](#)

[Quality, Environment, Health and Safety Policy](#)

[Raisio Group Supplier Code of Conduct](#)

[Raisio's Privacy Statement](#)

[Raisio's Disclosure Policy](#)

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

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

In addition, Raisio has internal guidelines on anti-corruption and avoidance of conflict of interests.

Consultation related to the ethics and legality of operations

Ethical conduct is defined in the Raisio Code of Conduct on which the company organises staff training regularly. Online training on the Raisio Code of Conduct, available in three languages, is mandatory for everyone working at Raisio. At the end of 2018, 79 per cent of the staff had completed the training.

In the issues related to ethical and legal conduct, Raisio's employee can have support primarily from his/her own superior and the company's legal department.

Raisio has clear instructions for reporting abuse. The staff can report suspected or actual misconduct to the immediate superior or his/her superior. Employees can also report their suspicions of misconduct using a separate e-mail address; all the reports are investigated with absolute confidentiality, taking into account the requirements of local legislation.

Responsibility management model

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

| | |
|---|---|
| Board of Directors | Monitoring the implementation of responsibility and confirming the material themes |
| CEO | In charge of Raisio Group's Corporate Responsibility as part of the company's strategy. |
| Group Management Team | Regular progress review of the Responsibility Programme, i.e. Good Food Plan, and the Materiality Assessment. |
| Responsibility Project Teams | Project Teams of the Good Food Plan's 5 key projects: responsibility for the practical organisation and implementation of the measures, and for the goal achievement. |
| Group Communications and Corporate Responsibility | Managing and developing Raisio Group's corporate responsibility work and related practices. Consulting and helping the businesses to develop their responsibility in line with Raisio's Responsibility Programme. In charge of the responsibility reporting and communications. |

Continuous dialogue with stakeholders

Dialogue between Raisio and its stakeholders is an important part of the company's operations. The key themes of Raisio's responsibility work, i.e. Materiality Assessment, are revised annually on the basis of stakeholder dialogues. Continuous open interaction is a vital part of the management of Raisio's corporate responsibility.

At the end of 2017, Raisio carried out an extensive stakeholder analysis involving 1,400 consumers, customers, employees and investors from the company's key markets. Based on the results of the analysis, we drew up key themes for our responsibility programme for 2019 - 2023.

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

| STAKEHOLDER | WAY OF ENGAGEMENT |
|---|---|
| Personnel | Continuous and open interaction in the work community, performance appraisals, staff info, superior letters, intranet, opinion surveys, working groups |
| Consumers | Consumer service, product demonstrators, Sunnuntai and Elovena Clubs, social media, brand websites and sustainability communications online, newsletters, advertising, consumer surveys, PR |
| Customers (Healthy Food); e.g. retailers, wholesalers, bakeries and industry, catering, exports, partners | Direct customer contacts, websites, extranet, events, fairs and exhibitions |
| Customers (Raisioaqua) fish farmers | Direct contacts, events for producers, websites, customer magazine AquaMakasiini |
| Owners | Meetings, events, annual general meeting, stock exchange releases and publications, annual report and corporate responsibility report, financial reports, websites |
| Institutional investors and analysts | Roadshows, meetings and events for investors, Capital Markets Day, stock exchange releases and publications, financial reports, annual report and corporate responsibility report |
| Financiers | Meetings, stock exchange releases, publications, financial reports |
| Authorities | Meetings, influencing in organisations, Raisio's memberships |

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

Raisio's memberships of associations

Raisio plc or its subsidiaries are members of following associations:

- The Finnish Food and Drink Industries' Federation (ETL)
- ETS, Elintarviketieteiden Seura
- CLC, Climate Leadership Coalition
- FBTA, Finnish Business Travel Association
- FEFAC, European Feed Manufacturers' Federation
- Functional Foods Forum
- Food and Drink Federation (UK)
- Food Drink Ireland (IBEC)
- Gafta, The Grain & Feed Trade Association
- The National Emergency Supply Agency (NESAs)
- ICC, International Chamber of Commerce
- IGD - Institute of Grocery Distribution (UK)
- International Plant Sterols and Stanols Association (IPSSA)
- Water Protection Association of Southwest Finland
- VYR, The Finnish Cereal Committee
- Pro Ruis ry
- RTY, The Association of Clinical and Public Health Nutritionists in Finland
- RTRS, Roundtable of Responsible Soy
- RSPO, Roundtable on Sustainable Palm Oil
- The Association for Finnish Work
- FACG, The Finnish Anti-Counterfeiting Group
- Finnish Fish Farmer's Association
- The Finnish Oat Association
- LOGY, The Finnish Association of Purchasing and Logistics
- The Scientific Agricultural Society of Finland
- The Finnish Packaging Association
- STY, The Finnish Association for Industrial Property Rights
- Turku Chamber of Commerce
- Turun Kauppakorkeakouluseura ry
- Ålands Fiskodlarförening rf

Good food with responsible raw materials

Almost 90 per cent of raw materials Raisio uses are plant based. We determinedly develop the responsibility of procurement and ensure the ethics and eco-friendliness in the entire supply chain.

Main events in 2018

- 95 per cent of Raisio's subcontracting, raw materials and packaging were purchased from suppliers committed to the Raisio Supplier Code of Conduct.
- Environmental and social aspects were more closely integrated to the Raisio's auditing criteria.
- Raw material reporting was extended to also concern Raisio's brand products made by subcontractors.

From 2018 onwards, we report the raw materials used to manufacture our brand products, both for Raisio's own production and for the subcontractors. Previously, only palm oil, soy and cocoa were reported regarding the raw materials used by our subcontractors. Raisio requires procurement responsibility and traceability of raw materials from its subcontractors. All Raisio's subcontractors are located in Europe.

Raisio sees the ensuring and development of procurement responsibility important since many of the company's responsibility risks are related to the supply chain. The key means to promote supply chain responsibility include engaging suppliers with the Raisio Supplier Code of Conduct, auditing suppliers, ensuring traceability, reducing purchases from high-risk countries and using certified raw materials.

90% of raw materials plant-based.

We expect our suppliers to commit to the Raisio Supplier Code of Conduct. 95 per cent of Raisio's raw materials, subcontracting and packaging were acquired from suppliers who have confirmed in writing to comply with the Raisio Supplier Code of Conduct.

