



RAISIO

ANNUAL REPORT

2009

YOU DECIDE WHAT YOU EAT

Ecology, responsibility and consumer orientation form the foundation of Raisio's operations. The only way for companies to ensure their operating conditions in the future is by acting responsibly, in line with the principles of sustainable development and by saving environmental resources. Basic demand remains stable, and future prospects are good for companies that are able to offer pleasure, healthiness, environmental friendliness, high quality and safe products. Thanks to its sufficient land area and water supplies, Finland will offer good opportunities for versatile food production also in the future.

Consumer readiness and the wish to make a difference through sustainable consumption choices are increasing fast. We at Raisio have responded to the global climate challenge and to the consumers' wishes by developing labels indicating the carbon footprint and overall water consumption of food products. As a result, everyone can easily find practical information on the impacts of their food choices. Raisio is expanding carbon and water footprint labelling on its products.

**Our task at Raisio is to
look into the future and see
what does not yet exist.**



By favouring a plant-based diet, you also lessen your own impact. When food not only gives you a good feeling and a clear conscience, but also tastes delicious, the choice is easy. In our operations, we follow the principle of continuous improvement. We encourage both our personnel and also our co-operation partners to realise the significance of small steps.

**Well-being and happiness
are daily luxuries.**

Changes in the global operating environment and development trend have proven that Raisio, as a pioneer, is heading in the right direction. The Group's Business to Business Division boosts the competitiveness of the Finnish food chain by also offering more environmentally friendly solutions to the milk and meat chain, in order to meet the consumers' growing needs, thus making the entire Finnish farm animal chain more competitive. The product range of Raisio's strong and well-known brands will be expanded according to consumers' and customers' wishes.

Raisio ensures growth by combining ecology, healthiness and nutrition suitable for an active lifestyle, in a way that satisfies the needs of consumers and customers.



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RAISIO GROUP IN BRIEF

Raisio is a forerunner in the food and feed industries and a specialist in plant-based foods. Raisio's main products are foods and functional food ingredients, as well as feeds and malts. Plant-based raw materials ensure good opportunities to develop as a company whose operations lie on an ecologically and ethically sustainable foundation.

Raisio is Finland's biggest industrial processor of grain and has an important role in ensuring and improving a safe and traceable food chain from field to fork. Around 95 per cent of our grain raw material comes from Finland, and its utilisation rate is nearly 100 per cent. Raisio's approach emphasises tasty, ecological, healthy and safe products that satisfy consumer and customer needs, as well as attention to environmental aspects in all operations and continuous improvement.

Raisio plc is a Finnish company established in 1939, whose shares are listed on NASDAQ OMX Helsinki Ltd. The company has around 37,000 shareholders. It employs some 600 people and operates in nine countries. The Group's main market areas are

Finland, Sweden, the Baltic countries, Russia, Ukraine and Poland. The company aims at growth and internationalisation.

Raisio operates worldwide with its partners: Benecol products are sold in 30 countries on five continents. Benecol® is a trademark owned by Raisio, and plant stanol ester, contained in Benecol products, is the company's widely patented ingredient. Benecol is the original cholesterol expert and has been nominated as one of the world's most important nutritional innovations.

Ecological and environmentally friendly products and solutions are an increasingly important part of responsible company operations, as consumers look for increasingly more information about the source, safety, production methods and environmental impacts of raw materials and products. In addition to the carbon footprint, overall water consumption of products will become a significant aspect worldwide in the near future. Raisio continues to assess and label the carbon and water footprints of its products as a pioneering company in the field.

KEY FIGURES, CONTINUING OPERATIONS

	2009	2008	2007
NET SALES, M€	375.9	463.2	386.9
EBIT, M€	19.5	24.4	11.4
EBIT EXCLUDING ONE-OFF ITEMS, M€	20.5	20.2	10.7
% OF NET SALES	5.5	4.4	2.8
RETURN ON INVESTMENT, %	6.1	8.4	3.5
GEARING, %	-46.6	-20.8	-13.1
EQUITY RATIO, %	73.4	77.9	77.9
EQUITY PER SHARE, €	2.06	1.79	1.70
EARNINGS PER SHARE (EPS), €	0.09	0.12	0.06
EPS EXCLUDING ONE-OFF ITEMS, €	0.09	0.10	0.06
DIVIDEND, €	0.09*	0.07	0.04

*BOARD OF DIRECTOR'S PROPOSAL

GROUP STRUCTURE



YEAR 2009 REVIEW

FEBRUARY

- FINANCIAL STATEMENTS: RAISIO'S NET SALES INCREASED AND EBIT MORE THAN DOUBLED
- BENECOL® ONE OF THE WORLD'S TOP TEN NUTRITIONAL INNOVATIONS

MARCH

- SALMONELLA OUTBREAK IN FEED FOR THE FIRST TIME IN THE HISTORY

APRIL

- ELOVENA OAT FLAKES EQUIPPED WITH AN H₂O LABEL

MAY

- BUNGE ACQUIRES RAISIO'S MARGARINE BUSINESS
- MICHAEL HORNBERG ELECTED AS CHAIRMAN OF RAISIO'S SUPERVISORY BOARD

JUNE

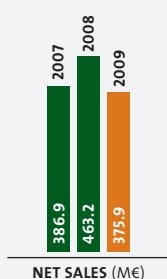
- LARGE DAILY INTAKE OF PLANT STANOL ESTER, THE BENECOL INGREDIENT, SHOWN TO BE SAFE
- RENEWABLE ENERGY AND PLANT-BASED PROTEIN FROM RAPESEED

RAISIO WORLDWIDE

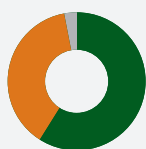
- PRODUCTION PLANT
- SALES OFFICE



RAISIO GROUP KEY FIGURES



NET SALES (M€)



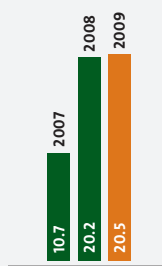
NET SALES BY REGION

- FINLAND
- REST OF EUROPE
- REST OF THE WORLD

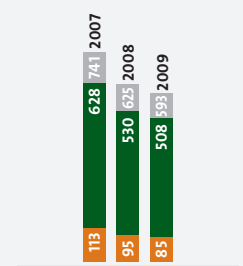


NET SALES BY DIVISION

- BRANDS
- BUSINESS TO BUSINESS



EBIT (M€)
EXCLUDING ONE-OFF
ITEMS



PERSONNEL, 31 DEC. (PERSONS)

- FINLAND
- ABROAD
- TOTAL

OCTOBER

- THE EUROPEAN COMMISSION GRANTS HEALTH CLAIM TO PLANT STANOL ESTER IN BENECOL PRODUCTS
- RAISIO FEED AND VALIO STUDY METHANE PRODUCTION IN CATTLE
- THE DIVESTMENT OF RAISIO'S MARGARINE BUSINESS COMPLETED
- BENECOL PRODUCTS LAUNCHED IN COLOMBIA

NOVEMBER

- RAISIO CONTINUES TO ENHANCE OPERATIONS
- COLOUR CODE INDICATING CARBON FOOTPRINT TO RAISIO'S PRODUCTS

DECEMBER

- MATTI RIHKO AS KEYNOTE SPEAKER AT THE CORPORATE WATER FOOTPRINTING CONFERENCE



CHIEF EXECUTIVE'S REVIEW

TURNAROUND – PROFITABILITY – GROWTH

There are three related, yet clearly separate phases in Raisio's operations in 2007–2011. It was our challenge in 2007 to turn the direction of the company. We succeeded in this faster and better than expected and managed to start the second phase, called Profitability, in 2008. At the end of this phase, in 2009, Raisio was the most profitable listed food company in Finland and our financial figures were comparable with those of large international players. My warmest thanks to the whole Raisio's personnel are in order.

Raisio's Management will have to build the future so that the company will also remain strong and dynamic. The decision to divest our margarine business was not only a responsible but also a very profitable act. It was not the selling price though that determined the divestment but the fact that margarine consumption is not growing in Europe or Finland. Big companies lead the consolidation process in the sector preventing the growth of smaller companies. Margarine would not have been an engine of growth for Raisio. We decided to let it go so that we would be able to grow elsewhere.

In 2010, Raisio is starting the third phase, Growth. This phase is presenting us completely different challenges than seen in the phases of Turnaround and Profitability. To succeed in all these phases demands the ability to see and take advantage of opportunities quickly and efficiently with the help of a skilled organisation and close partnerships. In the past three years, Raisio's person-

nel have learnt to succeed and to win. This is in fact a crucial point when facing new challenges.

We are now experiencing a time of great changes, in more ways than one. This will also have a strong impact on the food industry in both Finland and abroad. According to many forecasts we will soon encounter global energy, food and water crises due to population growth and climate change. Consumers' every day buying behaviour is changing rapidly. The majority of European consumers see ecological values important choice criteria and they would like to see carbon labels on products. Consumers also eat in a different way than earlier. Snacks already now satisfy a substantial part of daily energy needs and a hectic urban lifestyle only strengthens the trend. Trade and its distribution channels are becoming more and more international and food industry will have to follow. The internationalisation of trade will put more pressure on Finnish industry to enhance its operations and to carry out consolidation process.

The list of challenges is certainly very long. However – people eat every day. In food industry, the strong positive undertone lies in the daily renewal of orders. The basic demand is stable and in future, the prospects for the company offering enjoyable, healthy and environmentally friendly solutions with high quality and a good price are extremely positive. We at Raisio are happy to start building our phase of Growth for 2010 and 2011 in the world of constant change.

BUSINESS STRATEGY

Raisio now embarks on a growth phase after successful turnaround and improving profitability. The Group aims at organic growth in its current market areas, as well as acquisitions. Ecology and ethically responsible operations have become more and more integral to the company's strategy and way of working.



Raisio's strategy relies heavily on the company's vision of being a forerunner and specialist in ecological, plant-based nutrition with leading brands. Raisio renews the food market by combining ecology, ethics, healthiness and nutrition suitable for an active lifestyle in a way that secures the profitability, growth and continuity of the company's business and leads to responsible operations. All Raisio employees work actively to promote the well-being of our future environment. To ensure a growing and profitable business, we innovate ecological and healthy snacks that satisfy the consumer's new needs. In Business to Business operations, such as the feed business, we will turn to cost-effectiveness to make the food chain more profitable, while also reducing the ecological footprint with ethically sustainable solutions.

Raisio's vision is to be a forerunner and a specialist in ecological, plant-based nutrition with leading brands.

As changes continue to affect the worldwide grain markets, closer co-operation with Finnish contract farmers, as well as high-quality, competitively priced raw material, are basic requirements for

the success and continuity of the domestic grain chain. Deeper co-operation with key customers and partners enhances both parties' ability to react to market changes and further develop their own competence.

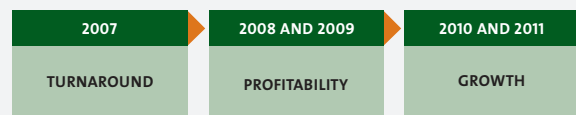
Raisio ensures growth by combining ecology, healthiness and nutrition suitable for an active lifestyle in a way that satisfies the needs of consumers and customers.

STRATEGIC PRIORITIES

In the past three years, Raisio has achieved its objective of turnaround and raising profitability during times that have not facilitated the company's efforts – quite the contrary, in fact. An EBIT margin of 5.5% in 2009 is strong proof of Raisio's ability to operate profitably and to quickly adjust to a continuously changing market environment.

What the next phase of growth means, in practice, is that the company is stepping into a new age. There is no going back. One example of this is the divestment of the margarine business, which took place amid advancing global consolidation in the sector. Raisio was prepared to carry out acquisitions already last year, but found no target that would have sufficiently met all of its acquisition criteria.

RAISIO'S THREE PHASES



The Group continues to be on the lookout for targets that comply with its strategy. What we value is a good deal, not the speed of it, although, being a small company, we are agile and fast in our decision-making and activities. A strong balance sheet and cash flow enable active involvement in the consolidation process affecting the food industry.

Criteria for acquisition

The criteria for good acquisitions, as defined by Raisio, boil down to four factors: product application, consumer brand, customer contacts and purchase price. Our goal is to enter small and growing product segments. Ecological and healthy snacks are typical examples of applications that we find interesting. We are looking for brands that are strong and well-known in their market area. A ready customer base and functional distribution channel facilitate entry into new product segments. The purchase price is also an important factor: Raisio has earmarked EUR 400 million for acquisitions.

FINANCIAL TARGETS

The target EBIT margin for Raisio's Brands Division is ten per cent, while the Business to Business Division aims at five per cent. The target is a challenging one for the Business to Business Division in view of the current outlook for 2010: the recession affected the feed, malt and oil milling businesses last year, and the market situation remains challenging.

Raisio's main goal in 2010 is to increase net sales. This will be sought through organic growth in the home market, as well as through acquisitions. Acquisition projects and inputs into improving the market position will affect the company's EBIT in the short term. In the long term, growth in net sales will also raise profitability.

DIVIDEND POLICY

Raisio aims to distribute half of the per-share earnings generated by continuing operations, provided that the dividend payment does not compromise the company's ability to meet its strategic targets.

OUTLOOK FOR 2010

In 2010–2011, Raisio will move to a growth phase. We expect a considerable increase in net sales in 2010. The cost of growth projects is predicted to impact the Group's profitability, especially in the early part of the year. The target EBIT of 10 per cent for the Brands Division and 5 per cent for the Business to Business Division will not yet be achieved in 2010. Our target is to maintain the existing level of profitability at the beginning of the growth phase.

VALUES

Company values are tools that help Raisio's employees to reach the targets defined in the Group's strategy. A developing, competent and motivated staff is in a good position to achieve its goals. In recent years, Raisio's employees have learned to work harmoniously, quickly and flexibly, which has led to profitable and more efficient operations, as well as to continuous improvement.



FEED PROTEIN, BIOHEAT AND BIOELECTRICITY FROM FINNISH RAPESEED

In line with the EU's targets, Finland has pledged to increase the share of renewable energy to 38 per cent by 2020. This means a considerable increase in the production of bioenergy, including both heat and electricity. As for biofuels, rapeseed has one of the highest energy potentials. It is a domestic oil plant, which is mainly used as a protein source for feed. Unfortunately, little attention has been given to its suitability for bioenergy use.

In addition to providing oil suited for bioenergy, rapeseed also provides feed protein, much of which is imported these days. Increasing the cultivation of rapeseed would benefit Finland's national emergency supplies in terms of energy production and agriculture.

Most of the heat and electricity in Finland is produced in local CHP (Combined Heat and Power) plants. The efficiency of such cogeneration plants can be over 90 per cent at best. The efficiency of fuels is at its highest when the processing chain is short. Bioenergy produced with rapeseed generates heat and electricity, which will also keep Finland warm and mobile in the future.

However, the use of rapeseed as bioenergy involves challenges in Finland. Feed-in tariffs, designed as control mechanisms for the electricity markets, have been defined for wind power and biogas. The purpose of feed-in tariffs is to ensure production during the transition phase, until the markets for renewable energy solutions stabilise. To secure solutions that generate sufficiently versatile bioenergy, the feed-in tariff should also encompass rapeseed.

OPERATING ENVIRONMENT

Concern for climate change and its impacts, as well as measures and targets for reducing carbon emissions emerged as major topics in 2009. Ecological and ethically responsible operations took on an increasingly important role in business activities. As a forerunner in the food industry, Raisio meets consumers' needs and facilitates their choices by using labels to indicate the carbon footprint of its products.



The latest research shows that many Finns are also worried about climate change and ready to act in order to curb it. People are moving from words to actions but need more information and tips about possible measures to take. Food accounts for around one-third of the environmental impacts made by households, which is equal to that of housing or traffic. It is easy to reduce your own carbon footprint: small daily choices really do make a difference.

Ecology and prudent use of natural resources do not weaken business; on the contrary, they improve and enhance it.

Ecology used to be considered irrelevant and of no interest to business activities. Things are quite different these days: ecology and prudent use of natural resources do not weaken business; on the contrary, they improve and enhance it. By operating ecologically, we often work economically as well.

As the global population continues to grow, the standard of living rises and diets change. The steep increase in carbon emissions and water consumption are becoming critical factors in the food chain. Changes affecting the chain further emphasise the ecological nature of plant-based nutrition. With the food industry looking for ways to deal with the changes, Raisio is actively involved in solving many of the big questions facing the food chain. We are part of the solution, not part of the problem.

CHALLENGING SITUATION IN THE GRAIN MARKET

The economic recession affected the grain, oil plant and protein plant markets, and growth in demand turned to a slide. The record crop harvested worldwide in 2008 stabilised the global grain stockpiles, as the world saw an excellent grain crop for the second year running. Wheat stocks rose from a buffer of slightly over two months to one of three and a half months. In spring 2009, grain prices dropped by approximately one-third year-over-year.

In Europe, including Finland, the new crop year started with big transitional stockpiles. Farmers, grain traders and industry had

large volumes of grain in their warehouses. Finland sold 225 million kilograms of barley to intervention in spring 2009. Only once before have the intervention stores been this big. When intervention opened in late 2009, the volume of additional barley offered rose to nearly 250 million kilograms. Grain markets are expected to be saturated, especially in terms of barley, in spring 2010.

The crop harvested in Finland in autumn 2009 was the all-time biggest and high in quality. Although the hectare yield for rapeseed was also good, the Finnish rapeseed crop will only cover around half of the domestic industry's needs. Raisio is making big inputs into increasing rapeseed cultivation, seeing as the plant has guaranteed markets.

In the grain markets, supply has clearly exceeded demand in recent times. This may change rapidly if supply decreases and demand returns to its normal growth track. The volatility in grain prices declined towards the end of 2009, but price volatility will begin to increase as the new crop draws near. The end of the current intervention system for barley in June 2010 will introduce a new uncertainty factor in Finland and the EU by eliminating the market price floor.