Raw materials used for Raisio's own brand products in 2018

Responsible grain

Grains form the Raisio Group's biggest raw material group. They are used, for example, for Elovena, Sunnuntai and Torino products and for fish feeds; in volume, they account for three quarters of all the Group's raw materials. Of grains, about 90 per cent is purchased from Finland, mainly directly from farmers. Raisio has worked closely together with farmers for 80 years already. In Finland, family-owned farms play the key role in the

grain production. Raisio purchases grain directly from farmers without any go-betweens. A short supply chain ensures grain traceability and transparency to primary production. Family-owned farms use very little external labour.

The majority of Finnish farms are part of the agri-environmental programme that includes binding regulations on the use of fertilisers and plant protection agents, among other things. The environmental responsibility of grain farms is also promoted by the conditions of EU subsidies regarding, e.g. biodiversity. Raisio's farming contract conditions prohibit the use of sewage sludge as a fertilizer and the use of glyphosate during the growing season.

Raisio analyses, for example, residues of plant protection products, heavy metals and mould toxins in its grains. Only the grains that pass strict standards of quality are approved as raw materials for foods. In 2018, Raisio introduced an audit programme for its contract farmers.

Risk assessment guiding the use of certified raw materials

In addition to grains, Raisio's important raw material groups include milk, fish meal, fish oil, oils and fats mainly purchased from long-term partners in Europe. A small part of Raisio's raw materials are only available from the higher-risk countries and then, a special attention is paid to the supplier's procedures.

The company's risk survey has shown that possible human right risks are related to the supply chain. For the assessment of human right risks related to its procurement, Raisio uses the BSCI's risk country classification that guides to procure from low-risk countries. In terms of human rights, most of Raisio's raw materials and services are purchased from low-risk areas, such as Finland and Central Europe.

Raisio has identified social, human rights and environmental risks related to the production of soy, palm oil and cocoa. Therefore, Raisio's policy is to use only responsibility certified soy, palm oil and cocoa.

In our fish feeds, we primarily use fishmeal made in Finland of the Baltic herring and sprat. According to the Natural Resources Institute Finland, the strong herring and sprat stocks in the Baltic Sea have been found to be sustainable, so the local feed production is not harmful to natural fish stocks.

Achievement of the targets set in the responsibility programme 2016-2018

| TARGET | RESULT |
|---|---|
| We will further develop the responsible procurement of our key raw materials. Raw materials that we use the most include grains, particularly oats and wheat. | 75% of raw materials for our own products were grains. Of grains, almost 90% was purchased from Finland, mainly directly from farmers. The Raisio Supplier Code of Conduct was incorporated into farming contracts. |
| We require all our suppliers to operate in line with the company's Supplier Code of Conduct. | 95% of raw materials, packages and subcontracting were acquired from suppliers committed to Raisio's Code in 2018. |

| TARGET | RESULT |
|--|--|
| We require our suppliers to complete a Supplier Self-Assessment Questionnaire at least every three years. | The conduct has been established throughout the Group. In 2017, we carried out an extensive project that included self-assessment questionnaires collected from suppliers. The questionnaire is part of the supplier's assessment process. |
| We continue to purchase Proterra or RTRS certified soy. | Goal achieved. Raisio has used certified soy since 2014. |
| We are committed to the use of GMO free raw materials. | Raisio's production chain of foods and fish feeds has always been GMO free. |
| We only use responsible palm oil. The responsibility of palm oil used in foods will be improved by transferring to the use of physically traceable palm oil. | Goal achieved. 100% responsibility certified palm oil in foods. The mass balance or segregated palm oil accounted for 60% of the palm oil used by Raisio in 2018. |
| We use only UTZ certified cocoa in our foods. | 80% of cocoa used by Raisio was UTZ certified in 2018. |
| We will further decrease our raw material acquisitions from the countries classified as risk countries. | We surveyed the raw materials acquired from risk countries according to the BSCI risk country classification in 2016. We acquire raw materials, whenever possible, from low-risk countries. |

Energy use, carbon dioxide emissions and material efficiency at the core of the environmental responsibility

Raisio takes environmental impacts into account widely in its operations and requires active efforts from its suppliers to minimise their environmental impact. In its environmental responsibility work, Raisio focuses on reducing energy consumption and carbon dioxide emissions, and on improving material efficiency. Climate change is the Group's most significant environmental risk.

Raisio reports the environmental impacts arising from its production for continuing operations. In 2018, Raisio had four production plants, all in Finland.

Raisio operates in accordance with the rules and regulations. No significant environmental damages were identified in the Group's offices and the Group received no fines or sanctions for violations of environmental legislation in 2018.

Raisio's production plants are not located in protected areas or in areas of high biodiversity value, or in their immediate vicinity. All Raisio's production plants have the ISO 14001 environmental certification.

Achievement of the targets set in the responsibility programme 2016-2018

| TARGET | RESULT |
|--|---|
| We will enhance the energy use. | Despite our energy efficiency actions, the total energy consumption increased in the review period. We continue our efforts to improve energy efficiency. |
| We will perform energy audits at all our production plants at least every two years. | Work in progress. |

| TARGET | RESULT |
|--|---|
| <p>We will analyse material efficiency in terms of raw materials and other production inputs. We will decrease waste at our production plants.</p> | <p>Raisio has been actively involved in developing the material efficiency commitment of the food industry. The side streams of Raisio's production, such as oat hull, are effectively utilised. We strive to minimise material losses.</p> |
| <p>We will only use recyclable materials in our product packages.</p> | <p>More than half of our packaging is made of recyclable carton and the rest is mainly plastics. The recyclability of plastic varies in different markets.</p> |
| <p>We continue to develop and commercialise innovations that benefit the environment and our customers.</p> | <p>The Baltic Blend fish feed innovation launched in 2016 proven to lower the fish farming's phosphorus load into waterways. It also recycles the Baltic Sea nutrients. Raisio's latest oat innovation, Elovena Muru Oat Mince rich in protein. Muru is an easy-to-use plant protein product.</p> |

Environmental impacts

Energy and carbon dioxide emissions

Improving energy efficiency and reducing carbon dioxide emissions are Raisio's key environmental goals. Raisio is involved in The Finnish Food and Drink Industries' Energy Efficiency Agreement. The company aims to reduce its total energy consumption by four per cent from the 2015 levels by the end of 2020.

In 2018, the total energy consumption rose by 3 per cent from 2017, partly due to the transfer of heat production to the company's own bioenergy plant. In 2018, Raisio's own energy production accounted for some 55 per cent of the company's total energy consumption.

Energy efficiency measures are taken in all Raisio's production plants and larger office buildings. For example, a condensate recovery system was expanded in Raisio's industrial area at the end of 2018. With the system, we can save both water and energy.