RAISIO IS FINLAND'S BIGGEST PROCESSOR OF CULTIVATED PRODUCTS

Of the 500 million kilograms of grain that Raisio used in 2009, around one-third was processed into food. Two-thirds of the grain was used as raw material for feed and in malt production. Over 95 per cent of Raisio's grain is of domestic origin. Owing to insufficient domestic supply, the Group imported rye and special wheat varieties.

Raisio acquires most of the grain it uses from its nearly 2,500 contract farmers. The company continues its efforts to increase contract farming. While the number of contract farmers has increased, it has not grown in proportion to the volume of grain and oil plants purchased directly from farmers, because the size of Finnish farms is increasing.

Raisio's oil milling plant extracted around 130 million kilograms of rapeseed, which was less than the previous year due to a marked decrease in the global demand for vegetable oil. In Finland, the area of rapeseed cultivation rose from slightly over 60,000 hectares to 80,000 hectares, and crops were better than average. Nevertheless, the volumes cover only around half of the needs of the domestic oil plant industry.

ACTIVE DEVELOPER OF THE GRAIN CHAIN

To offer more production inputs to its contract farmers, Raisio launched its fertiliser sales in 2008 and expanded the product range in 2009. The Group also broadened its selection of seeds and plant protection products. The company aims to provide its contract farmers with cost-effective cultivation solutions for the production of good-quality crops. The environmental index developed and implemented by Raisio is also an important value-added service for contract farmers. It enables them to plan their use of production inputs, as well as crop yields, so that they are optimal in terms of the environment.

A good crop is the best way to protect the environment.

It has been said that a good crop is the best way to protect the environment. By producing big and good crops, farmers make the best possible use of production inputs, such as nitrogenous fertilisers. Raisio also tries to increase natural diversity by encouraging additional use of oil plants in crop rotation. Working in co-operation with the Protection Fund for the Archipelago Sea, Raisio carries out surveys of wetlands and ways to increase diversity, among other things.

EMPHASIS ON RESPONSIBILITY AND TRACEABILITY

Raisio knows the origin of the grain it procures from contract farmers and can trace it back to individual farms — even to agricultural parcels. The role of traceability as a part of responsible business is growing rapidly. Contract farming gives Raisio a unique opportunity to acquire grain directly from farmers. As a part of confidential co-operation, contract farmers supply data on their cultivation and crops to the company. This way, Raisio can confirm that grain production complies with its quality requirements and takes into consideration environmental aspects. As Finland's biggest industrial grain processor and developer of value-added services, Raisio has an important role in ensuring and improving a safe and traceable food chain from field to fork.

Responsibility can be seen in the raw materials Raisio uses, but also in all of its other operations. Open and confidential co-operation with customers and an enthusiastic and competent staff enable continuous improvement and development of operations.



BUSINESS REVIEWS

Raisio is a forerunner in the food and feed industries and a specialist in plant-based foods. Our core competencies include products processed from grain-based raw materials. We satisfy the needs of consumers and customers with innovative products and solutions. Raisio is in a good position to develop as a company whose operations lie on an ecologically and ethically sustainable foundation.



BUSINESS AREAS

Raisio consists of two divisions: Brands and Business to Business. The Brands Division includes international and local brands, while the Business to Business Division encompasses the feed, malt and oil milling businesses. Raisio is well known for its strong brands, innovative products and its ability to provide added value to customers and partners.



BRANDS

Raisio's Brands Division aims to meet the needs of consumers and customers by offering healthy, ecological, tasty and convenient foods. The Division also licenses the company's patented Benecol ingredient, plant stanol ester, as well as Benecol brand to food companies worldwide. The Brands Division is an international, consumer-oriented forerunner in plant-based nutrition.

Benecol is the world's best-known brand of cholesterol-lowering foods. The Benecol business aims to be an active player in the market for cholesterol-lowering functional foods in Europe, Asia and North and South America by offering innovative product applications and strengthening the partner network.

Elovena, Sunnuntai and Carlshamn are some of Raisio's strong brands in its market areas. The company targets profitable growth and the status of an innovative, ecological and preferred co-operation partner.

BUSINESS TO BUSINESS

Raisio produces high-efficiency feeds for farm animals, special feeds for fish and high-quality malt for breweries. The oil milling business processes oil plant seeds, making meals and oils that are used by the feed and food industries and as raw material for bioenergy. The Business to Business Division focuses on solidifying partnerships in the main market areas: Finland, Russia and the Baltic countries.

The feed business aims to be the most cost-effective expert in the field and a pioneer in reducing the environmental impact of animal feeding with new types of products and solutions. The target of the malt business is to be the leading Finnish producer of malts and a trusted raw material supplier for breweries. Raisio engages in active research in order to increase the use of vegetable oil for bioenergy and technical solutions.

BRANDS

The Brands Division includes international brands, that is, Benecol[®], and local brands, such as Elovena. Benecol is Raisio's internationally best-known brand and the original expert in lowering cholesterol. In addition to Elovena, Raisio's well-known and reliable brands in local markets include Sunnuntai and Carlshamn. The main market areas for these brands are Finland, Sweden, the Baltic countries, Russia, Ukraine and Poland.



STRATEGIC TARGETS

The strategic targets for international brands are related to developing and expanding business worldwide, utilising research results based on the new marketing strategy and developing new ingredients in order to broaden the product portfolio.

Elovena, Sunnuntai and Carlshamn aim at profitable, organic growth in current market areas. The goal is to expand into new product categories and customer groups through organic growth and acquisitions carried out in Europe, as well as to further broaden the range of plant-based, ecological foods in the domestic market by introducing new, innovative products. The carbon footprint label will also be added to new products.

FINANCIAL PERFORMANCE

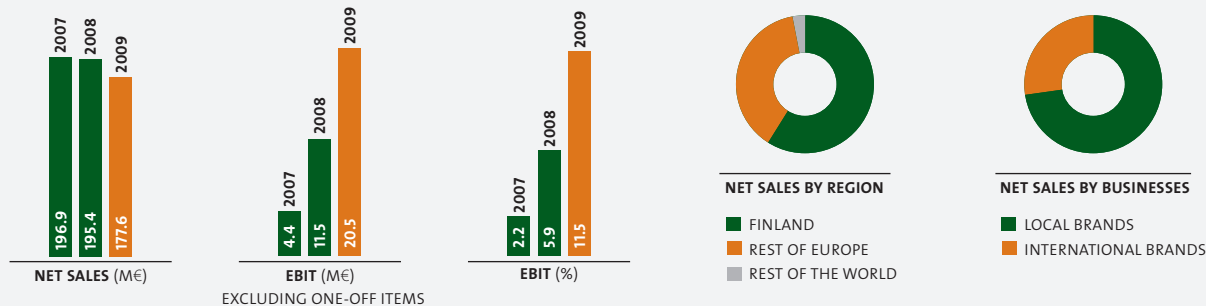
The 2009 net sales of the Brands Division totalled EUR 177.6 million (EUR 195.4 million in 2008). The Division accounted for 47 per cent of the Group's net sales. Benecol net sales increased to EUR 47.0 million (EUR 44.3 million). The net sales generated by local brands were EUR 136.3 million (EUR 158.8 million).

KEY FIGURES

	2009	2008
NET SALES, M€	177.6	195.4
INTERNATIONAL BRANDS (BENECOL), M€	47.0	44.3
LOCAL BRANDS, M€	136.3	158.8
EBIT, M€	20.5	15.7
ONE-OFF ITEMS, M€	–	4.2
EBIT EXCLUDING ONE-OFF ITEMS, M€	20.5	11.5
% OF NET SALES	11.5	5.9
INVESTMENTS, M€	3.3	15.6
NET ASSETS, M€	69.6	85.3
PERSONNEL 31 DEC.	288	316

The EBIT of the Brands Division was EUR 20.5 million (EUR 11.5 million excluding one-off items in 2008). This represents 11.5 per cent (5.9%) of net sales, which exceeds the Division's target of 10 per cent. As predicted, Raisio's strong brands grew even stronger during difficult times. The considerable improvement in EBIT was the result of an increase in the sales volumes of Benecol products, as well as the sales growth of products under Elovena, Sunnuntai and Carlshamn brands, especially in Finland.

BRANDS DIVISION KEY FIGURES



INTERNATIONAL BRANDS – BENECOL®

Benecol® is the original and best-known expert in lowering cholesterol. Benecol products are sold in 30 countries on five continents. Nearly 60 published clinical studies and almost 15 years of safe use as in foods supports the use of plant stanol ester as an effective dietary tool for lowering cholesterol levels.

MAIN EVENTS IN 2009

- The EU Commission approved a health claim associated with the reduction of risk of disease pursuant to Article 14.
- The market leadership of Benecol products strengthened in Poland and Great Britain.
- The sales volumes of Benecol products increased in several European countries.
- Bunge became a new, important Benecol partner for Raisio.
- Benecol products were launched in Colombia.
- Clinical studies carried out in the Netherlands and Finland showed that a high daily intake of plant stanol ester, the Benecol ingredient in Benecol products, is safe and caused an enhanced cholesterol reduction.
- Plant stanol ester was nominated as one of the world's top ten nutritional innovations in the past 30 years. (Source: European Journal of Clinical Nutrition 1/2009).

BUSINESS ENVIRONMENT

The worldwide market for cholesterol-lowering foods based on plant stanol and sterol developed favourably. The economic recession did not affect the overall demand for Benecol products, a fact that supported our notion of consumer loyalty. Consumers value the benefits of Benecol products so highly that they hold on to the health-promoting product even in financially tough times.

Benecol products boosted their market leadership in the big markets of Poland and Great Britain. In the latter, sales of Benecol products outpaced the market growth. The sales promotion

measures taken in Poland further strengthened the market leadership position of the Benecol brand. Sales also developed well in Spain and Greece. A smoothie was added to the Benecol range in Great Britain and Ireland. In terms of value, yoghurt mini drinks are the biggest Benecol product worldwide, with margarine coming in second.

Raisio still sees big potential in the market of Asia and South America, where consumers' recent concerns include the growing prevalence of cardiovascular diseases and the increase in cholesterol levels. As a front-runner, however, we have to start from scratch when entering new market areas. It takes time to obtain the required permits and approvals, as well as to introduce Benecol products containing plant stanol ester to consumers and healthcare professionals.

Benecol products were launched in the first Asian countries in 2008 and have just seen their first full year on the market in Thailand, Indonesia and India. The experiences in new markets vary. Our partner in Thailand, for example, has achieved the goals it set for itself and continues its strong inputs into marketing and consumer education. Benecol products were launched in Colombia in late 2009, and sales have taken off to a good start. Success in new markets calls for long-term commitment from partners and for investments aimed at developing Benecol products and the whole segment.





BENECOL PRODUCTS LOWER CHOLESTEROL ON EVERY CONTINENT

Cholesterol is a considerable health risk for half of the world's adult population. The main reason for blood cholesterol levels rising, especially in developing countries, is the westernisation of diets. For example, the blood cholesterol level of Chinese city dwellers is similar to that of Finns.

The internationalisation of Benecol is based on co-operation with local companies in different countries. Benecol is an interesting partner for strong, local brands, since the active ingredient, plant stanol ester, can be used in many different foods. Benecol products tailored to local food cultures and consumer needs are being developed in different market areas. The international success of Benecol is based on Raisio's long-term R&D co-operation and the unique brand.

What 2009 will also be remembered for, in addition to growth, is plant stanol ester being one of the first products in Europe to obtain regulatory approval for the use of a disease-risk-reduction health claim. The health claim, pursuant to Article 14 of the new Nutrition and Health Claim Regulation, is based on solid scientific evidence. In the future, Benecol products will feature the following statement: "Plant stanol ester has been shown to reduce blood cholesterol. High cholesterol is a risk factor in the development of coronary heart disease."

Benecol products have established their position in 30 countries on all continents. The overall market for cholesterol-lowering functional foods continues to grow.

Ingmar Wester, Director, R&D, Benecol business

THE BENECOL SOLUTION SUPPORTS PARTNERS' SUCCESS

The Benecol solution involves three key elements to make our partners more successful: a unique brand, a unique technology and unique expertise.

Raisio owns the unique Benecol brand and licenses it to food companies worldwide. The Benecol brand offers the credibility required to attract and retain consumers in the functional food category. As a pioneer and one of the global leaders, Benecol carries this credibility even in totally new markets.

Benecol partners get access to the unique technology of plant stanol ester, the company's widely patented ingredient. In 2009, plant stanol ester was recognised as one of the world's top ten nutritional innovations in the past 30 years by the European Journal of Clinical Nutrition. As part of the daily diet, plant stanol ester has been shown to lower cholesterol safely and effectively.

Last but not least, Raisio's unique expertise in the functional food category improves its partners' opportunities for success. Not only does this expertise cover production and the support given to formulating products or preparing the path for all regulatory approvals, it is also about designing gold standard clinical research, developing new product concepts and developing marketing strategies for consumers or health care professionals. Raisio's expertise is built on the experience of its 19 partners, on 30 brand launches in new markets and on 15 years being present in the cholesterol-lowering category.

Benecol is the world's most widely marketed brand of cholesterol-lowering foods.

STRONG SCIENTIFIC EVIDENCE OF SAFETY

The marketing of cholesterol-lowering functional foods and the use of the active ingredients are regulated by local food legislation and controlled by the local authorities. Raisio complies with local rules and legislation in all of its markets and engages in close co-operation with the partners and authorities in each country.

Plant stanol ester, the cholesterol-lowering ingredient in Benecol products, was one of the first ingredients in Europe to obtain an approval for the use of a disease-risk-reduction health claim under the Nutrition and Health Claim Regulation in autumn 2009. Plant stanol ester was among the first of ingredients to obtain a coronary disease risk reduction health claim in the EU. This represents an important landmark in European decision-making. The following health claim is permitted in the marketing of Benecol foods containing plant stanol ester: "Plant stanol ester has been shown to reduce blood cholesterol. High cholesterol is a risk factor in the development of coronary heart disease." The health claim approval from the European Commission strengthens the

BENECOL WORLDWIDE



- | | | |
|-----------|---------------|----------------------|
| ARGENTINA | GREAT BRITAIN | SLOVENIA |
| BELGIUM | GREECE | SOUTH AFRICA |
| CHILE | ICELAND | SPAIN |
| COLOMBIA | INDIA | SWEDEN |
| ECUADOR | INDONESIA | SWITZERLAND |
| ESTONIA | IRELAND | THAILAND |
| FINLAND | ITALY | TURKEY |
| FRANCE | LATVIA | UNITED ARAB EMIRATES |
| GERMANY | LUXEMBOURG | USA |
| | MALTA | |
| | POLAND | |
| | PORTUGAL | |

pioneering role of Benecol products as safe cholesterol-lowering foods. After the end of 2010, when the main transition periods related to the Nutrition and Health Claim Regulation expire, functional foods marketed in many countries may no longer use old health claims.

In the USA, plant stanol ester has a GRAS (Generally Recognised As Safe) status. In the People's Republic of China, Raisio has permanent permission under the local New Resource Food statute to add plant stanol ester to foods marketed in the country.

SUPPLY CHAIN

Plant stanol ester is produced from wood- and plant-based sterols. Raisio procures plant sterols from several suppliers around the world.

Raisio has two plant stanol ester production plants: the bigger of the two is in Raisio, Finland, and the other one is located in Summerville, South Carolina, USA. The Summerville plant supplies plant stanol ester to the North and South American markets. All other markets get their plant stanol ester from the production facilities in Finland.

Plant stanol ester deliveries are reliable and production efficiency is good. Raisio encourages its partners to centralise their orders in order to reduce logistics costs and environmental loading. Certified quality assessors and major customers regularly conduct quality assessments of the plants and the entire supply chain.

TARGETS FOR 2010

The Benecol business aims to ensure global sales growth for cholesterol-lowering functional Benecol products. The Benecol brand stands for strong special skills and its main goal is to generate added value to its partners' business. Raisio also emphasises the benefit from new research results in line with new marketing strategies.

Key points in securing future success in the Benecol business:

- Strengthening the position of the Benecol brand in existing markets
- Expanding into new, growing markets in Asia and South America
- Favourable development of the regulatory environment related to the ingredient and the category



PRIORITIES AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

PRIORITIES	SOURCES OF UNCERTAINTY
TO ENSURE SALES GROWTH FOR CHOLESTEROL-LOWERING BENECOL PRODUCTS	A PROLONGED RECESSION MAY AFFECT CONSUMER BEHAVIOUR
TO SUPPORT THE SUCCESS OF PARTNERS WITH A STRONG BENECOL SOLUTION	CHANGES IN LEGISLATION MAY HAVE ADVERSE EFFECTS AND PERMIT PROCESSES MAY DRAW OUT
TO UTILISE RESEARCH RESULTS IN LINE WITH NEW MARKETING STRATEGIES	SALES GROWTH MAY SLOW IF INPUTS INTO INCREASING CONSUMER COMMUNICATIONS AND EDUCATION FOR OTHER STAKEHOLDERS DECREASE MARKEDLY

LOCAL BRANDS

Elovena, Sunnuntai and Carlshamn are wellknown and reliable brands in their market areas. Raisio's brand and product harmonisation project has been completed, and the demand for products sold under strategic brands is on the rise. The company aims at profitable growth both organically and through acquisitions. In addition to growth, other key factors for future success include expanding into new product categories and launching innovative new products.

MAIN EVENTS IN 2009

- In 2009, Raisio completed the key measures of its strategy, which included optimising the brand and product range, completing a profound customer co-operation development process, improving the efficiency of the order-supply process and availability, especially in Finland, to correspond to the best companies.
- The margarine business was divested to Bunge. The deal was completed in October 2009 and encompassed the margarine business in Finland and Poland.
- Raisio was the first in the world to add an overall water consumption (H₂O) label to products. The label was first added to Elovena oat flakes.
- Raisio expanded carbon footprint (CO₂e) labelling on its products.
- Elovena sales were a record high in Finland.
- Raisio will continue to sell margarine as a distributor of Bunge in Finland, Sweden and Estonia.
- Non-dairy products were launched under the Carlshamn brand on the Swedish market.
- A new company, Raisio Sp. z o.o., was established in Poland. Its product range includes Benecol snacks and grain products.
- Operations were reorganised in the Baltic countries.