In 2018, Raisio's industrial area achieved carbon neutrality as a result of the bioenergy plant and carbon neutral electricity. In addition, the company's total carbon dioxide emissions decreased by 75 per cent from 2017. Of all the energy used by the Raisio Group, some 90 per cent was produced in a carbon-neutral way in 2018.

In Raisio's new responsibility programme, the carbon dioxide emission target is a four per cent decrease from the 2017 levels by the end of 2020 as well as carbon neutrality in the productions by the end of 2023.

Scope of reporting: The Group's continuing operations 2016 - 2018.

Carbon dioxide emissions 2016-2018

| | 2016 | 2017 | 2018 |
|--|--------|-------|-------|
| Direct CO ₂ e emissions, tonnes | 0 | 250 | 450 |
| Indirect CO ₂ e emissions, tonnes | 13,700 | 6,400 | 1,150 |
| Total CO ₂ e emissions, tonnes | 13,700 | 6,650 | 1,600 |
| CO ₂ e emissions t/tonne produced | 0.13 | 0.06 | 0.02 |

Raw materials and waste

All raw materials Raisio uses are renewable and almost 90 per cent of them are plant-based. More information about the company's raw materials can be found [here](#).

In 2018, Raisio actively participated in the preparatory work of the Food Industry's Material Efficiency Commitment in Finland and signed the commitment among the first companies at the beginning of 2019. In connection with the preparation of the commitment, Raisio explored the possibilities for monitoring and improving of material efficiency of its productions.

Material efficiency means efficient use of natural resources, better use of side streams, reduction of waste and prevention of emissions. Raisio's material efficiency work focuses on packaging made of renewable materials, reducing foodstuff and food waste, and making better use of production side and waste streams. All these actions together reduce Raisio's environmental impact.

Main part, 95 per cent, of the company's waste is recoverable. Raisio's goal is to increase waste recycling and not to produce landfill waste. In terms of landfill waste, the goal was not achieved in 2018 due to the small landfill waste amounts from the production plant renovation. The amount of recoverable waste has also increased. Raisio is actively looking for new uses for its current production waste streams.

Water

At Raisio, water is used, e.g. in the processes of production and district heating production. Most of the water used by Raisio is spent on the company's own energy production, i.e. the production of industrial steam. Industrial steam is widely used in our productions and heating of buildings. Water is used in small amounts for Raisio's productions. The specific water consumption for the whole Group is only about 1.5 m³ / per tonne of product.

Water usage is monitored regularly and the aim is to further reduce it. For example, Raisio invested in the condensate recovery system of industrial steam in 2018. The system brings savings in the consumption of both water and energy.

All Raisio's production plants are located in areas where water availability or pollution do not pose any problems. All Raisio's production plants get the water through the municipal water distribution.

Raisio's operations generate relatively small amounts of waste water, less than 0.5m³ /tonne of product. Wastewater is, however, defined as a significant environmental aspect for Raisio's industrial area where wastewater is treated in the company's own pre-treatment installation before being discharged to the municipal sewage network.

The pre-treatment installation also treats the wastewater of other companies located in Raisio's industrial area. The wastewater quality is monitored on a weekly basis and new, even more ambitious reduction targets were set on the wastewater volume.

The goal is to reduce the specific wastewater consumption by 5 per cent from the 2017 levels by the end of 2023.

Added social value with ecological and healthy Benella

Raisioaqua surveyed and modelled Benella's social impact. Benella's impact on the public health and its positive effects on the Baltic Sea nutrient load were identified as the key themes. Both directly support Benella's brand promise: Fish that is good for you.

The Benella Rainbow Trout feeding concept makes sure that the healthy EPA and DHA fatty acids are at least at recommended levels. In 2017, EPA and DHA fatty acids in Benella Rainbow Trout met the annual need of 152,000 Finns. Sufficient intake of good fatty acids reduces the risk of cardiovascular diseases and helps prevent significant costs to society caused by these diseases.

Benella restraining eutrophication in the Baltic Sea

Benella Rainbow Trout are fed with Raisio's Baltic Blend feeds. Finnish fish meal and oil made from the abundant Baltic herring and sprat are used as raw materials in these feeds. The use of Baltic herring and sprat as feed raw material significantly reduces the nutrient load from fish farming in the Baltic Sea. With the Baltic Blend's raw materials, more phosphorus is removed from the Baltic Sea than the entire Finnish fish farming produces, and the nitrogen load in waterways caused by fish farming is reduced by 75 per cent. With Benella Rainbow Trout farming, the amount of phosphorus removed from the Baltic Sea was equivalent to an annual load of 33,000 people in 2017.

By choosing Benella Rainbow Trout on a plate, consumers make a good choice for their health and for the Baltic Sea.

Healthy, balanced food

Consumers value their health. This is why we have determinedly developed our product range healthier. During our responsibility programme 2016-2018, we launched several healthy novelties and reduced the amount sugar and salt in our existing products.

Main events in 2018

- We achieved the healthiness target set on Raisio's products: 69 (65) per cent of our foods were healthy alternatives in their own categories, i.e. they met our healthiness criteria. Our goal in the responsibility programme was to have 2/3 healthy products at the end of 2018.
- Our oat innovation, Elovena Muru Oat Mince with plenty of fibre and protein was launched in the autumn 2018.
- The availability and recognition of the farmed, healthy Benella Fish improved significantly.

Raisio's strategic focus is on healthy and tasty food. With healthy food, Raisio relies on the generally approved concepts confirmed by the science of nutrition. We pay special attention to the good taste, amount of wholemeal and fibre, quality of fat and the amount of sugar and salt.

In the product development, we use the company's own category-specific healthiness criteria, in which all important health-related aspects are taken into account. The criteria are based on the expert group recommendations, such as the Heart Symbol and Nyckelhålet criteria.

Consumers face flow of information related to food healthiness, which may cause uncertainty about healthy choices; Raisio has identified this as a risk related to the healthiness of food. Raisio communicates responsibly on nutrition and product healthiness in line with the nutrition recommendations.

Raisio has cholesterol-lowering Benecol products and grain-based Elovena, Nalle, Sunnuntai, Provena, Torino and Nordic products. The company's key brands are Benecol and Elovena; their brand promise is strongly health-related. Furthermore, healthy and eco-friendly Benella Fish is produced using Raisioaqua's fish feeds.

Benecol products are proven to lower cholesterol safely and effectively. Good properties of Elovena products are based on nutritionally versatile wholemeal oat with nutrients in a suitable proportion: carbon hydrates, protein, fat, minerals and vitamins B.