OPERATING ENVIRONMENT

Finland

Raisio's strong brands have grown even stronger during the economic downturn, although the recession has affected consumers' purchasing behaviour. Inexpensive everyday food and home baking grew more popular. Raisio has a strong market position according to its own estimates. In milk-free dairy products, Raisio is an innovative challenger to the market leader. Market information concerning the entire food market (A.C. Nielsen) has no longer been available after 2008.

The sales of traditional oat flakes marketed under the Elovena and Nalle brands saw good development. The overall sales of the Elovena product family increased in 2009, and snack drinks established their position on the market. The popularity of home baking



led to increasing sales of Sunnuntai products. The successful launch of Sunnuntai baking mixes is an indication of the consumers' interest in making easy, home-made treats. The demand for milk-free dairy products is growing at an annual rate of over 20 per cent. Tasty, soy-based Keiju soyghurts and Benecol mini drinks were launched successfully.

The HoReCa sector – which includes the catering business, bakeries and other food industry – had a tough year in 2009, being the sector worst hit by the recession. Consumers continued to cut back on eating out and in canteens. The bakery market also suffered from the recession, as demand targeted cheaper products. Raisio was, nevertheless, able to optimise its product range and expenses and to maintain profitability throughout the year.

The sales of Elovena products have multiplied in ten years.

Sweden and the Baltic countries

In early 2009, Raisio launched milk-free dairy products under the Carlshamn brand on the Swedish market. The range includes drinks, soyghurts and cooking products. Shops and consumers gave an enthusiastic reception to the products. According to A.C. Nielsen's market data, Raisio's market share in milk-free dairy

products was nearly 5 per cent and as high as 17 per cent in soy-ghurts, which is a good achievement. The demand for milk-free dairy products continues to rise steeply in Sweden. This year, Raisio will focus on strengthening its market position and will approach all consumer groups interested in healthy, plant-based and tasty products.

The recession affected Raisio's food sales in the Baltic countries, where the consumers' purchasing power plunged. Raisio is the Estonian market leader in flakes and pasta products. The company reorganised its Baltic operations, which will facilitate the development of operations and co-operation.



Poland, Russia and Ukraine

Following the divestment of the margarine business, Raisio set up a new company in Poland. Raisio Sp. z o.o. focuses on marketing Benecol snacks and grain products. The Polish brand for grain products is Elovena. This year's targets include boosting sales, launching new products under the Elovena brand and carrying out significant marketing measures. The global recession has not affected the Polish food market.

Raisio uses the Nordic brand for grain products in Russia and Ukraine. Last year the company expanded its product range in the region with snack biscuits, among other things. This year's goals include launching a new product category under the Nordic brand in both Russia and Ukraine and ensuring the profitability of operations in economically challenging times.

SUPPLY CHAIN

In 2009, Raisio continued its heavy emphasis on developing the supply chain with its customers. The main targets for supply chain management in Finland, Sweden and the Baltic countries included maintaining high availability and reducing the capital in inventories. Product availability in Finland was at an excellent level, as

99.8 per cent of the products were delivered as ordered. Availability is based on good co-operation with customers, reliable sales forecasts and a well-functioning process. The supply chain has been improved, and the process has been analysed in detail with customers from their own points of view. Our goal is for customers to be increasingly satisfied.

The supply chain faced challenges brought about by the considerable number of new products, the numerous promotions and the many changes brought about by brand harmonisation. The divestment of the margarine business led to fundamental changes in the chain. Despite this, the targets were achieved in terms of availability, reduced wastage and capital in inventories. Wastage continued to decrease, dropping by nearly 30 per cent from 2008, and the end-product inventory turnover was increased by 15 per cent over the previous year.

Product availability in Sweden was good, with 98.4 per cent of the products delivered as ordered. Raisio launched a joint project with customers in Sweden, which led to a notable reduction in the number of delivery days. As a result, the size of customers' single orders increased and the number of transports decreased. By concentrating their orders on fewer days, customers, too, felt they reduced the environmental load of transports. In the future, we aim to cut the number of customer-specific distribution points, which will enable customers to combine transports heading to the same location in the central warehouse. This means that the number and environmental load of transports can be further reduced.

The weak conditions in the Baltic countries made sales forecasts challenging. However, product availability remained at a good level. We have had to review the structure of the entire Baltic supply chain in order to improve cost-effectiveness.

Production

Raisio has production facilities in three locations in Finland. The plant in Nokia produces flakes, while the one in Raisio makes flours, pasta products and cream cheese-style spreads based on vegetable fat. The non-dairy plant in Turku makes milk-free dairy products. Some of Raisio's brand products are made at the production facilities of co-operation partners. Most of the products sold in Sweden, the Baltic countries, Russia, Ukraine and Poland are made in Finnish facilities, using Finnish raw materials.

SALES CHANNELS AND CUSTOMERS

Raisio's main sales channels are the retail trade and the HoReCa sector. In 2009, retail products accounted for 72 per cent of sales in Northern Europe, bakery and industrial sales for 17 per cent and HoReCa sales for 11 per cent. In Finland, Raisio has improved both its own key figures and its customers' business by adjusting its operations to better satisfy the customers' business needs. This has made both parties' operations more efficient and profitable. Private label products are of minor importance to Raisio, since the company's main focus is on developing its own brands.



ECOLOGICAL FOOD ATTRACTS CONSUMERS

The four K-Citymarket grocery stores in Turku get over 600,000 customers a month. This keeps the store manager up-to-date on what consumers are looking for. Great changes are taking place in the food culture. More and more customers emphasise the ecological nature of food – and the ethical aspects of products in general.

To take a practical example of the trend, soy- and oat-based products increased their share in consumers' shopping baskets by nearly 50 per cent in 2009. Soy and oat products, which keep at room temperature, are more ecological than products that need cold storage. The Kupittaa Citymarket carries over 20,000 products, so the competition for shelf space is intense. As demand increased, soy and oat products were moved to a more prominent place in the store.

Consumers are curious by nature. Shopping is more fun when new products are available. The food industry will benefit from taking the consumers' wishes quickly into consideration in product development. Pioneering, aware consumers form a special group that both shopkeepers and the industry should pay close attention to.

Raisio has solid competence in ecological food and a clear understanding of the changes taking place in our food culture. From the shopkeeper's point of view, Raisio launches interesting new products that meet today's needs. Strong marketing and communication boost the product's position and make it a staple in the product range.

K-Citymarket aims to be an important provider of ecological food. Shops are where customers meet products and where they can send feedback to the food producers' product development. Similarly, stores are where the results of product development are introduced to consumers. The co-operation between Raisio and Citymarket facilitates the daily food choices of responsible consumers.

Hannu Aaltonen, Store Manager, K-Citymarket Kupittaa

Among other things, the development of customer co-operation has focused on improving the indicators used in supply chain management and on enhancing forecasts of product demand – especially during campaigns, as well as on developing joint product demonstrations with stores. Operations were adapted to the new needs of distribution channels, for example, through sales batches and On-Pack promotions.

Big retail chains in Sweden began to carry Raisio's innovative new products, which enabled the company to quickly raise its sales volume and market share, especially in non-dairy products. In Poland, Russia and Ukraine, most of Raisio's products are sold in modern chain stores. The company's main market areas in Russia are Moscow, St. Petersburg and their neighbouring regions.

The sales of consumer products marketed under Raisio's strong brands are on the increase.

ENVIRONMENTAL AWARENESS OF CONSUMERS IS GROWING

One-third of the environmental impact of consumers is caused by living, one-third by traffic and one-third by food. Consumers already get information about the impacts of living and traffic, but the big carbon footprint of food comes as a surprise to most consumers. They want to know what counts as environmentally friendly food.

According to consumer surveys conducted in 2009, one-third of Finnish and Nordic consumers are ready to take immediate action to help the environment. An extensive European survey showed that 70 per cent of consumers want to make the carbon footprint obligatory on products. Around 15 per cent of Finns have made their behaviour more environmentally friendly in the past year.

Sources:
Kuulas Millward Brown, February 2009
Flash Eurobarometer, April 2009
Climate Focus Nordic, October 2009

Further information about changes taking place in the food chain and in consumption can be found on pages 30–31.

Consumers have given very positive feedback on Raisio's carbon and water footprint labels. They offer the kind of information consumers are looking for to facilitate their choices that help the environment. Consumers have asked for the CO₂e label to be even more informative and to clearly indicate whether the product's carbon footprint is big or small.

In 2010, the CO₂e labels on food products will be gradually replaced with a colour code that shows the product's carbon footprint per one hundred grams, calculated from the field to the



CARBON FOOTPRINT PER 100 GRAMS OF PRODUCT

retail warehouse. The carbon footprint labels on Raisio’s products and the consumers’ growing need for information have paved the way for this new, convenient indicator. A quick glance at the colour-coded indicator shows consumers how the product rates in terms of emissions. This way, consumers can make informed choices on what to put in their shopping basket.

Nine of Raisio’s products featured the carbon footprint label at the end of 2009. Our goal is for around 30 products to carry the CO₂e label by the end of 2010.

Further information about Raisio’s carbon and water labels is available on pages 24–25. Raisio’s CO₂e labelled products can be found at www.ekologia.fi

ELOVENA SUPPORTS WISE EATING CHOICES

One of Finland’s most highly valued brands, the youthful Elovena, turns 85 this year in noticeable fashion. One particular theme has been prominent throughout the decades: Elovena supports wise eating choices. Spontaneous recall of the brand is 70 per cent, indicating



its strength in consumers’ minds. Finns think of Elovena as being healthy, safe, Finnish, reliable and of high quality. The brand has its roots in oat flakes, but in the past decade it has multiplied sales by successfully expanding into other healthy breakfast and snack products.

Elovena has, for example, made single-portion Elovena instant oatmeals into one of the most important products in the flake segment. Instant oatmeals have been on the market for many years, but only in the last few years under the Elovena brand. Sales growth has also been boosted by the launch of snack biscuits, muesli products and cereals, as well as by bran products coming under the Elovena brand after the brand harmonisation project. Consumer measures have focused on package promotions, tastings and online activities, which have attracted a great deal of attention. Elovena snack drinks have created a whole new product category.

TARGETS FOR 2010

The Brands Division aims at an EBIT margin of ten per cent. The goal for local brands is to achieve profitable growth in 2010. This will be seen as measures that support the development of brands and customer relations. In addition, Raisio will launch interesting new products in the domestic market and expand into new product categories. Broadening the product range and generating sales growth, especially in Sweden and Poland, are other important targets during 2010.

Key points in securing future success in the local brands:

- profitable growth both organically and through acquisitions
- a pioneering role in ecology and the development of labelling according to consumer needs
- the utilisation of grain raw materials in the form of innovative new products in traditionally big categories.

PRIORITIES AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

PRIORITIES	SOURCES OF UNCERTAINTY
PROFITABLE, CONSUMER-ORIENTED OPERATIONS, WHICH MEANS DEVELOPING INNOVATIVE PRODUCTS BASED ON INSIGHT INTO CONSUMER NEEDS	THE ECONOMIC SITUATION AND ITS IMPACT ON PRIVATE CONSUMPTION
EXPANSION INTO NEW CATEGORIES IN THE DOMESTIC MARKET AND INTRODUCTION OF INNOVATIVE NEW PRODUCTS	CHANGES IN EXCHANGE RATES
FOCUS ON THE MARKET AND A BROADER PRODUCT RANGE IN SWEDEN AND POLAND	THE IMPACT THAT ECONOMIC RECOVERY WILL HAVE ON THE VOLATILITY OF RAW MATERIAL PRICES
ELOVENA’S ANNIVERSARY	
INTRODUCTION OF THE CARBON FOOTPRINT LABEL ON NEW PRODUCTS	

BUSINESS TO BUSINESS

Raisio's Business to Business Division produces high-efficiency feeds for farm animals, special feeds for fish and high-quality malt for breweries, in addition to processing rapeseed into feed meals, oil and bioenergy. The main market areas are Finland, Russia and the Baltic countries. Environmental aspects and ethical production are emphasised in livestock production and fish farming. Finland will also remain a profitable region for livestock production in the future, as the country has no shortage of land and water.



STRATEGIC TARGETS

The strategic targets of the Business to Business Division include deepening and strengthening partnerships, generating growth and ensuring the future competitiveness of all businesses in changing markets.

The target of the feed business is to achieve growth in domestic operations and to boost the market position in the fish farming region of north-western Russia. The ability to quickly react to market changes in order to maintain a competitive advantage is becoming increasingly important in the malt business. Securing a domestic raw material basis is a priority in the production of high-quality malt. The oil milling business aims to competitively produce meals used as a protein source in feeds, as vegetable oils for the global market and as bioenergy. To ensure that the oil milling business remains competitive, the cultivation area of domestic rapeseed must be increased.

FINANCIAL PERFORMANCE

The net sales of the Business to Business Division totalled EUR 205.6 million (EUR 282.7 million in 2008). The reduction in net sales was influenced by the decline in international market prices of malt and vegetable oil due to the global recession, the drop in raw material prices being transferred to product prices, as well as the reduced volumes in all businesses. The Business to Business Division's net sales accounted for 53 per cent of Raisio Group's net sales.

The volume of cattle feeds increased year-over-year, a contributing factor being the confidence that customers showed in the Ylivieska plant as a local feed supplier. Exports of fish feeds increased over the previous year, while the volumes of pig and broiler feeds were down as a result of the overall market decreasing. The good domestic grain crop led to farms using more of their own grain as feed, while the additional capacity built in the field led to stiffer competition in the feed market.

The EBIT of the Business to Business Division totalled EUR 3.0 million (EUR 12.3 million). Thanks to reacting quickly and adjusting

KEY FIGURES		
	2009	2008
NET SALES, M€	205.6	282.7
FEED, M€	176.1	235.9
MALT, M€	26.3	43.5
OTHER, M€	3.6	4.1
EBIT, M€	3.0	12.3
ONE-OFF ITEMS, M€	0.0	0.0
EBIT EXCLUDING ONE-OFF ITEMS, M€	3.0	12.3
% OF NET SALES	1.4	4.3
INVESTMENTS, M€	5.4	9.3
NET ASSETS, M€	79.2	81.7
PERSONNEL, 31 DECEMBER	244	260

its operations, the Division managed to report a profitable EBIT in each quarter of the exceptionally difficult year, even though the results dropped clearly year-over-year. The recovery of the feed business is linked to the recovery of markets on the whole and to the profitability of livestock production.

MAIN EVENTS IN 2009

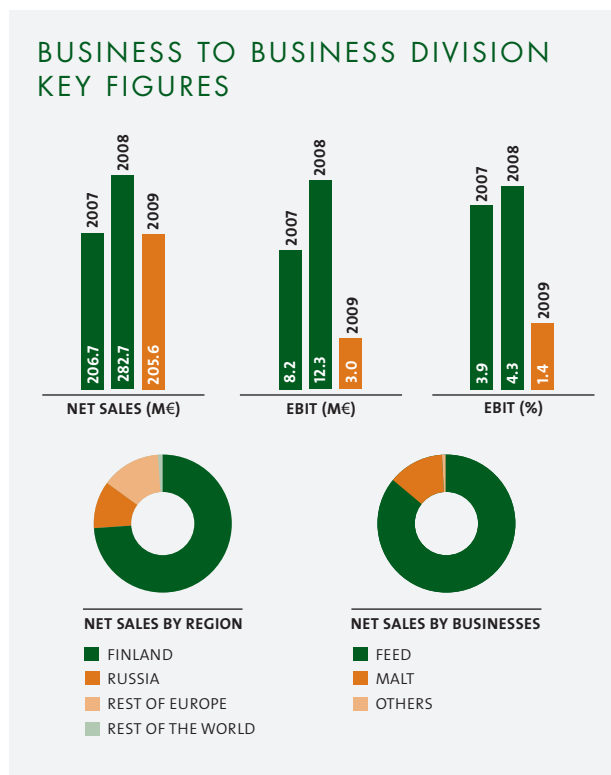
- The Ylivieska plant met the efficiency and volume targets set for it, which clearly strengthened the market position in the plant's operating region.
- The Finnish grain market was characterised by a record crop and low grain prices, which increased trading between farms and affected the sales volumes of feeds.
- The recession had a major impact on the operating environment of sectors dependent on global demand, such as malt and vegetable oil. The world market price of malt plunged in the review period and demand diminished in the vegetable oil market.
- Raisio launched a development project to increase the use of vegetable oil for bioenergy and technical solutions. The target is to secure the competitiveness of the oil milling business and to raise Finland's self-sufficiency in protein.
- The Salmonella Tennessee contamination of end products on one of the Raisio feed plant's production lines, which was detected in March 2009, affected operations at the plant and the customer farms in the spring. This was the first time in the company's 60-year history that salmonella was detected in any of its products. Changes, which also comply with the proposed specifications to the feed legislation currently under review, have already been made to Raisio's operations.
- The combined share of the direct invoicing, an option introduced by Raisio, and comparable partnerships increased to nearly 80 per cent of feed invoicing.
- In the livestock sector, pork and poultry production decreased due to overproduction in the EU and the resulting impact on the market and due to reduced exports.

BUSINESS ENVIRONMENT

Feed

Structural changes continued to affect livestock farming in Finland. There was a further decrease in the number of farms in all production sectors, as the size of farms increased. The biggest change was registered in the pig, chicken and dairy cattle sectors. At the end of 2009, Finland had around 17,000 livestock farms. Experts estimate that the number of farms in Finland will decrease by half in the next decade. The increasing size of farms makes operations more professional in nature. Feed suppliers are expected to offer products for comprehensive animal feeding, along with feeding concepts. Customers have begun to put more and more weight on the environmental impacts of production and on the ethical nature of operations. For years, Raisio has successfully developed products that enable the environmental impacts of livestock production to be reduced. No notable changes took place in the overall market for farm feeds, even though changes did take place in the production sectors. The additional capacity built in the feed sector led to stiffer competition, especially in broiler feeds.