New products 2018

- Elovena Muru Oat Mince is a convenient product with plenty of protein and fibre.
- Thanks to protein and oats, Elovena instant porridges keep hunger at bay for a long time.
- Cholesterol-lowering Benecol Greek Style yogurts are suitable for cooking and snacking.
- Benecol snack bars are a convenient, easy way to lower cholesterol.

Cooperation with organisations

- Raisio collaborates with several organisations promoting heart health, such as European Atherosclerosis Society, Heart UK and Finnish Heart Association.
- Raisio and the Finnish Athletics Federation (SUL) continued their long-term cooperation in the children's nutrition and physical education. Elovena Power Days were organised in primary schools around Finland.

Achievement of the targets set in the responsibility programme 2016-2018

| TARGET | RESULT |
|--|---|
| 2/3 of our foods are healthier alternatives in their own categories. | 69% of our foods were healthy alternatives in their own categories at the end of 2018. |
| We develop fish feed innovations promoting well-being of people and animals. | Benella Fish launched in 2016 is fed using Raisio's feeding concept ensuring the recommended levels of good EPA and DHA fatty acids in the fish. Farming of Benella Fish reduces significantly the nutrient load from fish farming in the Baltic Sea. |

Product safety is our top priority

Product safety is ensured in all stages of the supply chain from the product development and procurement to the production and distribution. The quality and safety of products are enhanced with certifications, audits, staff training and effective processes.

Main events in 2018

- The product quality was at a good level and there was no need for any public product recalls.
- In our own and our subcontractors' production plants, several external and internal audits were conducted related to the certification, product quality and traceability of raw materials.

Raisio aims to produce safe products of high-quality so that there is no need to make any product recalls. However, if a quality problem is detected in a product, the recall is made without delay and reasons leading to the situation are examined carefully.

Certifications of Raisio's production sites

- Quality Management System ISO 9001
- Environmental Management System ISO 14001
- The BRC certification of product safety and quality at the food production plants
- Organic production certificate at the food production plants
- Kosher certificate at the food production plants
- Kosher and halal certificates in the Benecol ingredient production
- RSPO Supply Chain certificate at the Nokia mill

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

Achievement of the targets set in the responsibility programme 2016-2018

| TARGET | RESULT |
|---|--|
| We will maintain the BRC certification at our food sites. | Goal achieved. |
| Raisioaqua aims at an excellent recipe accuracy in its feeds. | Recipe accuracy and product quality have improved, for example, with the investment made at the fish feed factory. |
| The number of recalls will be zero. | Goal achieved. |

Elovena Muru Oat Mince is Raisio's latest innovation

Raisio launched a new oat innovation in Finland in the autumn 2018. Elovena Muru Oat Mince is a convenient product with plenty of protein and fibre. This new, healthy plant protein suits flexitarians and vegans. Elovena Muru Oat Mince contains 41 per cent of oat, which is clearly more than in other plant protein products.

In addition to Finnish oat, Elovena Muru Oat Mince has only four other raw materials: pea protein, potato protein, salt and water. Elovena Muru is rich in fibre and contains as much protein as minced meat. The product is made in Finland.

Elovena Muru has a neutral flavour and can be used quite in the same way as minced meat; it is ideal to anyone who wants to increase the share of plant-based food in their diet. For example, Elovena Muru can replace part of minced meat in the recipe.

Use Elovena Muru Oat Mince like minced meat

Interest in plant proteins on the rise

Interest in plant-based food is rising sharply. Raisio's consumer study showed that many consumers want to increase the share of plant-based food in their diet and already more than half of the households have bought meat-free protein products. In 2017, sales in plant protein products in Finland totalled some EUR 17 million.

Oat demand also continues to boom. For example, sales in Raisio's Elovena products have tripled over the past ten years. With Elovena Muru Oat Mince, Raisio has gained a strong foothold in the rapidly growing market of plant protein products.

Plenty of fibre and protein

Further information on Elovena Muru Oat Mince: www.muru.fi

Well-being and safety at work

In 2018, we enhanced work well-being by defining new values together with the whole staff: courage, fairness and drive. We build new Raisio together, and our values guide us toward our target culture. Work safety was improved by collecting preventive safety observations and by developing our activities in line with them.

Main events in 2018

- Employees participated in value workshops and many discussions related to the definition of values.
- Predictive work safety indicators were introduced; these indicators helped us focus on the prevention of workplace accidents.

Raisio promotes workplace well-being by focusing on good leadership practices and supervisory work, effective interaction and internal communications, as well as in the promotion of a good, confidential working environment. Work well-being is measured every second year through the personnel survey. The next survey will be conducted in 2019. Based on the previous survey, the development projects started were continued in 2018.

Raisio's new values create the foundation for all our work and guide the decision-making. The implementation of values is annually assessed through, for example, performance appraisals and personnel surveys. Raisio's leadership principles were defined to support value-based activities in practice. Our superiors were trained on the principles of leadership. In their performance appraisals, superiors self-assess their activities in relation to these principles.

Work safety culture strengthened

Accident prevention is the priority of Raisio's safety work. In 2018, the company's work safety culture was further strengthened through many safety trainings. The training focus was on the reporting of proactive measures, such as safety observations and near miss cases, and on the importance of corrective actions in the safety work. The company introduced a new tool for safety reporting that makes the organisation and reporting of safety work faster and easier. The tool helps us react more quickly especially to the proactive observations and thus, contribute to safety.

We make annual action plans to improve workplace safety. Raisio has well-functioning safety organisations. In addition, we conduct occupational health and safety inspections and rounds and we investigate each accident in accordance with our guidelines.

Achievement of the targets set in the responsibility programme 2016-2018

| TARGET | RESULT |
|--------|--------|
|--------|--------|

| TARGET | RESULT |
|--|---|
| Continuous reduction in the frequency of workplace accidents | The number of accidents has decreased. In 2018, proactive safety indicators were introduced and safety culture was further developed. |
| Continuous reduction in sickness absences | Goal achieved. The average number of sickness absences 2.0% of theoretical working time in 2018. |
| Improved employee satisfaction | No comparable results available. In the latest survey in 2017, employee satisfaction was at a good level (3.9/5). |
| Continuous development of employees and the scope of performance appraisals toward the target of 100 per cent. | The scope of performance appraisals 90%. |

Raisio's personnel 2018

Raisio's long-term strategic goal is to be an attractive employer. In 2018, we laid the foundation for the company's future success by, for example, defining our purpose and values and by drawing up a new strategy and responsibility programme.

Main events in 2018

- Raisio Group employed 319 people at the end of 2018. Compared to 2017, the number of employees decreased due to the cattle feed business divestment.
- 79 percent of the personnel had completed the online training on the Raisio Code of Conduct.

At the end of 2018, the Raisio Group's continuing operations employed 319 people (399, the comparison figure includes the divested cattle feed business treated as a discontinued operation). The Healthy Food Division had 251 (248), Raisioaqua 20 (17) and service functions 48 (61) employees. At the end of 2018, a total of 22 (19) per cent of the personnel worked outside Finland. Raisio's wages and fees for continuing operations in 2018 totalled EUR 23.1 (24.0) million including other personnel expenses. The ratio of CEO's pay to that of the average worker in continuing operations was 8:1. When Raisio's cattle feed business was divested, 70 employees transferred to the new owner.

At the beginning of the year, the Group's organisational structure and resources were directed to boost growth. In February, the company started statutory cooperation negotiations in Finland, concerning 115 employees, in order to secure its competitiveness and profitability. The negotiations concerned the Group services as well as the Healthy Food Division's marketing, product development and finance department. The negotiations resulted in the termination of 20 employments. The terminations were carried out through retirements, voluntary arrangements and redundancies, and through the termination of fixed-term employment contracts. In addition, eight employments were terminated in connection of the improvement of Polish operations. New recruitments were made, e.g, for the marketing targeted at healthcare professionals.

Raisio complies with the regulations of the International Labour Organization (ILO) and with local collective agreements, regulations and laws related to work in the countries where the company operates. At Raisio, 52 per cent of the personnel are within collective agreements. HR management is also guided by internal policies and plans for, e.g. competence development and equality.

The Raisio Code of Conduct guides our daily work and define our unified way of working. The online training on the Code of Conduct is available in Finnish, English, Polish and Russian. The entire staff are expected to complete the training.

In terms of social and HR matters, Raisio considers workplace accidents and the stability and availability of competent workers as its major risks. Risks are managed by developing the occupational safety culture and by determinedly promoting competence management and well-being at work.

Raisio's new values guide towards the target culture

Together, we are building the new Raisio: Raisio's purpose defined in 2018 sets us a clear direction. Raisio's new values – courage, fairness and drive – guide us towards our target culture; they help us decide whether our choices are ok: do we work with courage, fairness and drive? To implement our purpose and strategy, we need to operate in line with our values.

Values create the basis for all our work and guide the decision-making. All Raisio staff participated in the value work. In the workshops, Raisio's employees talked about the drafts prepared by the management and presented their own value proposals they considered important.

Raisio's values were prepared based on the results of these workshops; the values that show the common understanding of the entire staff. Courage, fairness and drive were chosen as Raisio's values.

Leadership principles support the implementation of values

Raisio's leadership principles were defined to support the value-based activities in practice. Raisio's leadership principles are the Reformer, Bridge-BUILDER, Leader by Example, Guide and Success Enabler.

Our leadership principles define the ways of leading at Raisio. Our superiors and managers are provided with training on the leadership principles.

Everyone at Raisio is committed to work in line with the set values. The implementation of values is annually assessed through performance appraisals and personnel surveys.

Raisio's values

Courage

We have ambitious goals and the courage to boldly pursue them. We want to succeed together and we encourage each other. Close cooperation enables better results. We dare to seize opportunities, to make bold decisions and to learn through experience. We have a positive can-do attitude.

Fairness

We act fairly and honestly. Our open and consistent way of working reinforces trust. What we say is what we do. We also dare to address difficult issues, and feedback moves us forward. We respect each other and value each other's work.

Drive

We have a desire to succeed. Opportunities and challenges inspire us. A good working atmosphere is based on respect and humanity. Good leadership, engagement and commitment drive better performance. Our success motivates us, and we thank people for a job well done.

Financial responsibility

Information about Raisio's financial performance:

[Raisio's financial review](#)

[Raisio's Financial Statements 2018](#)

Reporting period and the scope of reporting

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

Raisio's Corporate Responsibility Report includes the effects of the Group's own operations. We report on corporate responsibility once a year in connection with the Annual Report. This report concerns the financial period of 2018. Raisio's previous Corporate Responsibility Report was published in March 2018.

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

Contact information

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

GRI index

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

| CODE | GRI CONTENT | LOCATION | FURTHER INFORMATION | UN GLOBAL COMPACT |
|--------|--|--|---------------------|-------------------|
| | Organisation profile | | | |
| 102-1 | Name of the reporting organisation | Scope of reporting | | |
| 102-2 | Primary brands, products and service | Healthy Food Benecol Elovena Raisioaqua | | |
| 102-3 | Location of the organisation's headquarters | Scope of reporting | | |
| 102-4 | The countries where the organisation operates | Healthy Food Raisioaqua | | |
| 102-5 | Nature of ownership and legal form | Corporate governance | | |
| 102-6 | Markets served | Healthy Food Raisioaqua | | |
| 102-7 | Scale of the organisation | Financial Statements | | |
| 102-8 | Information on employees and other workers | Personnel | | |
| 102-9 | Supply chain | Diverse value chain | | |
| 102-10 | Significant changes to the organisation and its supply chain | Financial Statements | | |
| 102-11 | Precautionary principle or approach | Risk management | | |
| 102-12 | External initiatives | Code of Conduct and policies | | |

| CODE | GRI CONTENT | LOCATION | FURTHER INFORMATION | UN GLOBAL COMPACT |
|--------|--|---|---------------------|-------------------|
| 102-13 | Memberships of associations | Memberships of associations | | |
| | Strategy | | | |
| 102-14 | Statement from the senior decision-maker | Chief Executive's review | | x |
| 102-15 | Key impacts, risks and opportunities | Responsibility management Diverse value chain | | |
| | Ethics and integrity | | | |
| 102-16 | Values, principles, standards and norms of behaviour | Code of Conduct and policies | | x |
| 102-17 | Mechanisms for advice and concerns about ethics | Code of Conduct and policies | | x |
| | Governance | | | |
| 102-18 | Governance structure | Corporate governance Responsibility management model | | |
| 102-19 | Delegating authority | Corporate governance Responsibility management model | | |
| 102-20 | Executive-level responsibility for economic, environmental and social topics | Responsibility management model | | |
| 102-21 | Consulting stakeholders | Continuous dialogue with stakeholders | | |
| 102-22 | Composition of the highest governance body | Board of Directors | | |