Raisio's market position dipped in the first half of 2009, but returned close to its normal, good level towards the end of the year. According to the latest surveys, Raisio's market share in Finland is nearly 40 per cent. Raisio strengthened its position especially in cattle feeds last year. The growth in market share was positively affected by the modern Ylivieska plant, which got off to a good start in the middle of Finland's most important milk production region.





RIGHT FEED GIVES HIGH-QUALITY MILK

The Kotipelto farm is a modern dairy farm. We have developed our operations systematically since 1996. Over the years, milk production has increased considerably, largely thanks to the quality and composition of feed.

The health and well-being of cows is the starting point for everything. Milk yield is a direct indication of the cow's well-being. Breeding aims to make the cow healthier and stronger and to increase milk production. From a dairy farmer's point of view, ethical operations are the only option, because cows are sensitive animals. As milk production increases, cows continue to need individual care.

Cows are fed with mixed feed and complete feed. Raisio supplies the Kotipelto farm with the Maituri 20 complete feed and minerals. Maituri 20 is just the right product for our needs. A well selected complete feed ensures that cows get everything they need for productive milking: enough energy, protein, minerals, as well as all the necessary trace elements and vitamins.

Raisio and the Kotipelto farm work in close co-operation, and feeding is planned jointly with Raisio Feed's representative. We feel Raisio provides us with new and reliable information about feeds and feeding. We, in turn, give Raisio up-to-date information about the link between feeding and milk production. We have noticed that the accumulated information leads to valuable ideas that can benefit the company's product development.

Both Raisio and the Kotipelto dairy farm have a strong drive to develop themselves.

Sari and Marko Sorvisto, farmers, Ylivieska

Exports of Raisio's fish feeds to fish farms in north-western Russia increased from the previous year. Fish farming in north-western Russia is increasing at an annual rate of some ten per cent, and Raisio has maintained its market leadership in rainbow trout feeds. In Finland, the fish feed market remained similar to the previous year. Farm feeds have a lower degree of processing, which restricts their export scope to Russia.

Malt

In 2009, beer consumption decreased notably in Russia and the EU as a result of the financial recession. In Finland, consumption remained at the same level as the previous year, but is on the rise in South America, Asia and Africa.

The drop in beer consumption and the price decrease driven by a good barley crop in Russia, Raisio's main market area, especially made Russian exports difficult. With Raisio's partners finding it difficult to keep to the contract volumes, the overall volume in the malt business was around 20 per cent smaller than the previous year. Moreover, international breweries used substitute extracts, the use of which increased when malt prices were extremely high in 2008.

Nevertheless, exports to the Baltic countries increased, as did deliveries in Finland. Raisio's order book for 2010 is good in view of the market environment.

PRODUCTION

Raisio has three feed plants in Finland. In terms of logistics, the facilities in Raisio, Anjalankoski and Ylivieska are well situated in different parts of the country. The plants are located close to customers and raw material suppliers, which enhances the cost-effectiveness of the logistical chain. Raisio produces highly-processed feed mixes for farm animals and special feeds for fish. The capacity utilisation rate of the feed plants remained high. In 2009, Raisio used more than 200 million kilograms of grain as raw material for feeds.

In addition to cattle, pig and poultry feeds, the plant in Raisio also produces fish feeds. The product range of the Anjalankoski plant includes cattle and pig feeds, as well as minerals used to complement feeds. The modern plant in Ylivieska produces cattle and reindeer feeds.

All feed plants use vapour conditioning and pelletisation implemented with long-term conditioners. The feeds produced in this way improve the customers' production results. Raisio heats all of its feeds to 75–80 degrees centigrade to ensure the high quality and safety of its products. In spring 2009, a major investment was made in a new production line at the plant in Raisio. The company has also gone over to using only contract drivers for its bulk transports, which account for around 90 per cent of all feed transports. What this means in practice is that the drivers only transport feeds to Raisio's customers.

Malts and vegetable oils

Malts, protein meals and rapeseed oil are produced at the plants in Raisio. In 2009, the capacity utilisation rate of both plants decreased year-over-year due to the drop in international demand. Production at both plants was adjusted to the market situation and employees were laid off temporarily, among others.

SALES CHANNELS AND CUSTOMERS

Raisio's customers in the feed business include farm animal producers and fish farms in Finland and north-western Russia. Raisio supplies feeds to around half of Finland's livestock farms. Last year, Raisio further strengthened co-operation with Finnish dairy co-operatives. The target is to have the most cost-effective operating method to ensure competitiveness, improve service and secure future operations.

Malt customers include breweries in Finland, Russia, Sweden, Norway, the Baltic countries and Far East. Raisio is an important malt supplier to Finland's biggest breweries. It also supplies malt to Norwegian, Scottish and Asian customers who use it as raw material for beer and whisky. Over 70 per cent of the malt produced by Raisio is exported.

Most of the rapeseed that Raisio processes is used as protein meal in feeds, while oil is used as raw material in the food industry and as bioenergy.

TARGETS FOR 2010

In 2010, the Business to Business Division aims at an EBIT of five per cent. This is a challenging EBIT target in view of the 2010 market situation. Business to Business operations will continue to develop versatile co-operation with raw material producers, since the traceability and safety of raw materials are growing increasingly important in the grain chain.

The main target in the feed business is to strengthen the market position in Finland and to increase export. Raisio wants to be the most cost-effective partner of livestock producers. The company develops and introduces products and feeding solutions that support the farms' operations and feeding in the best possible way.

Raisio has launched a project to calculate the carbon footprint of feeds. The better we know the animals' needs for individual nutrients, the better we can adjust the nutrient composition of feed mixes and the smaller the amount of nutrients wasted. The

primary reason for determining the carbon footprint is our drive to continuously improve our own operations. In our opinion, what can be measured can also be improved. Information about the carbon footprint of feeds can also be used by our co-operation partners, should they undertake projects to calculate the carbon footprints of their own products from field to store warehouses.

In 2010, the malt business aims to strengthen its position in the domestic market and to increase co-operation with strategic partners in export. Operations will focus on Finland, the Baltic countries and Russia, as well as on container deliveries to the Far East. Contract farming will ensure suitable raw materials of the right quality.

Raisio started a project aiming to increase the use of vegetable oil for bioenergy and technical solutions. The opportunities to create new solutions and markets look promising. The project on increasing the cultivation area of rapeseed in Finland is also ongoing. A considerable increase in the cultivation area is possible and would reduce the need to export grain. Raisio guarantees a secure sales channel for domestic rapeseed. The target is to ensure the competitiveness of the Finnish oil milling business on global markets, as well as to increase Finland's self-sufficiency in feed protein.

Key points in securing future success in the Business to Business Division:

- its agility and ability to renew itself
- identifying and understanding customer needs
- cost-effectiveness
- growth



PRIORITIES AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

PRIORITIES	SOURCES OF UNCERTAINTY
STRENGTHENING THE DOMESTIC MARKET POSITION IN BOTH FEEDS AND MALT	CHANGES IN THE AGRICULTURAL SUBSIDY SYSTEM
BOOSTING THE USE OF RAPESEED FOR BIOENERGY AND TECHNICAL SOLUTIONS	STRONG VOLATILITY IN RAW MATERIAL PRICES
INCREASING FISH FEED EXPORTS TO RUSSIA	THE RUSSIAN ECONOMY AND POTENTIAL OBSTACLES TO EXPORT
BEING A PIONEER IN REDUCING THE ENVIRONMENTAL IMPACTS OF FEEDING	PROFITABILITY OF LIVESTOCK PRODUCTION, CREDIT RISKS

RESEARCH AND DEVELOPMENT

Customers and consumers are the focus of Raisio's operations, and the basis for our operations is to satisfy their current and future needs. Research and development plays a key role in securing the company's future success. R&D works in close co-operation with Raisio's other functions in order to ensure that both the Group's versatile skills and the latest research results are used to successfully launch innovative new products and solutions.



CARBON LABEL IN 2008

Already in late 2007, Raisio noticed that the environmental impacts of nutrition were becoming an increasingly common topic among eco-conscious consumers. Consumers clearly needed information to help them make choices about their consumption, but such information was not easily available. Since Raisio had just the kind of information consumers were looking for, it decided to introduce a label it had developed to indicate the carbon emissions of products.

Raisio's interest in offering reliable environmental information about its consumer products turned into reality when Raisio participated in the Ministry of Agriculture and Forestry's Foodchain project, which published its final report in 2003. The project involved several industrial companies and research institutes. As part of the project, the environmental impacts of its Elovena oat



flakes were determined (climate warming expressed as carbon dioxide equivalents, acidification as sulphur dioxide equivalents, and eutrophication as phosphate equivalents). The impacts were assessed throughout the whole chain from farming, processing, distribution and store shelves all the way to the consumer.

In April 2008, Raisio was the first Finnish company to introduce a CO₂ emission label, which it added to labelling of Elovena oat flakes. By doing so, it created a new indicator for labelling. Raisio later replaced carbon dioxide emissions on the labels with a carbon dioxide equivalents (CO₂e) label. This label actually indicates the total amount of greenhouse gases released by the product (including methane and nitrous oxides), converted into carbon dioxide using the international GWP (Global Warming Potential) coefficient. The basis for the emission assessment, however, did not change, since all of the information had already been produced in the Foodchain project. The carbon footprint (CO₂e) label includes all emissions, from farming through production to store warehouses, and includes all transports as well. By the end of 2009, Raisio had labelled nine of its products with their CO₂e emissions figure.

In order to satisfy the consumers' increasing need for information, Raisio also began to develop its own application for carbon footprint calculation in co-operation with the Lappeenranta University of Technology. This joint work resulted in a master's thesis that examined the carbon footprints of two of Raisio's barley products: Torino Täysjyväohra and Orahammi. There is, as yet, no international standard for calculating the carbon footprint of food products. Raisio's calculation method is based on existing standards for life cycle assessment (LCA and the ISO 14040 series) and on guidelines for carbon footprint assessment (PAS 2050).

The carbon footprint assessment provides the necessary information about the environmental load of the product over its entire life cycle. This makes it an ideal tool for the continuous development of operations: what can be measured can also be improved. In autumn 2009, Raisio also began calculate the carbon footprint of its animal feeds with the goal to further enhance its own processes based on new information.

WATER LABEL IN 2009

There is no established international model for assessing the water footprint or for using such water footprint on product labels. As Raisio had the required data available and as being a pioneering company, Raisio created its own water footprint labelling. The H₂O label indicates the product's overall water consumption throughout the production chain – from the field to the ready, packaged product. The footprint includes the water that the plant uses for growth, the water used in production, as well as the wastewater. As for Elovena oat flakes, most of the water consumption consists of the water the oats are using during the growth period and obtain from rain water, as a part of the natural water cycle. Since the oat grown in Finland is not irrigated, it does not compete for clean drinking water.

Raisio added the water label to the Elovena oat flakes package in April 2009. In order to account for the primary production in its water footprint, Raisio used evaporation data from three of the Finnish Meteorological Institute's weather observation stations, located in areas where Raisio procures its contract-farmed grain. The assessment was made using three-year data for the months from May to September. The average oat crops per hectare of Raisio's contract farmers in 2006–2008 were used as another parameter in calculation. The hectare yield were determined on the basis of preliminary samples supplied by the farmers. Very little water is consumed during the actual production of oat flakes: water is only needed to steam the grain before the rolling process. The production process does not generate any wastewater. As for packages, the water consumption was mainly calculated using figures provided by packaging material suppliers. Water consumption includes all of the incoming water during the production processes of the packages and packaging materials.



Raisio is a world-class pioneer in the assessment and implementing the water label. The company's competence has also attracted a great deal of international attention, opening new opportunities for co-operation. In addition to climate matters, water consumption is one of the biggest global environmental challenges. Clean drinking water is becoming a scarce resource worldwide, and the lack of water will affect all of us directly or indirectly.

FOOD

Research and development of food products aims to develop tasty, convenient, healthy, plant-based and ecologically sustainable products for customers and consumers. In recent years, Raisio has made substantial inputs into the development and technology of oat- and soy-based products. Soy and oat are raw materials with several nutritionally and functionally favourable properties. Combining these with good taste and convenient use has been one of the main objectives. Food R&D focuses on breakfast, snack and baking products.

The goal in breakfast and snack products is to develop hot and cold cereals, mueslis and snacks that are grain- and plant-based, healthy, rich in fibre, tasty and as convenient as possible. A special focal area consists of milk-free and lactose-free products that replace milk-based drinks, cream and yoghurts. The Elovena snack drinks are a good example in this area. In 2009, the Group introduced into the retail and HoReCa markets a new fruity Elovena drink, which keeps at room temperature and complements the three previously launched Elovena snack drinks, as well as two soy-based soygurts. Milk-free drinks and snacks were launched also on the Swedish market in 2009.

The Elovena cold crispy oat cereal was accompanied by a healthy four-grain crispy cereal and two delicious Elovena mueslis packed in handy flip-top boxes. The Elovena rye-and-lingonberry instant oatmeal is an interesting novelty that adds variety to the line of Elovena oatmeals. In addition, Raisio introduced organic Elovena oat flakes to the market.

In baking products, the goal has been to develop more ready products with enhanced convenience. Ready-to-use, tasty Sunnuntai mixes for cakes, muffins and pizza were launched in early 2009 to make it easier for consumers to bake for both their everyday and festive needs. Ready-rolled coffee bread dough also supports the new and easy Sunnuntai baking concept.

Other new and healthy baking products include the Sunnuntai white wholemeal flour. The most important novelties for the baking industry include vacuum-packed and cooked grains, meals and rolled grains, which facilitate production in bakeries.





Torino Täysjyväohra, a wholemeal barley product, is a healthy substitution for rice as a side dish. Consumers can use this product to cook a healthy meal rich in fibre or use it in salads and other similar dishes. This line of development has continued, leading to a lighter barley product, Ohrahelmi, available on store shelves since January 2010. The carbon footprint of both these barley products is notably smaller than that of, for example, rice. The new products can be used to prepare healthier meals more ecologically and are also suitable for use in the catering business.

Further information about the carbon and water labels, as well as the products that feature them, is available at www.ekologia.fi

BENECOL PRODUCTS AND PLANT STANOL ESTER

R&D in the Benecol business is largely based on co-operation between research institutes and universities. In 2009, R&D focused on proving data on the safety and effectiveness of large daily doses of plant stanol esters.

The EU has restricted the daily intake of plant stanol to 3 grams. This is based on a 2002 report published by the Scientific Committee on Food, according to which higher daily intake than 3 grams of plant sterol or plant stanol does not further enhance the reduction of cholesterol levels. This restriction is currently under review at the EU level. For this reason, Raisio commissioned two clinical studies of large daily doses of plant stanol ester in 2008 and 2009.

The studies, conducted in Finland and the Netherlands, examined the impact of daily plant stanol doses as high as 9 grams.

The currently recommended daily dose is 2 grams of plant stanol. In the study conducted at Maastricht University, subjects ingested 3, 6 or 9 grams of plant stanols a day. A control group consumed similar products that were not fortified with plant stanol ester. In the study carried out at the University of Kuopio, subjects consumed an oat drink and spread fortified with plant stanol ester (the daily plant stanol intake totalling 9 grams) or similar control products without plant stanol ester for ten weeks. Both studies proved,



without doubt, the safety and effect of plant stanol ester with doses as high as 9 grams of plant stanol. According to new clinical studies, a high daily intake of plant stanol ester from Benecol products is safe and results in enhanced cholesterol reduction.

A Greek study showed that a Benecol diet containing plant stanol ester and a Mediterranean diet are both highly effective in reducing the estimated risk of cardiovascular diseases (CVD). The Mediterranean diet reduced the estimated CVD risk by 24–31 per cent. The Benecol diet, in turn, resulted in an effective, fast and statistically significant reduction in both the total cholesterol (-14%) and the LDL cholesterol (-16%), while reducing the estimated CVD risk by 26–30 per cent.

FEED

R&D in feeds aims to provide new feed mixes and feeding solutions that enable more efficient and profitable farm animal production, ensure the well-being and health of animals, enhance the digestion of nutrients and thus reduce the environmental load of farm animals, facilitate feeding work and improve the nutritional properties of farm animal products. Better feeding enhances the well-being and production of farm animals. This also applies to the environmental impact of farm animal production. The better we know the animals' needs for individual nutrients, the better we can adjust the nutrient composition of feed mixes and the smaller the amount of nutrients released into the environment.

Environmental impacts of farm animal production can be influenced by Raisio's feeds.

Several new products were developed in 2009 to enhance animal feeding and reduce the environmental load of farm animal production. The amino acid content of broiler feeds was revised based on the latest feeding research. Based on research results, the use of the phytase enzyme led to a reduction in the phosphorus content of feed, which enabled the phosphorus emissions from broiler farming to be cut by some 15 per cent.

The range of dairy feeds was renewed in many ways. Raisio launched a brand new feed mix called Opti-Maituri-Kombi, which can be used as a complete feed at the beginning of the lactation period and as a protein feed alongside grain at the end of it.

A new complete feed, Mullin-Herkku 3, was developed for beef cattle. Feed planning was based on the key observations made in a doctoral thesis written in Finland. A high-efficiency extract was introduced in all Opti-Maituri feeds, which enhances the utilisation of the energy of feeds. The extract reduces methane production in the rumen, channelling the energy saved to milk production. Raisio Feed also invests in research on the methane emissions of cows jointly with Valio, a Finnish dairy company. A doctoral thesis

will study ways to further reduce methane production in grass-based feeding.

In spring 2009, Raisio Feed was the world's first company to use the phytase enzyme in rainbow trout feed, helping to considerably reduce the phosphorus load from fish farming. Feeding studies



conducted in co-operation with the Finnish Game and Fisheries Research Institute show that the new phytase feed reduced the phosphorus load from rainbow trout farming by 26 per cent.

MALT

Raisio's R&D in malts focused on product development based on customer needs. Malting-related research was also conducted in the IMPRO project, which makes use of new molecular biology methods for predicting the processability, product quality and yield of barley. Water and energy preservation remained the main targets in the malting process.