| CODE | GRI CONTENT | LOCATION | FURTHER INFORMATION | UN GLOBAL COMPACT |
|--------|---|---|---------------------|-------------------|
| 102-23 | Chair of the highest governance body | Board of Directors | | |
| 102-24 | Nominating and selecting the highest governance body | Corporate Governance Statement | | |
| 102-25 | Conflicts of interest | Corporate Governance Statement | | |
| 102-26 | Role of the highest governance body in setting purpose, values and strategy | Corporate Governance Statement Responsibility management model | | |
| 102-27 | Collective knowledge of the highest governance body | Corporate Governance Statement | | |
| 102-28 | Evaluating the highest governance body's performance | Corporate Governance Statement | | |
| 102-29 | Identifying and managing economic, environmental and social impacts | Materiality assessment | | |
| 102-30 | Effectiveness of risk management processes | Responsibility management model | | |
| 102-31 | Review of economic, environmental and social topics | Responsibility management model | | |
| 102-33 | Communicating critical concerns | Responsibility management model Code of Conduct and policies | | |
| 102-35 | Remuneration policies | Remuneration Statement | | |
| 102-36 | Process for determining remuneration | Remuneration Statement | | |

| CODE | GRI CONTENT | LOCATION | FURTHER INFORMATION | UN GLOBAL COMPACT |
|--------|--|--|---------------------------------------|-------------------|
| 102-38 | Annual total compensation ratio | Personnel | | |
| | Stakeholder engagement | | | |
| 102-40 | List of stakeholder groups | Continuous dialogue with stakeholders | | |
| 102-41 | Collective bargaining agreements | Personnel | | |
| 102-42 | Identifying and selecting stakeholder | Continuous dialogue with stakeholders | | |
| 102-43 | Approach to stakeholder engagement | Continuous dialogue with stakeholders | | |
| | Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Financial Statements | | |
| 102-46 | Defining report content and topic boundaries | Materiality assessment | | |
| 102-47 | List of material topics | Materiality assessment | | |
| 102-48 | Restatements of information | No restatements. | | |
| 102-49 | Changes in reporting | No significant changes in the scope and aspect boundaries. | Raisio reports continuing operations. | |
| 102-50 | Reporting period | Scope of reporting | | |
| 102-51 | Date of the most recent report | Scope of reporting | | |
| 102-52 | Reporting cycle | Scope of reporting | | |
| 102-53 | Contact point for questions regarding the report | Scope of reporting | | |

Raisio Annual Review / Scope of reporting / GRI Standards index

| CODE | GRI CONTENT | LOCATION | FURTHER INFORMATION | UN GLOBAL COMPACT |
|--------|--|-----------------------------------|---|-------------------|
| 102-54 | Claims of reporting in accordance with the GRI Standards | GRI Index | | |
| 102-55 | GRI content index | GRI Index | | |
| 102-56 | External assurance | GRI Index | | |
| | Economic impacts | | | |
| 201-1 | Direct economic value generated and distributed | Financial responsibility | | |
| 204-1 | Proportion of spending on local suppliers | Sustainable food chain | We report grain purchases from Finnish farmers. | |
| 205-2 | Communication and training about anti-corruption policies and procedures | Financial Statements Personnel | | x |
| | Environmental impacts | | | |
| 301-1 | Materials | Sustainable food chain | We report raw materials used in our products. | x |
| 302-1 | Energy consumption | Environmental impacts | | x |
| 302-3 | Energy intensity | Environmental impacts | | |
| 302-4 | Reduction of energy consumption | Environmental impacts | | x |
| 303-1 | Water consumption | Environmental impacts | | x |
| 304-1 | Operational sites in areas of high biodiversity value | Environmental responsibility | | x |
| 305-1 | Direct GHG emissions | Environmental impacts | | x |
| 305-2 | Energy indirect GHG emissions | Environmental impacts | | x |

| CODE | GRI CONTENT | LOCATION | FURTHER INFORMATION | UN GLOBAL COMPACT |
|-------|--|---|---|-------------------|
| 305-4 | GHG emissions intensity | Environmental impacts | | x |
| 305-5 | Reduction of GHG emissions | Environmental impacts | | x |
| 306-1 | Water | Environmental impacts | | x |
| 306-2 | Waste | Environmental impacts | | |
| 307-1 | Non-compliance with environmental laws and regulations | Environmental responsibility | | x |
| | Social impacts | | | |
| 401-1 | New employees hires and employee turnover | Personnel | | x |
| 403-2 | Injuries and occupational diseases | Workplace safety and well-being Personnel | No distribution by gender. | x |
| 404-3 | Development discussions | Personnel | | x |
| 405-1 | Diversity of governance bodies and employees | Personnel | No distribution by gender. | x |
| | Food processing, sector disclosures | | | |
| FP1 | Compliance with responsible procurement principles | Sustainable food chain | | x |
| FP2 | Certified raw materials | Sustainable food chain | Raisio reports on use of responsibility certified raw materials | x |
| FP5 | Products manufactured in certified sites | Product safety | | |

Corporate Governance

Raisio plc complies with the Finnish Corporate Governance Code (2015) approved by the Securities Market Association. At the end of 2018, Raisio plc had 36,448 registered shareholders. At the end of 2018, foreign ownership in the Company amounted to 23.4 per cent.

The Annual General Meeting (AGM) is the Company's highest decision-making body. It meets annually by the end of April to decide on the matters within its responsibilities.

The Board consists of a minimum of five and a maximum of eight members elected by the AGM. Their term begins at the end of the AGM at which the election takes place and lasts until the end of the following AGM.

- The Board has established a Remuneration Committee to enhance the preparation of remuneration and nomination matters pertaining to the Board.
- The Board of Directors has appointed an Audit Committee in order to enhance the preparation of matters related to financial reporting and control under the Board's responsibility.

The Supervisory Board consists of a minimum of 15 and a maximum of 25 members, whose term begins at the AGM at which the election takes place and ends at the end of the third AGM following the election. One-third of the members are replaced every year.

- The Supervisory Board has set up a Nomination Committee to prepare matters concerning the appointment and rewarding of members of the Board of Directors.

Raisio plc's CEO runs the company's day-to-day administration in accordance with the Board's guidelines and regulations and in line with the targets set by the Board, as well as ensures that the company's accounting complies with legislation and that its asset management arrangements are reliable.

The Group's Executive Committee coordinates the Group's operations and defines Group-level operating objectives, policies and processes. It prepares the Group strategy, supervises its implementation and assists the CEO in preparing decision proposals to the Board on matters concerning the entire Group.