VEGETABLE OIL

Raisio set up a product development group with the task of developing lubricants based on domestic vegetable oil, as well as other product applications for technical solutions. Biodegradable raw materials create a good foundation for modern, environmentally friendly products that are suitable for various customer needs.

RAISIO'S CO-OPERATION PROJECTS

RAISIO PARTICIPATES, FOR EXAMPLE, IN THE FOLLOWING PROJECTS:

PROJECT	TARGETS	DURATION
Under-produced plants	The project generates skills and knowledge related to the cultivation of under-produced plants to increase their farming area in Finland.	2009–2011
Climate Communication	The project supports the creation and communication of comparable carbon footprint data by producing information about calculation methods, as well as the carbon footprint guidelines, procedures and communication solutions used by different countries and international organisations.	2009–2011
ConsEnv	The project produces research data about household food consumption and the environmental impacts of housing, as well as about different choices related to these.	2008–2009 The project has ended.
EU-health Grain	The project aims to improve consumer well-being and reduce the risk of disease in the EU by developing new fibre-rich grain products and thus increase the dietary fibre intake.	2005–2010
Fibereffects	The project aims to determine the components of rye and oat fibres that interact with the gut and to study whether these components can be modified to reduce the intestinal symptoms caused by fibre.	2009–2012
Food Chain CSR	The project aims at comprehensive administration, management and utilisation of a responsible food chain from the viewpoint of the whole value chain.	2009–2011
Futupack	The project studies how various packaging solutions affect the environmental impacts of products.	2009–2010
Carbon-neutral municipality	The goal is to commit five municipalities to reducing their greenhouse gas emissions sooner than the rest of society. The project aims to define the methods and procedures related to this commitment in co-operation with different parties.	2008–2010
Climate harmony	Finnish agricultural and horticultural production may benefit from climate change, but the considerable and variable risks potentially brought about by the change must be adapted to.	2006–2009
Methane study	Doctoral thesis project	2009–2012
MoniPalko	The project aims to increase the cultivation of protein and oil plants in Finland and thus raise the protein self-sufficiency of the farm animal chain.	2009–2012
Protection Fund for the Archipelago Sea	The project aims to develop contract farming so that it pays increasing attention to the impacts of grain and oil plant cultivation on the waterways, to improve the utilisation of nutrients and thereby reduce nutrient washout into the waterways, as well as to increase biodiversity, for example, through wetlands.	2008–2010

CORPORATE RESPONSIBILITY

Raisio is committed to take responsibility for its operating environment, environmental matters and personnel, developing its operations in line with the principles of sustainable development. The company is closely involved in dealing with global changes that affect the food chain by developing ecological and healthy products and solutions that preserve natural resources and satisfy consumer and customer needs.



CORPORATE RESPONSIBILITY

Raisio reports on its corporate responsibility in compliance with the international GRI guidelines on sustainable development. The company's operations are on an ecologically, ethically and financially solid foundation.



Raisio reports on its corporate responsibility in compliance with the Global Reporting Initiative (GRI) guidelines on sustainable development. GRI is an international organisation that develops guidelines on sustainability reporting, its objective being to promote the reporting of reliable, understandable and comparable information. GRI-compliant reporting is voluntary, but increasingly more companies have adopted the guidelines to report on financial, environmental and social topics related to their businesses.

Raisio's corporate responsibility report is based on the GRI guidelines, where applicable, containing those GRI themes and indicators that are relevant to Raisio's operations. Annual reporting is expanded and enhanced to meet the requirements of the operating environment in parallel with the development of indicators and reporting systems. The corporate responsibility report is part of Raisio's annual report. A comparison between the report and the GRI guidelines can be found at www.raisio.com > Responsibility.

Raisio's environmental reporting complies with the environmental responsibility reporting model adopted in the food industry.

When developing the reporting, Raisio takes into consideration the responsible practices and policies described in the publication on social responsibility in the Finnish food chain, drafted by the Finnish Food and Drink Industries' Federation.

The corporate responsibility report contains environmental indicator information on Group subsidiaries that engage in production and in which Raisio plc's holding exceeded 50 per cent in the review period. Since all of the figures relate to the Group's continuing operations, the 2009 report does not include the margarine business, which was divested in the review period. As a rule, reporting is restricted to responsibility matters concerning the company's own operations. Figures concerning the comparison years are reported according to the continuing operations.

Raisio aims to follow the best practices in all of its operations and has adopted the principle of continuous improvement. This means that the company must utilise all of the information available and develop its own – and the whole grain chain's – operating models in order to promote financial, ecological and ethical ways of working in both Raisio and its interest groups.

TOWARDS A SUSTAINABLE FOOD CHAIN

In the coming decades, our lifestyle may change as drastically as that of our ancestors when they were introduced to electricity and industrialisation. The world faces two major challenges that are closely linked to one another: the climate challenge and the food challenge. Both of these affect consumers' choices, which, in turn, have a global impact on the food chain.



DEMAND FOR FOOD TO DOUBLE

The world's population is expected to reach around nine billion by 2050, over two billion more than now. The demand for food is forecast to double from 2009 to 2050. Simultaneously, eating habits are changing due to ageing populations, especially in industrialised countries. In Asia, demand is on the increase, and eating habits are changing as the standard of living rises.

The land available for food production, however, is not seeing significant growth. According to the OECD's estimates, farmland per person will shrink from the slightly over two hectares at present to some 1.6 hectares by 2050 due to population growth. Arable land and clean water will be in short demand.

Grain chain forms the foundation for food

There will be enough vegetables, grain and pulses to go round if their share in the diet is emphasised, but for instance producing enough meat for the needs of the entire world is a big challenge. It is important to understand that meat and dairy products are also part of the grain processing chain. In terms of its natural resources, such as sufficient water supplies, Finland is one of the lucky

regions on Earth. We have good future opportunities to increase farm animal production and export meat and dairy products to satisfy the needs of consumers in other countries.

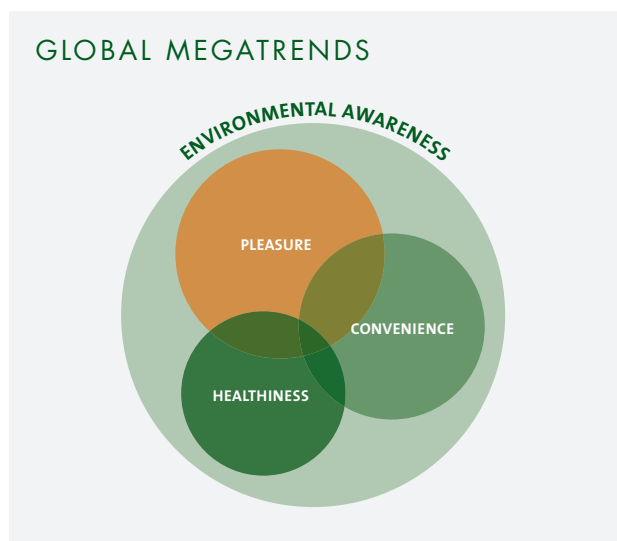
Grain cultivation needs new methods for measuring the environmental impacts and identifying targets of development. Raisio has introduced an environmental index designed to meet the requirements of its contract farmers. The index provides farmers with information on the environmental impacts of their operations and allows them to compare their energy-efficiency against other contract farmers' performance.

Reducing emissions from farm animal production

The environmental impacts of livestock farming greatly affect the ecological aspects of the food chain. R&D in feeds can be used to deal with these issues, and feed mixes offer an effective way to curb emissions from livestock farming. The use of the phytase enzyme, for example, has reduced phosphorus emissions by 20 to 30 per cent, while that of clean amino acids has led to a 20–30 per cent drop in nitrogen emissions. Feed development must, however, be based on the studied nutritional needs of animals.

CHANGING CONSUMPTION

The changing world affects our daily choices. Environmental awareness has taken its place alongside the other international megatrends in food products, namely, pleasure, convenience and healthiness. Moreover, consumers show growing interest in their health and well-being. Changes take place extremely rapidly: the impact of food on the climate change, for example, has become a frequent topic and attracted more consumer awareness in the past two years.



We are not to buy excess food that ends up in the rubbish. Apart from this, the practical meaning of ecological food choices still remains a question mark for many. At the moment, 60 per cent of the EU's population pays attention to the environmental load of products they purchase. Recycling and minimising waste amounts are considered to be the most effective ways to make a difference. Around 70 per cent of Europeans are in favour of making carbon footprint labelling obligatory on products*.

Nordic consumers are categorised into ecological profiles, such as committed, concerned, flexible, unmotivated, irresponsible and sceptics. Of these, the committed, concerned and flexible

categories are prepared to make new choices. Around one-third of Nordic consumers already act against climate change through food choices in their everyday lives. This group contains more women than men. In Finland, the share of enviro-convenient consumers exceeds the Nordic average while that of sceptics is lower than in other countries.**

Lohas consumers changing the markets

LOHAS, short for Lifestyle Of Health And Sustainability, is a characteristic of aware consumers. Consumption choices must have a meaning and purpose for Lohas consumers, since they want to make ethically correct choices. Their goal is to base their choices on a combination of an all-encompassing world view and their own values.

Before making decisions, Lohas consumers look for information, especially on social media forums, where they meet others with similar interests. According to estimates, around one-fifth of the adult population in Finland and other European countries, as well as the USA, are Lohas consumers. They are a growing group of conscious pioneers, who refashion the markets.

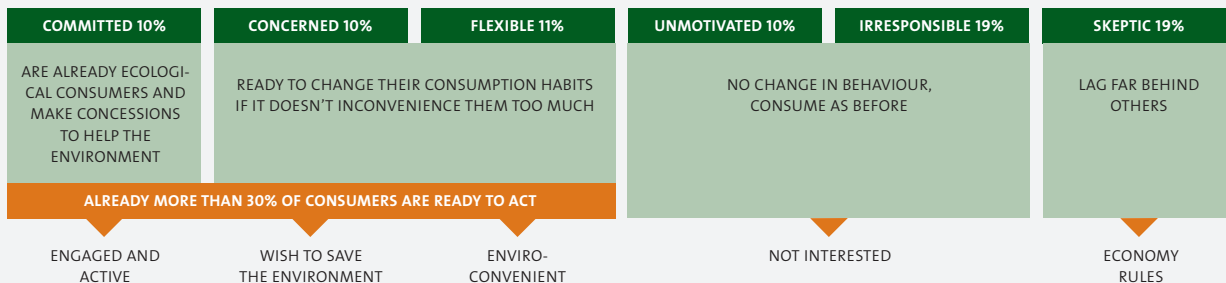
Our task at Raisio is to look into the future and see what does not yet exist.

RAISIO AND MEGATRENDS IN FOOD PRODUCTS

Raisio's products are plant-based, natural and healthy. The company wants to make ecological and healthy choices easy for consumers. Our daily work is built on a vision that is highly current but also looks far into the future. Raisio is a forerunner and specialist in ecological, plant-based nutrition with leading brands.

Sources:
* Flash Eurobarometer, April 2009
** Climate Focus Nordic, October 2009

ECOLOGICAL PROFILES OF NORDIC CONSUMERS



21 PER CENT OF THOSE WHO RESPONDED TO THE SURVEY DO NOT FIT WELL TO ANY OF THE SIX SEGMENTS.

Source: Climate Focus Nordic, October 2009

OUR OPERATING PHILOSOPHY

Raisio's core values – competence, responsibility and open co-operation – play an increasingly important role in efficient and profitable business operations. The company is committed to take responsibility for its operating environment, environmental matters and personnel. Raisio is an active participant in developing the whole grain chain from field to fork.



Raisio's business operations generate added value and well-being for various stakeholders. The goal is for our operations to continue to lie on an ecologically, ethically and economically sound foundation and to meet the needs of consumers and customers. We aim to be a reliable and preferred partner for customers and other co-operation parties.

RESPONSIBLE MANAGEMENT

As a listed company, Raisio plc must take into consideration the interests of its shareholders, comply with legislation and follow good business practices in its operations. Raisio, however, extends corporate responsibility even further than its shareholders and customers. Raisio operates in such a way that it can take into consideration the interests of all stakeholders – without compromising on those of its owners. Our personnel, customers, service providers, goods suppliers and many others are important stakeholders in this work.

Responsible management guides our operations towards common targets. It also includes Raisio's key policies, principles, targets and guidelines. Responsible procedures and management are the starting point for Raisio's operations and form the foundation for continuous improvement, open co-operation and profitable business.

At Raisio, personnel, quality, occupational health and safety issues fall under the responsibility of Merja Lumme, Vice President, Human Resources, and a member of the Group's Management Team. The planning and practical implementation of corporate responsibility reporting are handled by the corporate responsibility working group, which includes people from main business areas and service functions. Communication about corporate responsibility matters is coordinated by Raisio's corporate communications.

The Group's corporate governance principles are discussed in the Corporate Governance section of this annual report. The section also introduces the Board of Directors, Supervisory Board and Management Team, as well as describes the principles of operations and the shareholders' opportunities to influence matters.

Raisio's key policies and principles include:

- quality, environmental, health and safety policy,
- ethical principles,
- principles of animal testing,
- GMO policy,
- and a HR policy.

In addition to the Group's vision and strategy, Raisio's Board of Directors has approved the company's quality, environmental, health and safety policy, ethical principles and risk management policy. Furthermore, the Group's Management Team has defined the company's GMO, as well as HR policies and its principles concerning animal testing.

Raisio's key principles and policies are described on the company's website at www.raisio.com > Responsibility.

OPERATING SYSTEM

Our operating systems are certified in accordance with the ISO 9001 and ISO 14001 quality and environmental standards. To ensure the continual development of product safety and to maintain and improve customer satisfaction, the company's food production facilities also follow food safety standards. The non-dairy plant in Turku is certified in accordance with the BRC, a food quality and safety standard released by the retail trade. Raisio has also adopted other sector or product-specific standards and certificates. Owing to customer needs, some of our plants are also Kosher and Halal certified.

QUALITY, ENVIRONMENTAL, OCCUPATIONAL HEALTH AND SAFETY TARGETS

Raisio's responsible operations are guided and defined by targets set for group-wide quality, environmental, occupational health and safety activities:

- to develop and produce safe, healthy and environmentally friendly products using methods that preserve natural resources,
- to prevent operational hazards, accident risks and their possible consequences,
- to ensure a safe work environment, with the target of zero accidents,
- to reduce the amount and harmfulness of emissions and waste and to increase waste recovery,
- to ensure active development of operations and continuous learning,
- to promote open debate and interaction on safety, occupational health and environmental issues with customers, the procurement chain, authorities, stakeholders and the personnel,
- and to continually improve customer satisfaction.

HARMONISED OPERATING SYSTEM SPEEDS UP THE ACHIEVEMENT OF TARGETS

All of Raisio's domestic operations came under the scope of a harmonised operating system in 2009. The system has introduced joint operating models and simple tools for distributing good practices. As a result, the company's operations are transparent.

Harmonised operations benefit both the customers and Raisio.

Raisio's operating system is based on the ISO 9001 and ISO 14001 standards. The QPR process management software, part of the operating system, was first introduced in the Brands Division in October 2008. In connection with this step, the Group's service processes were also linked to the sys-

tem. In spring 2009, the Business to Business Division was added to the system.

Personnel implements best practices

The harmonised operating system has made daily work and management easier at Raisio thanks to clear process descriptions. The alignment of procedures has led to clearly defined responsibilities and improved superior work. The induction of new Raisio employees has also become more efficient and versatile.

The operating system has been certified by Inspecta Sertifointi Oy. Raisio also has over 50 internal auditors, who have an important role in harmonising procedures and ensuring that the best practices are shared between different operations. Training in

internal auditing is open to all Raisio employees, boosting the company's extensive on-the-job learning. Comparisons between different business segments are easy to make, thanks to a well functioning system and active employees.

Clear benefits to customers

Customers experience Raisio's internal development as improved delivery reliability, even quality, fewer error messages and more uniform contract procedures. The operating system is also useful when defining the company's targets and the measures taken to achieve them in concrete terms. Furthermore, it provides comprehensive information about the Group's environmental impacts and other key figures, such as the trend in water consumption.

EMPHASIS ON PRODUCT SAFETY

Raisio defines corporate safety as being a comprehensive management process of safety issues. It aims to ensure uninterrupted operations and to protect the company's personnel, information and property, as well as the environment against accidents, damage and criminal activities. The goal is to use the different safety sectors and business operations to formulate a basis for operational activities.

In Finland, Raisio's employees work as experts, for example, during preparations for product safety-related legislation. This is also a good opportunity to give valuable, practical information about the applicability of statutes. It is vital to follow new developments in order to keep production processes prepared for new solutions.

Raisio participates in several co-operation projects and secures future development.

In addition to co-operating with the authorities, Raisio is an active participant in co-operation organisations in its own sector, such as CEEREAL, the European Cereal Breakfast Association. Raisio Feed is represented in the Sustainability working group of FEFAC (the European Feed Manufacturers' Federation). Involvement in influential activities enables us to be at the leading edge of development and gives us access to the latest information. It also enables us to affect the legislation, composition, healthiness and purity of products at the EU-level, as well as to share our wide-ranging competence with others.

Salmonella outbreak in feeds 2009

In March 2009, one of the production lines at Raisio's feed plant was found to be contaminated by Salmonella Tennessee bacterium. It had gone undetected through the self-monitoring quality control process and was first found during manure tests conducted at two chicken farms. The most likely reason was that the salmonella bacterium got into the replacement air of the feed cooling system, where it then began to reproduce.

The final count of salmonella positive chicken and pig farms totalled 90. With a few exceptions, the affected farms had been cleansed by the beginning of 2010, and Raisio's production is now back to normal on the completely new line. The safety of consumers was not at risk at any time. In co-operation with its liability insurance company, Raisio Feed has compensated the farms for the damages in accordance with the principle of strict liability laid down in the Feed Act. Being a large and responsible company, Raisio was able to carry this out.

Never before in Raisio Feed's 60-year history has salmonella been detected in the company's feeds. As a result of the case, Raisio's feed plant has made big investments to secure feed safety in the future. The processing temperature has been raised to at least 75 degrees centigrade for all feeds, and the air intake and cooling systems, among other things, have been renewed. Quality control systems have been enhanced and sampling frequencies have been at least doubled for raw materials, the plant premises and equipment. The customers' trust in Raisio Feed has now returned to its normal, strong level after this serious event. Freedom from salmonella is very important to Finland, Sweden and Norway, which is why the countries have adopted zero tolerance.

COMMUNITY INVOLVEMENT

Continuous interaction with the authorities, civic organisations, scientific communities, schools, universities and healthcare professionals helps to increase contact with the surrounding society. Listening to different interest groups and taking their needs into account is important to Raisio. The company encourages its divisions and staff to actively participate in the operations of local communities. Raisio manages interaction between its stakeholders in line with its ethical principles.

In 2009, based on decision of the Group's Board of Directors, the Group donated EUR 250,000 to the fundraising campaign of the University of Turku and the Turku School of Economics, which merged at the turn of this year. With its donation, Raisio wants to promote local top competence and secure the competitiveness and prerequisites for well-being in Southwest Finland for the future.

The Raisio plc Research Foundation supports scientific research with grants. The Foundation aims to promote the development, quality and safety of human and animal foods and food ingredients. In 2009, the Foundation awarded grants to 13 postdoctoral researchers, the total amounting to EUR 221,700.

Raisio co-operates with the Finnish Athletics Association to encourage children and teenagers to exercise more and to choose healthier snacks. The Elovena "Power Day" project introduces exercise and nutritional information to young people at schools in a fun way. In 2009, the project reached 15,000 children and teens. Co-operation will continue in 2010.

Projects which Raisio participates in are described in the research and development section on page 27.

MEMBERSHIPS

The EU is harmonising environmental protection and product safety statutes and developing sector-specific guidelines and standards. The European Commission organises information exchanges between member states and the industry. Raisio participates in co-operation with the authorities through European associations and federations in the field, such as Euromalt (Federation for European malting plants), FEFAC (European Feed Manufacturers' Federation), FEDIOL (EU Oil and Proteinmeal Industry) and GAM

(European Flour Milling Association). Raisio or its representatives are members of dozens of Finnish and international organisations and associations which are important to business activities.

Additional material about Raisio's operating philosophy is available at www.raisio.com

RAISIO'S OPERATIONS AND IMPACTS



RAW MATERIALS AND PRODUCTS

- Finland's biggest industrial grain processor
- Continuous development of the grain chain and co-operation
- Plant-based raw materials and products
- Traceability of raw materials and guaranteed product quality
- Innovative new products
- International research co-operation

SUPPLY CHAIN MANAGEMENT

- Maintaining delivery reliability
- Efficient production processes
- Optimised logistics
- Environmentally conscious operations
- Continuous improvement

PEOPLE

CONSUMERS AND CUSTOMERS

- Operations and products fulfilling the needs of consumers and customers
- Products that promote well-being
- Continuous improvement of customer satisfaction
- Strengthening partnerships

PERSONNEL

- Competence development
- Ensuring occupational well-being
- Offering a safe working environment
- Uniform company culture
- Fair and just management

OTHER STAKEHOLDERS

- Ensuring profitability
- Open and timely communications
- Increasing continuous interaction

Raisio considers responsibility to also refer to the added value and well-being that the Group offers its stakeholders locally, nationally and internationally in the company's business areas. Raisio develops, produces and sells products to its customers, purchases raw materials, other materials and services from suppliers, pays wages, dividends and taxes, indirectly employs subcontractors and participates in social activities. These activities generate significant cash flows, which give an idea of the importance of Raisio's relations with its stakeholders.

ENVIRONMENTAL RESPONSIBILITY

Responsibility for the environment requires a company to be active and to interpret and understand its operating environment. Respect for the environment and surroundings plays a key role in environmental work. At Raisio, environmental work is a part of everyday activities. The key environmental targets set by Raisio as well as their monitoring and assessment all contribute to reducing the environmental impacts of operations.



ENVIRONMENTAL IMPACTS

Raisio analyses its environmental impacts throughout the operating chain. Most of its raw materials are field products. Plant-based raw materials are used almost entirely in the production processes, meaning that waste has a minor impact on the environment. The demands of the best available technology are taken into account when dealing with changes in production processes and their environmental technology. R&D also engages in important environmental work in order to increase positive environmental effects of products. Renewed feed mixes, for example, have resulted in positive environmental impacts in livestock production and fish farming.

Farming inputs in primary production, along with transports, are the main sources of environmental impacts resulting from the production of the Group's main raw materials – grain and oil plants. To measure the environmental impact of grain cultivation and to identify targets of improvement, Raisio has introduced an environmental index designed for contract farmers. The index provides farmers information about their own energy efficiency. Measurement and awareness of environmental impacts also contribute to the development of operations.

In addition to primary production and transports, environmental impacts are caused by the production of foods and their ingredients, feeds and malts. Energy use in processes and transports, as well as packaging and other waste, have a key role, as do water consumption and wastewater in the malt business.

Raisio focuses on determining the environmental impacts of its products throughout their life cycle. There are currently several projects supporting this target. Further information can be found in the section on research and development. Among other things, Raisio participates in the carbon-neutral municipality project, which aims to provide municipalities with new tools and operating models to curb climate change and to promote the adoption of environmentally friendly technology. Raisio is involved in the development of environmentally friendly food services as well as of products with a low carbon footprint for use at schools and in institutional catering.

Raisio's role is supported by the plant-based nutrition it produces. The company's products are healthy and inexpensive and usually do not require cold storage, keeping carbon dioxide emissions and energy needs at a low level throughout the processing chain.

MATERIALS AND OTHER PRODUCTION INPUTS

Raisio uses renewable natural resources as its raw material. As the versatile grain processor Raisio has the possibility to direct raw material to the best-suited production purpose. Material flows between production plants are considerable. These by-product transfers result in multiplication in the reported raw material volumes.

WATER

An abundant consumption of water is typical of many food industry processes. As for Raisio's production premises, the malting plant is the biggest consumer of water. Its share of water consumption at Raisio's industrial facilities is slightly over 45 per cent. To enhance water use, Raisio recovers and recycles usable waters.

ENERGY

Raisio's electricity and heating supply is mainly based on purchased power. In spring 2009, the Group joined an energy efficiency agreement for the energy-intensive industry. The agreement will help Raisio to further improve its energy efficiency through process changes and investments.

EMISSIONS, WASTEWATER AND WASTE

Sources of noise at Raisio's production plants include compressors, ventilation fans and their outlets. Thanks to the company's measures to reduce noise emissions, the main sources fall under environmental noise limits. Raisio continues its work to further reduce the sound level of the noisiest machines and equipment.

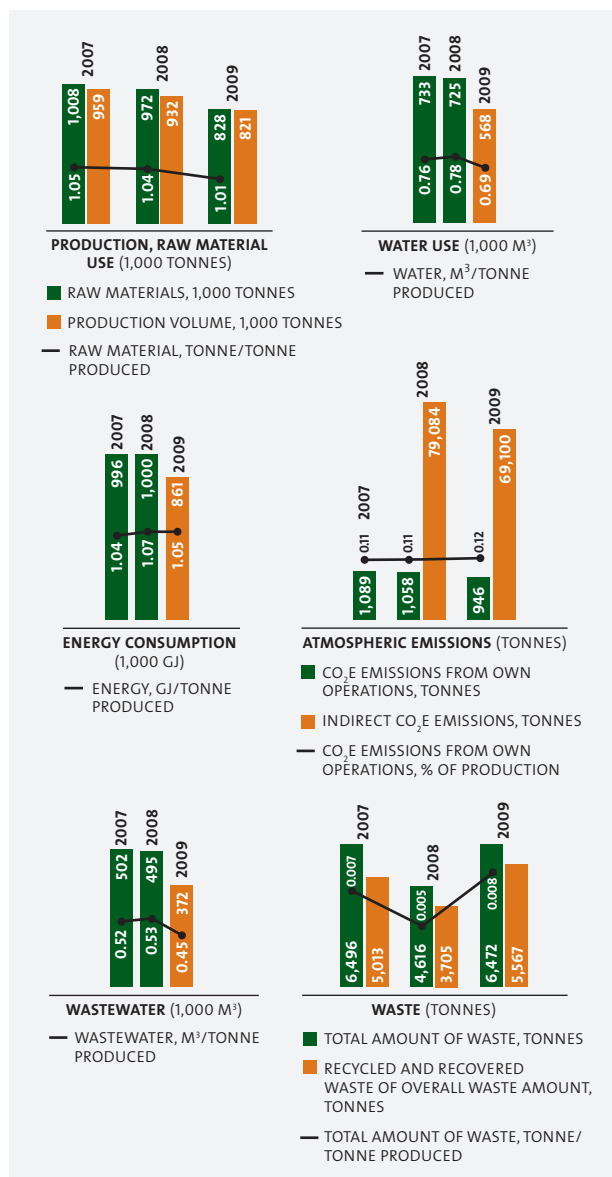
Measurements of emissions of volatile organic compounds (VOC) are carried out regularly in some of the facilities in accordance with the environmental permit conditions. The results are used to calculate values for atmospheric emissions, since continuous quantitative measurements are not available. The hexane emissions from the Raisio oil milling plant fell to their lowest level ever, being 25 per cent less per raw material tonne than the year before. This level was achieved, among other things, by tightening the sealing of the distillation system. Since rapeseed was the only raw material used, there was no need for changeovers due to changes in raw materials.

Most of the heat energy used at Raisio's factory sites is acquired through purchase agreements. At the end of 2009, Raisio bought a steam heat plant from the town of Kouvola. The plant located in the village of Kaipiainen supplies steam to the nearby feed plant, among other places. Operations at the boiler plant continue in the same way as before. The steam heat plant is fuelled by natural gas. The Kouvola boiler plant, as well as the reserve power station at the Raisio factory site, are within the scope of emissions trading. Similar to last year, Raisio reports both its own carbon dioxide emissions and the indirect emissions from its heat suppliers' production, but this time using CO₂e values.

The value describes the aggregate impact of different greenhouse gases on the atmosphere. In 2009, the emissions from heat production totalled 70,046 (80,142) tonnes of CO₂e in terms of Raisio's own operations and also purchased heat production. The electricity used at the company's Finnish sites, which forms the bulk of the Group's overall electricity use, is eco-labelled, meaning that its production does not generate carbon dioxide emissions that speed up climate change.

Wastewater plays a significant role, especially in the malt business. The wastewater treatment plant in the town of Raisio was closed in October 2009; since then, wastewater from the Raisio factory site has been conducted after pre-treatment to a treatment plant in Turku.

Although Raisio consumes nearly all its raw materials, the amount of waste is considered to be an important environmental factor



which why it is reported as an environmental indicator. Calculated for the entire Group, the share of recovered waste from the overall waste increased by six per cent, and was about 86 per cent. Raisio uses recovered waste either as material or as an energy source.

It is also important to monitor the use of packaging materials, since Raisio's food business partly produces packaged consumer products. In the EU, such monitoring is statutory, and increasingly strict goals have been set for recycling.

Environmental work is long-term, continuous improvement of operations and promotion of sustainable development.

TRANSPORTS

Raisio does not have its own transport fleet. Transport services are mainly acquired from external providers. The Group continued its project of enhancing bulk transports of food in 2009. By making routing more efficient and by actively enlarging the size of deliveries, the company has managed to reduce the kilometres

driven and to increase the fill rate. The aim is to further reduce transport kilometres by clarifying the geographic division between transport operators.

The environmental friendliness of transport equipment gets special attention in the evaluation of transport operators. The emissions categories of engines are recorded in the evaluation reports, and drivers are encouraged to be active as concerns emissions measurements.

Raisio Feed's raw material transports use return transports whenever possible. Product safety and the hygiene of transports are always given priority. Product deliveries to farms are only made by contract drivers whose transport equipment is monitored in compliance with the continuous hygiene programme. Moreover, only pick-ups with the farms' own equipment are allowed. This change ensures that the transport equipment of our contract drivers is used more efficiently and that we can plan transports that cause fewer emissions. Our map-based route planning application enables us to further improve transport efficiency and environmental friendliness. The application has been in use for two years and the experiences are very positive.

FOOD PRODUCTION ACCOUNTS FOR THE BULK OF THE WORLD'S FRESHWATER CONSUMPTION

Water consumption, along with the climate issue, is a major global environmental challenge. The UN estimates that two-thirds of the world's population will suffer from water shortage in 2025. Only around one per cent of the world's water resources is freshwater, suitable for drinking and cultivation.* This means that changes in consumption have a strong local impact.

Climate change affects the global water balance. Dry areas will grow even more arid, while regions already rich in water will get more precipitation in the future. Since experts estimate that Finland will continue to have sufficient water reserves in the future, the country's cultivation and food production conditions are likely to remain good. As a result, Finland's role as a milk and meat producer may increase.

Virtual water increases the water footprint

Globally, around 70 per cent of potable freshwater is used for irrigation in agriculture. Continuing along the production chain, through processing and transports, commodities finally reach the consumer. The average daily water footprint of Finns is around 4,700 litres per person, over 40 per cent of which is generated outside the country. The more a product is processed, the more water is needed. Most of the water we consume is, in fact, hidden in the product. Less than 40 per cent of the 'virtual water' embedded in the food Finns eat is of domestic origin.

There are three types of virtual water: blue, green and grey. Blue water refers to fresh surface water or groundwater. Around 15 per cent of the world's cultivated land is irrigated with blue water, and it produces approximately 40 per cent of the world's crops.* Green water is rainwater and water in the soil that evaporates into the atmosphere as a part of the normal water cycle. Most of the world's crops are grown using green water.

Since Finnish grain is not irrigated, it does not compete for clean drinking water. Grey water is polluted water and wastewater.

Raisio introduced a water label

Raisio was the world's first food company to add a label indicating overall water consumption to a consumer product. Elovana oat flakes were the first to get the label. Their overall water consumption per 100 grams of the product is 101 litres. Of this, 99.3 per cent consists of the water that oats use during the growth period and get from rainwater, as a part of the natural water cycle. The remaining 0.7 per cent of the water footprint arises in processing, flake steaming, transports and packaging. The Elovana water label covers the path of oats from the field through production to store warehouses. After that, the water footprint depends essentially on the consumer's daily choices related to water consumption.

*Vesitalous magazine 1/2008

TRAVEL

Raisio began to monitor and report on its air travel in the review period. Compared to the previous year, the overall volume of air travel decreased by nearly 24 per cent. The distances travelled, however, increased. Carbon dioxide emissions per person were, on average, 0.28 tonnes of CO₂. The personnel is encouraged to use teleconferencing whenever possible instead of travelling. Video and web conferencing are other efficient and time-saving alternatives.

LAND USE AND BIODIVERSITY

Raisio has production facilities in six locations in two countries. At the end of 2009, the administered land area totalled some 72 hectares. The production facilities in Raisio are located near the town centre, approximately two kilometres from the Raisio bay area, which is one of Finland's most valuable bird wetlands. The Raisio bay is included in the national conservation programme for bird wetlands.

The Kaipiainen feed plant is located in a Category I groundwater area. Feed factories, in general, have not been detected to have an impact on the quality of groundwater. Nevertheless, groundwater protection has been taken into consideration in the factory's technical solutions. The operations of other industrial facilities are not considered to have a direct impact on biodiversity, or they are not located in sensitive areas in terms of nature conservation.

COMPLIANCE WITH REGULATIONS

In December, the Administrative Court of Vaasa gave its decision on the appeals filed against environmental permits at the end of 2007. The appeals were mainly related to wastewater measurement and the determination of limits concerning Raisio's production facilities. The appeals were partly successful, and the permit conditions were amended so that they are now better suited to practical operations. No fines or sanctions related to violation of environmental legislation are known of.

ACCIDENTS AND THEIR PREVENTION

One accident took place in the review period. In December, a pelleting machine at the Raisio feed plant clogged up, which led to a fire pocket developing inside the pellet cooler. As a result, the filter material inside the exhaust air filter also caught fire. The incident caused a brief shutdown on the line in question. No personal injuries were caused, and material losses were minor.

ENVIRONMENTAL, HEALTH AND SAFETY INVESTMENTS AND RUNNING COSTS

Raisio focuses on minimising key environmental impacts. In 2009, the most financially significant environmental, health and safety investments focused on improving process safety. Energy efficiency and occupational safety matters were also emphasised. The Group allocated around EUR 3.1 million (EUR 2.4 million) to environmental, health and safety investments.

Environmental expenses include costs from environmental conservation measures. These include costs from wastewater treatment, waste management and air pollution prevention as well as soil and water protection, cover equipment use and maintenance, monitoring of environmental protection and payments made to outside service providers. Operating expenses from environmental protection totalled some EUR 1.3 million (EUR 1.6 million), water protection and waste management costs being the most significant sources.

ENVIRONMENTAL TARGETS

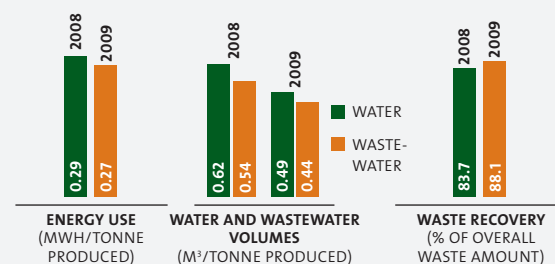
Raisio's business operations define their own, more detailed environmental targets based on the Group's general objectives. Goal-setting, the required measures and their monitoring are carried out as part of the Group's annual planning. All production plants in Finland have set numerical, long-term targets for key environmental impacts. The targets cover the period 2009–2011. Energy targets were around eight per cent lower and the targets for water and wastewater volumes around eleven per cent lower than the 2008 levels. Owing to the divestment of the margarine business, the overall targets for 2011 were revised accordingly. The graphs below have been revised to correspond to the current situation.

The improvement of energy recovery and cooling systems has played a key role in the enhancement of energy use and partly in that of water consumption. The efficiency measures are an inherent part of planning related to new processes and process changes. Raisio's other environmental targets include increasing the field area that comes under the scope of cultivation advice, optimising transport routes and reducing noise emissions.