Internal control, risk management, internal auditing and insider administration

- Raisio's internal control is based on the Group's values and policies.
- Risk management is defined as an activity aimed at identifying and assessing significant external and internal uncertainties that may threaten the strategy implementation and target achievement.
- Raisio has opted to include internal auditing tasks in the duties of the Group's financial administration and business controllers, who report to the Group's CFO on matters related to risk management, internal control and audit.
- Raisio's insider administration is organised in accordance with the Nasdaq Helsinki Ltd's (Helsinki Stock

Exchange) Insider Guidelines (2018).

- Raisio has a procedure and communication channel providing the Group employees an opportunity to represent their concerns or observations through an independent channel, anonymously if required.

Information to shareholders

Annual General Meeting (AGM)

Raisio plc's Annual General Meeting will be held on Tuesday 19 March 2019 at 14.00 (2 p.m.) Finnish time at the Turku Fair and Congress Centre. The address is Messukentänkatu 9-13, 20210 Turku, Finland.

Registration

A shareholder who, no later than 7 March 2019, has been entered as a shareholder in the Company's shareholders register kept by Euroclear Finland Ltd. has the right to participate in the Annual General Meeting. A shareholder who wishes to participate in the Annual General Meeting shall inform the Company about his/her participation no later than Tuesday 12 March 2019 at 15.00 (3 p.m.) Finnish time, either:

- through the Group's website <https://www.raisio.com/en/agm>;
- by e-mail to [osakaspalvelu\(at\)raisio.com](mailto:osakaspalvelu(at)raisio.com);
- by telephone +358 50 386 4350 (from Monday to Friday from 9 a.m. to 3 p.m.) 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 or representative, and his/her name and identity number.

Dividend

The Board of Directors proposes to the General Meeting that a dividend of € 0.16 be paid per each restricted and free share, including an extra dividend of € 0.04 per each restricted and free share. Dividend will be paid on 3 April 2019 to the shareholders entered in the list of owners kept by Euroclear Finland Ltd. on the record date 21 March 2019.

Change of address

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

Raisio's financial reviews in 2019

| PUBLICATIONS | PUBLICATION DATES |
|------------------------------------|-------------------------|
| Interim Report January-March 2019 | Wednesday 8 May 2019 |
| Half-Year Report January-June 2019 | Wednesday 7 August 2019 |

| PUBLICATIONS | PUBLICATION DATES |
|---------------------------------------|---------------------------|
| Interim Report January-September 2019 | Wednesday 6 November 2019 |

Financial information

Raisio publishes its interim reports, half-year report, financial statements bulletin, annual review, corporate responsibility report and stock exchange releases and press releases in Finnish and in English. Raisio's annual review will be published on line. Corporate Responsibility Report is part of Raisio's annual review.

Financial reports and releases can be found on Raisio's website www.raisio.com under heading Newsroom.

Subscribe releases

You can subscribe Raisio's releases to your e-mail using the link www.raisio.com/en/subscribe-releases.

Board of Directors 31 December 2018

Chairman

Ilkka Mäkelä

Born: 1957

Place of residence: Punkalaidun, Finland

Education: Mechanical Engineer, eMBA

Key employment history: Saarioinen Ltd: CEO 2007-2016, Artekno Oy: Chairman of the Board of Directors 2011-2016, Saarioinen Eesti Ou: Chairman of the Board of Directors 2007-2016,

Saarioisten Säilyke Ltd: CEO 1992-2006, Plant Manager 1992-1997, Saarioinen Ltd: Production Manager 1985-1992, Nokia Kaapeli: Production Engineer 1981-1985

Board membership: Member since 2017, Chairman since 21 March 2018

Other simultaneous positions of trust: Eräkontti Oy: Chairman of the Board of Directors, D.J. Waden Fund: Member of the Board of Directors, 4H Foundation: Chairman of the Board, Kalaneuvos Oy: Chairman of the Board, Finland Chamber of Commerce: Member of the Redemption Board, Suomen Metsästäjäliitto: Deputy Chairman of the Board of Directors, The Unemployment Insurance Fund: Member of the Supervisory Board, Sallila Energy Ltd: Member of the Supervisory Board

Meeting attendance: Board 19/19, Remuneration Committee 3/3, Audit Committee 6/6

Holdings in Raisio: series V 15,544

Deputy Chairman

Kari Kauniskangas

Born 1962

Place of residence: Helsinki, Finland

Education: M.Sc.(Econ)

Key employment history: Fiskars Oyj Abp: CEO 2008-2017, Amer Sports Oyj Abp: President of winter and outdoor division 2007, Chief of sales and distribution 2004-2007, Amer Sports Europe GmbH: CEO 1999- 2004

Board membership: Member and Deputy Chairman since 21 March 2018

Other simultaneous positions of trust: Royal Design Group Holding AB: Member of the Board of Directors, O.Mustad & Son A.S.: Chairman of the Board of Directors, Veho Oy Ab: Member of the Board of Directors, L-Fashion Group Oy: Member of the Board of Directors, Antti Ahlström Perilliset Oy: Member of the Board of Directors

Meeting attendance: Board 15/15, Audit Committee 4/4

Holdings in Raisio: series V 1,969

Erkki Haavisto

Farmer

Born 1968

Place of residence: Raisio, Finland

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

Key employment history: Farm owner 1993 -

Board membership: Member since 2004

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

Meeting attendance: Board 19/19, Remuneration Committee 6/6

Holdings in Raisio: series K 364,940 and series V 148,653

Leena Niemistö

Vice Chairman of the Board, Pihlajalinna plc

Born 1963

Place of residence: Helsinki, Finland

Education: MD, Specialist in Physical and Rehabilitation Medicine

Key employment history: Pihlajalinna Plc: Deputy CEO, EVP in Private Clinics and Specialized Care 2013-2016, Senior Advisor 2016-2017, Dextra Oy: CEO 2003-2016, Orton Oy: Specialist

in Physical and Rehabilitation Medicine 1997-2004

Board membership: Member since 2017

Other simultaneous positions of trust: Stockmann Plc: Vice Chairman of the Board of Directors and member of the Nomination and Remuneration Committee, Pihlajalinna Plc: Vice Chairman of the Board of Directors and Member of the Audit Committee, Elisa Plc: Member of the Board of Directors and of Nomination and Remuneration Committee, The Finnish Fairs Corp: Member of the Board of Directors, Finnish National Opera and Ballet s.r.: Chairman of the Board, Finnish National Opera and Ballet s.r.: Chairman on the Board of Directors, Henna and Pertti Niemistö Art Foundation Ars Fennica s.r.: Vice Chairman of the Board of Directors and Chairman of the Jury, National Defence Course Association: Member of the Board of Directors, Finnish Cultural Foundation s.r.: Member of the Supervisory Board, Finnish Medical Foundation s.r.: Member of the Advisory Board, Scout Foundation (Finland): Member of the Advisory Board, Research foundation for Orthopaedics and Traumatology s.r.: Member of the Supervisory Board