The work to achieve the environmental targets in 2009 has been effective and the production plants reached their targets even better than expected. The Group continues its systematic environmental work in connection with investments and overhauls.

Raisio's environmental responsibility and a comparison with GRI indicators are available on the company's website at www.raisio.com > Responsibility.

TARGETS 2009–2011 (FINLAND)



Raisio will re-evaluate the targets for 2010–2011 based on the results in 2009.

PERSONNEL

For Raisio, social responsibility means taking charge of the well-being of its personnel and other stakeholders. Raisio's social responsibility emphasises the development of staff competence, well-being at work and safety in the work environment, as well as good practices in co-operation networks.



Good management of social responsibility is a prerequisite for business development and the achievement of targets. It also helps the personnel to carry out Raisio's values in its own work and keeps the staff motivated. Responsible operations improve the Group's competitiveness and contribute to Raisio's ability to attract the best possible employees.

The concept of social responsibility, as well as the emphasis put on its different sub-areas, vary from culture to culture. In some countries responsibility means paying wages on time, while elsewhere the focus may be on the ethical nature of business. Raisio operates according to the same principles and values at all of its sites irrespective of the country.

- Raisio employed 593 people at the end of 2009 (625 in 2008), 14% (15%) of whom worked outside Finland. Raisio has employees in nine countries.
- A developing, professional, skilled, motivated and committed personnel is essential for Raisio to achieve the targets defined in its vision and strategy.
- Raisio has drawn up Global HR policy & guidelines for the Group. The principles include common guidelines, among

other things, for HR planning and reporting, recruiting, personnel development and rewarding. Raisio also has common rules for minimum wages and the termination of employment relationships that comply with local legislation.

- Regular team meetings are arranged between the employer and employees to discuss business conditions and other topical issues. In addition, each personnel group (workers, office staff and managerial employees) has elected its own representative to the Supervisory Board.
- Raisio Academy, a business management training programme jointly implemented by the Raisio Group and the Turku School of Economics, was launched in early 2009. The programme is attended by 23 Raisio employees. Studies consist of both theory and its application.
- The role of superiors and personnel communication continued to be strengthened. Several training and informative events were arranged for superiors, the focus being on Raisio's topical issues and responsible operations. It is the superiors' task to distribute information in their own organisations to ensure that all employees are aware of the targets set for the company and their own work.

The organisation's operating efficiency rose, enabling profitability to be further improved, which was the main target in 2009. The Group continued to streamline and centralise its operations by divesting the margarine business. As a result, some 330 Raisio employees transferred to Bunge. Moreover, Raisio adjusted the operations of its Business to Business Division to the quickly changing market conditions with temporary layoffs and redundancies.

HUMAN RIGHTS AND EQUAL OPPORTUNITIES

Raisio respects the UN declaration of human rights and the fundamental principles and rights at work as defined by the ILO. These rights cover the freedom of association, the right to organise or not to organise, the right to collective bargaining, the elimination of forced and compulsory labour, as well as child labour, and the employees' right to equal treatment and opportunities. Around 80 per cent of Raisio's employees are organised into unions.

All employees are entitled to a safe work environment. Behaviour that is mentally or physically coercive, threatening, offensive or abusive is not permitted.

Raisio considers staff versatility a strength. Employees are selected for their duties based on their personal traits and skills. Continuous learning and self-development are made possible by internal and external training and on-the-job learning. Discrimi-

nation on the grounds of race, gender, sexual orientation, religion or political beliefs is prohibited. The goal is for Raisio's equality and well-being plans to cover the entire staff.

Raisio's Finnish units have, at their disposal, a specially drawn up equality plan, which is updated on an annual basis. The plan includes a description of equality in the workplace and the measures taken to promote equality between men and women. There are no gender-based differences in the average wages of men and women. The average wages of women were around eight per cent lower than those of men. The difference comes from the complexity of duties. One of the targets of the equality plan is to increase the share of women in managerial posts and management teams. In 2009, Raisio's management team consisted of one woman and seven men. Raisio mainly employs local staff at all of its sites.

PERSONNEL SURVEY

Improvement in the employees' job satisfaction is a key indicator supporting the HR strategy. A personnel survey was carried out in Raisio's Finnish and US units in spring 2009. The goal was to determine the organisation's strengths and the most obvious targets of development in terms of well-being at work concerning both individuals and the work community. The survey had a response percentage of 67, and the best grades were given to the meaningfulness of work, physical well-being, atmosphere at work and social support. Employees hoped to see development in

ECOLOGY PROFESSIONAL IN MY OWN LIFE

Ecology is an essential part of Raisio's strategy and vision. 'Ecology professional in my own life' is a staff campaign aiming to collect and distribute experiences of the role that ecology plays in the everyday lives of Raisio employees. The company encourages its staff to take ecology into consideration in everyday choices. According to Raisio's motto, even small steps and actions are useful.

The Ecology professional in my own life campaign collected examples of the employees' own daily ecological choices. These were compiled into a 'tree' of ecology stories, which is on display in the company's facilities for employees and visitors to view. The ecological choices of colleagues and co-workers can offer new ideas, suitable for one's own life. Every employee also

received a campaign booklet, which describes Raisio's operating models and contains staff stories. Here are a few examples of the stories submitted:

I reduce power consumption. I detach chargers from outlets and never leave electric appliances in standby mode. My main outdoor lights are activated by motion sensors. *-Jari-*

Own wastewater treatment system and eco-electricity. I live in a rural area and am now testing a recycling system with four containers. I also got a new wastewater treatment system, which will become obligatory in 2013. I've had a composter for nearly 20 years. My household uses eco-labelled Norppa electricity. *-Johanna-*

Microwaved porridge. My family makes morning porridge out of traditional flakes

in the microwave. If we use Elovena instant oat meal, we heat only the amount of water needed in a water kettle. This way, we don't heat steel pots unnecessarily. *-Jani-*

Regulating car use and water consumption. We sort our waste and take our own shopping bags to the store. Living close to work means we can avoid using the car. And we teach our children not to run water needlessly. *-Katariina and Hannu-*

Raisio will continue the Ecology professional in my own life campaign with new ideas in 2010. Employees were challenged to determine their own carbon footprint for 2009. The average of all answers was used to set a new target for 2010, and a new test at the end of the year will show whether we achieved it.

change management, information and communication. The personnel survey is conducted every other year.

Superiors used the results as a basis for feedback discussions with their staff, and development measures were agreed on in the units. The superiors' role in personnel communication has been strengthened at the Group level.

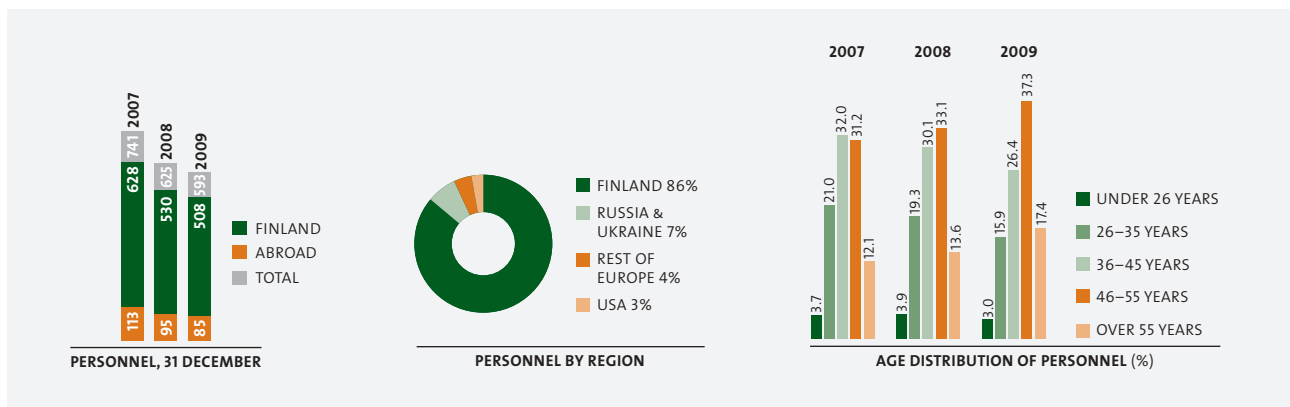
REWARDING

Raisio offers its personnel compensation that is competitive in each individual country and business area. The company carries out regular reviews of its salary and incentive schemes, as well as of social and other benefits. Raisio's goal is to maintain and develop schemes that are fair and motivating and reward good performance in each country and business area. The Group's reward systems help to achieve the targets. Raisio regularly monitors salaries in the market in order to maintain its competitiveness. In 2008, based on the decision of its Board of Directors, Raisio set up a three-year, share-based incentive scheme as part of the incentive and reward system offered to the Group's key personnel. The scheme's second earnings period was the year 2009.

In 2009, the wages and fees paid by Raisio totalled EUR 41.7 million including other personnel expenses.

INITIATIVE SCHEME

Raisio's initiative scheme aims to encourage employees to develop their own workplace and environment. Initiatives that are implemented ultimately benefit the proposer of the initiative, the company and the entire work community. In 2009, the initiative committee continued its policy of recent years by meeting nine times and rewarding initiatives that were found to be beneficial. Raisio's employees made 73 initiatives in 2009, over half of which were implemented entirely as or nearly as proposed. Forty-nine per cent of the initiatives concerned occupational safety and environmental issues. The action plan for 2009 drawn up by the initiative committee was carried out as planned. It included, among other things, an initiative competition organised in the autumn. The committee aims to promote the creation of a good atmosphere through its own activities. An open and encouraging work community enables and produces the best development ideas.



TARGETS AND EMPHASIS OF HR STRATEGY



OCCUPATIONAL SAFETY

As a rule, our approach to safety is based on unit-specific rescue plans and occupational safety guidelines. Raisio aims to keep its personnel free from injury and to ensure uninterrupted operations by good management of occupational safety. The goal is to make Raisio a forerunner in terms of occupational safety in each country that it operates in. The annually updated action plan for occupational health and safety helps company management to steer the occupational safety operations of different units. The key long-term target is zero accidents.

Employees receive regular training and instruction in occupational health and safety matters. Occupational safety card training encompasses both the Group's own personnel and the employees of partner companies. Raisio requires all of the service company employees working at its Finnish sites to hold a valid occupational safety card.

WELL-BEING AT WORK

The development of well-being at work includes all activities related to the health, well-being, competence, work community, and work and working conditions of individual employees.

Activities aiming to maintain well-being at work have long traditions in Raisio's Finnish units. Similar activities are arranged at Raisio's international sites. Long-term work aims to increase motivation, make systematic use of competence within the company, decrease absences due to illness and prevent early retirement. The methods used include work community training, supported leisure activities, health-related services and rehabilitation. The state of affairs is monitored through surveys and work community assessments.

Raisio purchases occupational health care services from the best providers in each country and area. This enables occupational health care services and competence to be continuously developed in co-operation with health care professionals. Activities in 2009 focused on preventive work in occupational health care. The most significant of these was the participation of 400 over-40-year-old employees in the TurkuDee project, launched in 2008, which aimed to prevent type 2 diabetes.

COMPETENCE

HR management focuses on leadership, competence, well-being at work and operating culture. Measures used to develop competence include recruiting, on-the-job learning, work induction, training and various development and co-operation projects. Individual targets and the methods used to develop competence are determined in RaiTalk performance appraisals between the superior and employee. The immediate superior conducts individual or group discussions with each employee at least once a year. In 2009, the scope of performance appraisals was 87 per cent (81%), the target being 100 per cent.

Raisio trains its employees and encourages them to maintain their professional skills. Competence development in 2009 focused on

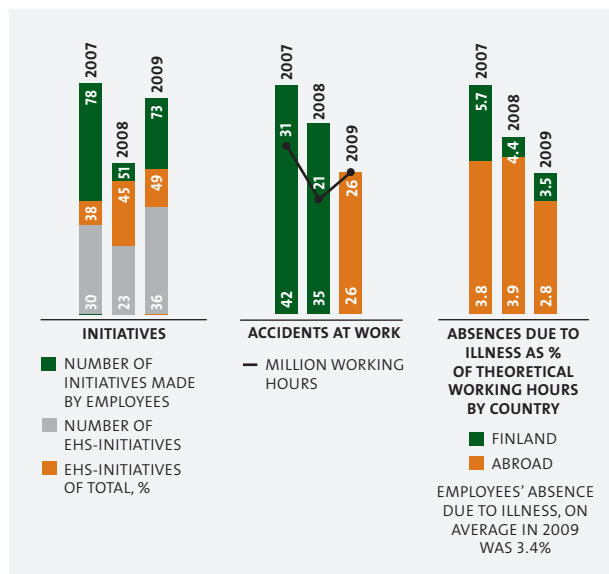
professional training and internal operations, as well as on language, labour protection, first aid and IT training, and quality and environmental issues.

Further inputs were made into developing superior-subordinate relations. The focus was on improving operating efficiency and internal communication. The fifth group in the Leading Raisio management training scheme concluded its studies in January 2009, and the planning and establishment of the sixth group started in late 2009. Among other things, the scheme aims to improve the communication of business strategies, enhance business competence and develop individual managerial and cooperation skills. In 2009, Raisio invested EUR 296,000 (EUR 408,000) in personnel training. This figure does not include internal training.

Employees are encouraged to take quality, environmental, health and safety aspects into consideration as best they can in their own work. Training in these matters is arranged to improve the personnel's competence and keep it up to date. Responsibility is one of Raisio's values, and to improve staff awareness of it, the company launched a campaign under the theme "Ecology professional in my own life". In the campaign, employees introduced their own ecologically sustainable ways of acting. Raisio continues to actively develop responsibility matters with its personnel.

The Group continued its heavy emphasis on occupational health and safety training. The key focal areas were occupational safety card training, occupational safety responsibilities of superiors and preliminary fire extinguishing. Raisio continued its hygiene training for its personnel, customers and representatives of other interest groups.

Additional material about Raisio's social responsibility and a comparison with GRI indicators are available on the company's website at www.raisio.com > Responsibility



CORPORATE GOVERNANCE

Raisio aims at consistent and open management, which enables shareholders to assess the state of the company and its development. We obey laws, follow regulations, comply with corporate governance codes and implement the best possible practices.



CORPORATE GOVERNANCE

Finnish legislation and the Articles of Association form the framework for Raisio's corporate governance. Raisio complies with the Finnish Corporate Governance Code (2008) approved by the Securities Market Association.



The Board of Directors of Raisio has not set up an audit committee as defined in the Corporate Governance Code (recommendation 24) because the entire Board is well able to discuss financial reporting and control, taking into consideration the size of the Group's business and the fact that the auditors report on their activities and observations to the Board at least twice a year. The Board of Directors has not set up a nomination committee (recommendation 28) because the nomination group that the Supervisory Board appoints among its members prepares the appointment of members to the Board of Directors.

In view of the size of the Board of Directors, two members are considered to be sufficient for the remuneration committee (recommendations 18 and 31).

ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body. It is held annually by the end of April to take care of matters pertaining to it, such as approving the financial statements and consolidated financial statements, deciding on the distribution of dividend, discharging those accountable from liability, electing the auditors and the members of the Supervisory Board and Board

of Directors, as well as determining the fees paid to them. Extraordinary shareholders' meetings may be held if necessary.

Annual General Meeting is convened by the Board of Directors, and the call is published no earlier than two months prior to the advance registration date indicated in the call and no later than seventeen days prior to the meeting. The call is published in at least two newspapers, chosen by the Annual General Meeting.

In 2009, Raisio's Annual General Meeting was held on 26 March in Turku. The meeting was attended by 2,904 shareholders or their representatives. This corresponded to 35.6 million shares, or 21.6 per cent of the overall share capital. The CEO, Chairman of the Board and all Board members also attended the meeting.

BOARD OF DIRECTORS

The Board of Directors consists of a minimum of five and a maximum of eight members elected by the Annual General Meeting. Their term begins at the end of the Annual General Meeting at which the election takes place and lasts until the end of the following Annual General Meeting. A person who has turned 68 years before the beginning of the term cannot be elected as a

RAISIO PLC'S CORPORATE GOVERNANCE MODEL



member of the Board of Directors. The Board elects a Chairman and Deputy Chairman among its members for one term at a time.

The Board of Directors is in charge of corporate governance and the proper management of the company's operations. It controls and supervises the company's operative management, approves strategic objectives and risk management principles and ensures that the management systems are fully functional.

The Board of Directors works and makes its decisions at its meetings, which are quorate when more than half of the Board members are present. If necessary, a meeting can also be held as a teleconference. The Chairman calls a Board meeting when necessary, or if requested by a Board member or the Managing Director. The Chairman decides on the agenda of each meeting based on the proposals made by the Managing Director or Board members. The agenda and any possible advance material related to the matters to be dealt with shall be delivered to the Board members, at the latest, four business days prior to the meeting, unless otherwise required by the nature of the issue. The issues that the Board of Directors are to decide on are presented by the Managing Director, a member of the Group Management Team or an expert.

The secretary of the Board prepares minutes on the matters that the meeting has dealt with and made decisions on, which are approved and signed at the following meeting by all the members who were present.

In accordance with the main points of the charter adopted by the Board of Directors of Raisio plc, the main duties of the Board are to:

- approve corporate strategy and revise it regularly,
- approve the annual budgets and supervise their implementation,
- decide on major investments and divestments,
- process and approve financial statements and interim reports,
- appoint and discharge the Managing Director and, following the Managing Director's proposal, appoint and discharge

the Managing Director's immediate subordinates, as well as approve the Managing Director's employment contract and other benefits,

- decide on incentive and reward systems for the management and personnel and submit proposals concerning them to the shareholders' meeting if necessary,
- review key operational risks and their management on an annual basis,
- ensure that the company's planning, information and monitoring systems are fully functional and
- approve the company's key principles, ethical values and operating models.