Meeting attendance: Board 19/19, Audit Committee 5/6

Holdings in Raisio: series V 3,574

Ann-Christine Sundell

Senior Advisor

Born 1964

Place of residence: Parainen, Finland

Education: MSc, Biochemistry

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

Board membership: Member since 2015

Other simultaneous positions of trust: Revenio Group Oyj: Member of the Board of Directors, Medix Biochemica Group Oy: Chairman of the Board of Directors, Serres Oy: Chairman of the

Board of Directors, Ledil Oy: Member of the Board of Directors, Ledil Group Oy: Member of the Board of Directors, Immunovia Ab (Sweden): Member of the Board of Directors and Chairman of the Remuneration Committee, Blueprint Genetics Oy: Member of the Board of Directors, Biocartis Group NV (Belgium): Member of the Board of Directors and Remuneration

Committee

Meeting attendance: Board 19/19, Remuneration Committee 6/6

Holdings in Raisio: series V 6,343

Supervisory Board 31 December 2018

| MEMBER | DOMICILE (FINLAND) | MEMBER SINCE | END OF TERM |
|--|-----------------------|---------------|----------------|
| Paavo Myllymäki, <i>Chairman</i> , born 1958 | Mynämäki | 1998 | 2020 |
| Holger Falck, <i>Deputy Chairman</i> , born 1957 | Sipoo | 2006 | 2021 |
| Henrik Brotherus, born 1981 | Hausjärvi | 2017 | 2020 |
| Mårten Forss, born 1955 | Kemiönsaari | 2015 | 2021 |
| Timo Himberg, staff representative, born 1969 | Raisio | 21 March 2018 | 2021 |
| John Holmberg, born 1964 | Raasepori | 2016 | 2019 |
| Mikael Holmberg, born 1961 | Parainen | 2012 | 2021 |
| Kimmo Inovaara, born 1968 | Hämeenlinna | 21 March 2018 | 2021 |
| Heikki Keisari, born 1959 | Harjavalta | 2006 | 2021 |
| Markku Kiljala, born 1971 | Reisjärvi | 2012 | 2021 |
| Timo Könttä, born 1968 | Masku | 2011 | 2020 |
| Linda Langh, born 1983 | Kaarina | 2016 | 2019 |
| Tuomas Levomäki, born 1971 | Loimaa | 2015 | 2021 |
| Juha Marttila, born 1967 | Simo | 2013 | 2020 |
| Ilkka Mattila, born 1962 | Pori | 2017 | 2020 |
| Jukka Niittyoja, born 1966 | Ylöjärvi | 2016 | 2019 |
| Yrjö Ojaniemi, born 1959 | Lapua | 2002 | 2020 |
| Olli-Pekka Saario, born 1957 | Turku | 2017 | 2020 |
| Juha Salonen, born 1973 | Kaarina | 2010 | 2019 |
| Jari Sankari, staff representative, born 1957 | Kaarina | 2007 | 2021 |
| Matti Seitsonen, born 1975 | Kouvola | 2016 | 2019 |

| MEMBER | DOMICILE (FINLAND) | MEMBER SINCE | END OF TERM |
|---|-----------------------|--------------------|----------------|
| Urban Silén, born 1959 | Salo | 2003 | 2019 |
| Mervi Soupas, born 1968 | Sauvo | 2013 | 2019 |
| Tuomas Virsiheimo, staff representative, born 1972 | Lempäälä | 1 December 2018 | 2021 |
| Tapio Ylitalo, born 1955 | Turku | 2006 | 2021 |

Management Team 31 December 2018

Pekka Kuusniemi

Born: 1968

Place of residence: Raisio, Finland

Education: M.Sc. (Econ.)

Position at Raisio: President and CEO, Raisio plc

Key employment history: Raisio plc 2017-; Hansa Armaturen GmbH, Germany 2014-2017: CEO; Oras Group: President & CEO 2008-2017, Sales and Marketing Director 2006-2007, Marketing Director 2002-2006; Tunturi Oy Ltd 1998 - 2001; R.J. Reynolds Finland Oy 1996-1998; Unilever Finland Oy Lever 1994-1996

Executive Committee membership: member since 2017

Positions of trust: Finnish Food and Drink Industries Federation: Member of the Board of Directors; Turku Chamber of Commerce: Member of the Board of Directors, Rettig ICC Oy Ab: Member of the Board of Directors, Varma Mutual Pension Insurance Company: Member of Supervisory Board, The Finnish Naval Reserve: Member of Supervisory Board

Holdings in Raisio: series V 30,000*

Iiro Wester

Born: 1963

Place of residence: Espoo, Finland

Position at Raisio: CCO, Healthy Food Unit

Key employment history: Raisio plc 2018-, Saarioinen Oy 2017 - 2018: Executive Vice President, Customer Experience and New Markets; Valio Oy 2014 - 2016: Executive Vice President, Sales; Valio Sverige Ab 2012 - 2014: Managing Director; Posti/Itella 2006 - 2012: Marketing management, Cloetta Fazer Ab 1999 - 2006: Marketing management, Fazer Suklaa Oy 1997 - 1999: Marketing management

Executive Committee membership: Member from 1 September 2018

Positions of trust: -

Holdings in Raisio: series V 6,000*

Jukka Heinänen

Born: 1972

Place of residence: Espoo, Finland

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

Position at Raisio: COO, Healthy Ingredients Unit and Operations

Key employment history: Raisio plc 2017-; Teknos Group Ltd 2011-2016: CEO and 2007-2016: Director, production and logistics; Huhtamäki plc 2005-2006: Plant manager

Executive Committee membership: member since 2017

Positions of trust: -

Holdings in Raisio: series V 5,000*

Sari Koivulehto-Mäkitalo

Born: 1974

Place of residence: Masku, Finland

Education: Master of Laws, trained on the bench

Position at Raisio: Vice President, Legal Affairs

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

Executive Committee membership: member since 2013

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

Holdings in Raisio: series V 31,959 *

Merja Lumme

Born: 1961

Place of residence: Masku, Finland

Education: Engineer, eMBA

Position at Raisio: Vice President, Human Resources

Key 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.

Executive Committee membership: Member since 2003

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

Holdings in Raisio: series V 147,343 *

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