In 2009, the Board had five members, all of whom were independent of the company and its major shareholders. The Board met eleven times in 2009 and held five telephone conferences as well as an organisation meeting immediately after the Annual General Meeting. Attendance at the meetings was 92.9 per cent.

The Chairman of the Board received a monthly fee of EUR 16,810 and other Board members EUR 1,700 a month until the end of March 2009. In the term beginning at the spring 2009 Annual General Meeting, the Chairman received a fee of EUR 17,500 and other Board members EUR 2,000 a month. Of these fees, 20 per cent is paid in the form of company shares and around 80 per cent in cash on a monthly basis; however, the share-based fee for April and May was not distributed until May 2009. Moreover, daily allowance was paid for meetings, and travel expenses were reimbursed in compliance with the Group's travel compensation policy. The Chairman of the Board and Board members are not covered by the company's share-based incentive system.

The Board of Directors conducted an assessment of its operations and working methods in autumn 2009.

The members of the Board of Directors are presented on page 51.

BOARD COMMITTEES AND WORKGROUPS

The Board of Directors has established a remuneration committee to enhance the preparation of remuneration and nomination matters pertaining to the Board.

The duties of the remuneration committee include (1) the preparation of matters pertaining to the remuneration and other financial benefits of the managing director and deputy managing director (if any), (2) the preparation of matters pertaining to the appointment of the managing director, deputy managing director (if any) and other company executives, as well as the assessment of possible successors, (3) the preparation of matters pertaining to the incentive and remuneration schemes of management, key employees and staff, as well as (4) the preparation of significant organisational changes.

The committee has two members, elected by the Board of Directors among its members. The members elected in April 2009 are Simo Palokangas and Michael Ramm-Schmidt.

The remuneration committee is convened by the Chairman as often as required to deal with matters. It may use both the company's own experts and outside experts to the extent it considers necessary. The committee's secretary is the secretary of the Board or the Group's Vice President, Human Resources. In 2009, the remuneration committee convened five times, with all of the members present at the meetings.

The purpose of the grain workgroup appointed by the Board of Directors is to promote the conditions for those Raisio's businesses which use grain and oil plants. In addition, the target is to ensure domestic raw material supplies by producing and distributing information about the production and use of these plants to administrative bodies and stakeholders. The workgroup consists of the Chairman of the Supervisory Board, one member of the Board of Directors, the Vice President of the Business to Business Division and the Vice President of the Grain Trade operations. The Board of Directors has appointed Erkki Haavisto as its representative to the workgroup.

SUPERVISORY BOARD

The Supervisory Board consists of a minimum of 15 and a maximum of 25 members, whose term begins at the shareholders' meeting at which the election took place and ends at the end of the third Annual General Meeting following the election. One-third of the members are replaced every year. The Annual General Meeting in spring 2009 set the number of Supervisory Board members at 25. In addition to the members appointed by the Annual General Meeting, the Supervisory Board includes three members whom the personnel groups, formed by Raisio's employees in Finland, have elected as their representatives. A person who has turned 65 years before the beginning of the term cannot be elected as member of the Supervisory Board.

The Supervisory Board elects a Chairman and Deputy Chairman among its members for one term that begins at the first Supervisory Board meeting following the Annual General Meeting and ends at the first Supervisory Board meeting held after the following Annual General Meeting.

The Supervisory Board supervises the corporate administration run by the Board of Directors and the Managing Director and gives the Annual General Meeting a report on the financial statements and auditor's report. The Supervisory Board convened three times in 2009, with an attendance of 90.7 per cent.

The Supervisory Board has been chaired by Michael Hornborg since May 2009, and its deputy chairman is Holger Falck, who has held the position since 2006.

Members of the Supervisory Board received a fee of EUR 260 per meeting in 2009. They were also reimbursed for travel expenses and received a daily allowance for travel to meetings in accordance with Raisio's travel compensation policy. The annual fee of the Chairman of the Supervisory Board was EUR 10,000 in 2009.

The members of the Supervisory Board are presented on page 53.

SUPERVISORY BOARD WORKGROUPS

The Supervisory Board has set up a nomination group to prepare matters concerning the appointment of members to the Board of Directors. The group makes its proposal to the Supervisory Board, which, in turn, can present the Annual General Meeting with a proposal on members to be elected to the Board of Directors. The workgroup consists of Chairman Michael Hornborg and Deputy Chairman Holger Falck, based on their posts, as well as three Supervisory Board members elected by the Supervisory Board itself: Hans Langh, Paavo Myllymäki and Hannu Tarkkonen. The group met twice in the review period.

The Supervisory Board elects four of its members to inspect the corporate administration run by the Board of Directors and Managing Director. In May 2009, it appointed Pentti Kalliala, Antti Lithovius, Kari Niemistö and Raine Rekikoski for this duty. The inspectors report on their observations to the Supervisory Board. In 2009, the inspectors carried out two inspections in the company.

MANAGING DIRECTOR

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

Matti Rihko has been the Managing Director of Raisio plc since November 2006. In 2009, Rihko received a total of EUR 723,206.01 in salaries, fees and fringe benefits. Since the Managing Director is covered by the Group's share-based incentive scheme, in August 2009 he also received 64,500 Raisio plc free shares based

on the 2008 scheme (the first earnings period), with a value of EUR 136,503.16, as well as a cash payment of EUR 144,946.65, which is to cover the taxes and fiscal fees arising from share-based rewards. It has been decided that the CEO will be granted 20,000 Raisio plc's free shares in March 2011 as a recognition and remuneration for the successful and well managed divestment of the margarine business. In addition, he will receive a cash payment which is to cover the taxes and fiscal fees arising from the share-based rewards.

Furthermore, based on the 2009 share-based incentive scheme (the second earnings period), the Managing Director may receive a maximum of 66,667 Raisio plc free shares in August 2010. This reward will also be paid as shares and cash, the purpose of the cash payment being to cover the taxes and fiscal fees arising from the share-based payment.

The contract stipulates that the Managing Director has the right and obligation to retire at the age of 62. The Managing Director's contract may be terminated by either the company or the Managing Director with six months' notice. If the contract is terminated by the company, the Managing Director is entitled to compensation corresponding to 12 months' pay, in addition to the pay for the period of notice.

The company has not appointed a deputy to the Managing Director.

MANAGEMENT TEAM

The Management Team is chaired by the Managing Director. In addition, it consists of the Vice President, Brand Division, Food business, Northern Europe; Vice President, Brand Division, Food business, Eastern Europe; Vice President, Business Development and Brand Division, Benecol Business; Vice President, Business to Business Division; Vice President, Grain Trade Operations; Chief Financial Officer; and Vice President, Human Resources. The Group's Vice President, Legal Affairs, and in her absence the Director of Finance and Treasury, acts as the Secretary of the Management Team.

The Management Team coordinates the Group's operations and defines Group-level operating policies and processes. It formulates the corporate strategy, supervises its implementation and assists the Managing Director in preparing proposals subjected to the Board of Directors that concern the entire Group. The Group's Management Team holds a regular meeting every month and shorter meetings once a week. The main topics of the monthly meetings are usually the previous month's result and the monthly reviews of business areas and service functions.

The members of the Management Team are presented on page 52.

INCENTIVE SCHEMES

Raisio offers its personnel compensation that is competitive in each individual country and business area. The company regularly reviews market salaries and the development of incentive schemes in order to maintain its competitiveness.

In 2009, Raisio had separate incentive schemes for management, middle management and the rest of the personnel. The scheme for the Managing Director and other management was based on the achievement of the targets related to result and working capital and on continuous improvement. At an annual level, the maximum bonus that could have been granted to the Managing Director was a sum equivalent to the salary of six months. Correspondingly, the maximum amount payable to the rest of the management was equivalent to the salary of four or five months.

In 2008, Raisio implemented a three-year, share-based incentive scheme, which used earnings before one-off items and tax (EBT) and net sales growth as the indicators for the first earnings period (financial year 2008). The maximum number of shares available for distribution in 2008 was 400,000 free shares, and 334,500 were distributed as rewards in August. The criteria used in the second earnings period (financial year 2009) are return on capital employed, earnings before one-off items and tax, as well as the divestment process of the margarine business. The maximum number of free shares distributed as rewards is 600,000.

Moreover, the members of Raisio's Management Team are covered by a group pension insurance that the Group has taken out for its management. A sum equivalent to 10 per cent of the manager's basic annual salary is paid into the group pension insurance every year. The retirement age of managers is 62 years.

Raisio's incentive schemes and the salaries of the Managing Director and other Group management are decided by the Board of Directors on the basis of the proposal made by the remuneration committee.

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

Objectives of internal control

To ensure profitable operations, Raisio monitors its operations continuously. The purpose of the internal control system is to ensure that the Group operates ethically and in compliance with laws and regulations, that its operations are efficient and profitable and that its financial reporting is reliable. However, internal control cannot guarantee full avoidance of risks.

At Raisio, internal control is understood as a process that involves the Board of Directors, management and other personnel. Raisio has defined principles, adopted Group-wide, for the areas it considers to be the most important. These principles form the foundation for internal control. Internal control is not a separate organisation, but a part of the Group's overall operations.

Raisio's internal control is based on the Group's values, which contribute to the achievement of targets laid out in the company's vision and strategy. Raisio's basic targets are profitability, customer satisfaction and well-being. Values supporting these

targets include competence, responsibility and open co-operation. The values and basic targets influence the company's day-to-day interaction with customers, suppliers and investors. They also affect various internal policies, manuals and guidelines, as well as established practices.

Financial supervision and control

The internal business control system is the responsibility of the management of Divisions and the business controller in compliance with the Group's principles and guidelines.

The Group is managed according to a system that emphasises Group and Division scorecards and related action plans, as well as an "annual clock". In order to achieve efficient and profitable operations, planning and goal-setting have been given a key role in the management system. Planning and follow-up are scheduled according to the calendar defined in the annual clock. Monthly management reporting and the operations analysis of actual business results in relation to the budgeted and monthly updated forecasts, which is carried out in connection with reporting, form a key supervision process aimed at securing efficient and purposeful operations.

The Group's financial administration and business controller support and coordinate the Group's financial management. Financial administration is in charge of maintaining and developing the financial reporting process and related supervisory systems. This provides business management at different organisational levels with reliable information about the achievement of the organisation's goals.

Reliability of financial reporting

Raisio does not have a separate audit committee or an internal audit organisation. The Board of Directors assesses the level and effectiveness of internal auditing and risk management. The Board of Directors is also responsible for ensuring that the internal audit of accounting and financial administration is properly arranged.

The Group has opted to include internal auditing tasks in the duties of the Group's financial administration and the business controller function, which report to the Group's CFO on matters related to risk management, internal control and audit. The observations of internal control, as well as business risks are reported to the Board of Directors as a part of monthly financial reporting.

Raisio's financial reporting is based on harmonised principles in all Group companies. International financial reporting standards (IFRS) are used in both internal and external reporting. For financial reporting to be reliable, accounting processes must be properly supervised.

The supervision of financial reporting is based on reporting principles and guidelines determined by the Group. The interpretation and application of financial reporting standards is centrally handled by the Group's financial administration, which also oversees compliance with standards and guidelines. Financial administra-

tion is also in charge of determining and centrally maintaining the reporting process and the budgeting and forecasting process. Raisio has adopted a consistent reporting system, and the same principles are applied throughout the Group.

Raisio has defined the processes of its main business operations, as well as the related control measures supported by the ERP system and other control measures related to the processes. Information systems play an important role in internal control, since many control measures are based on IT. Data transfers related to the financial process have been automated as much as possible, and automation is ongoing. External audits have been used to evaluate the Group's systems and data transfer processes.

Other management systems

HR management

Raisio's internal control systems also involve HR management processes and procedures, which are the responsibility of HR management and a part of Raisio's management system. They are developed to support internal control at the level of individual employees. The most important processes, in terms of internal control, are competence development, including recruiting, work induction, training and on-the-job learning, as well as rewarding, performance appraisals and personnel surveys.

Quality

Most of Raisio's operations come under the scope of ISO 9001 and ISO 14001 certification. To ensure the continual development of product safety and improve customer satisfaction, the company's food production facilities also follow food safety standards. Raisio values efficient quality management very highly. Compliance with quality systems is required in all operations and it is monitored effectively.

Sustainable development

Raisio observes all local, national and international laws and regulations applicable to its operations. Moreover, the Group has adopted the principles of sustainable development laid out by the International Chamber of Commerce (ICC). By working safely and emphasising the promotion of safety, the company can support the quality and economic efficiency of operations.

Risk management

Risk identification and assessment are important to the success of internal control. In order to control the efficiency and profitability of operations, the Group must be able to manage its risks. Raisio's internal control is expected to give the management assurance that the defined risk management policy is followed.

Raisio's risk management policy defines the targets, principles and responsibilities of risk management. According to its defini-

tion, risk management aims to identify and assess significant external and internal uncertainty factors that may threaten the implementation of strategy and the achievement of targets. Identified risks are eliminated, reduced or transferred to the extent possible. Raisio's risks fall into strategic, operational, damage and financial risks. Special emphasis is put on preventive action and its development. Risk management is a part of the Group's day-to-day operations. Damages caused by products with inadequate safety and the liability risks related to them are key topics in the risk management of food producers.

The Group's Director of Finance and Treasury, who reports to the CFO, coordinates, develops and monitors risk management. External advisors are also used to develop risk management activities. Risk management function is also responsible for Group-wide insurance schemes. Their scope is assessed, for example, in conjunction with risk surveys carried out at individual sites.

Each division is responsible for conducting its own practical risk management in compliance with the risk management policy and Group guidelines. Operational responsibility is held by the management of each division and function. The divisions survey and identify risks, for example, in connection with annual planning. The Group is prepared for operations in crises and for crisis communication.

The divisions and service functions, including financing, report on their main risks to the Management Team.

Business risks are described in the division reviews of this annual report, while other financial and financing risks are discussed in the financial statements.

Information and communications

The guidelines on and principles of the Group's reporting system are available to everyone involved in financial reporting and can be found in connection with the reporting system. In addition, the Group's intranet contains instructions related to financial reporting and control measures, as well as other Group policies and guidelines.

Monitoring

The result and other key figures of the Group and its divisions are monitored through monthly reporting and the Management Team's monthly meetings, which also ensure the functioning of internal control. The Management Team also follows the divisions' sales development on a weekly basis. Moreover, the divisions monitor the development of their sales and results more frequently, usually on a daily basis. Final assessments of results are ultimately made by the Board of Directors at its meetings.

The Group's financial administration follows the accuracy of both external and internal financial reporting. An external auditor inspects the accuracy of external financial reporting and also monitors internal reporting.

INSIDER REGULATIONS

Raisio complies with the Guidelines for Insiders (2009) issued by NASDAQ OMX Helsinki Ltd, the Confederation of Finnish Industries and the Central Chamber of Commerce, with some modifications.

The Group's insiders include insiders with the duty to declare ("public insiders") and permanent company-specific insiders, in addition to which the Group may have project-specific insiders from time to time.

Insiders with a duty to declare include the members of the Supervisory Board and the Board of Directors, the Managing Director, the members of the Management Team and auditors. Permanent insiders include people with key responsibility in Raisio's business areas, some managers and experts in research and development and financial administration, as well as management assistants. Raisio had 29 permanent company-specific insiders on 31 December 2009.

Raisio's insiders are not allowed to trade in company shares or securities entitling to shares during the 14 days preceding the publication of the company's interim reports and financial statements review.

Raisio's insider administration has adopted the SIRE system of Euroclear Finland Ltd, which makes the information about insiders with the duty to declare, their holdings and close associates, as well as any changes therein, public to the extent required by the Securities Market Act. Information that must be published pursuant to the Securities Market Act concerning Raisio's insiders with the duty to declare, as well as the holdings of insiders and their close associates and changes therein, is available on Raisio's website.

AUDITING

Johan Kronberg and Mika Kaarisalo, authorised public accountants, acted as regular auditors for the financial year 2009. PricewaterhouseCoopers Oy and Kalle Laaksonen, authorised public accountant, acted as deputy auditors. The 2009 Annual General Meeting elected the same auditors for the financial year 2010. The Group's auditing services were subjected to competitive bidding in autumn 2007.

The auditors give the Board of Directors and the Managing Director a summary of the corporate audit. In addition, the auditors for the Group companies submit separate reports to the management of each company. The auditors attended two of the Board of Directors' meetings in 2009. The auditors give the shareholders an annual auditors' report on the financial statements as required by law.

Fees for statutory auditing in 2009 amounted to EUR 108,500. Raisio also purchased other services from PricewaterhouseCoopers Oy and its associates for a total of EUR 425,960.

BOARD OF DIRECTORS



Chairman of the Board

SIMO PALOKANGAS

Year of birth: 1944

Domicile: Säskylä, Finland

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

Principal employment history: HK–Ruokatalo Group plc 1994–2006: CEO, Lännen Tehtaat plc

1987–1994: CEO; Munakunta 1979–1987: CEO

Raisio Board membership: member and Chairman since 2006

Other simultaneous positions of trust: Biolan Oy: Member of the Board of Directors; Domus Group Ltd: Chairman of the Board of Directors; Fund of Jenny and Antti Wihuri: Member of the Board of Directors; Wihuri Ltd: Member of the Supervisory Board, National Emergency Supply Agency: Deputy Chairman of the Board of Directors

Fees in 2009: EUR 207,930, of which after 1 April 2009, approximately 80% has been paid in cash and approximately 20% in shares; a total of 14,335 free shares were assigned as fees.

Holdings in Raisio: series V 125,617



Deputy Chairman

MICHAEL RAMM-SCHMIDT

Year of birth: 1952

Domicile: Espoo, Finland

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

Principal employment history: Oy Executive Leasing Ab 2004–: Chairman of the Board of

Directors; Hackman Oyj Abp 2004: President & CEO; Hackman Metos Oy Ab 1995–2004: CEO; Hackman Designor Oy Ab 1989–1994: CEO; International Masters Publishers Inc. 1986–1989: CEO; Skandinavisk Press AB 1984–1986: President & CEO

Raisio Board membership: member since 2005, Deputy Chairman since 2006

Other simultaneous positions of trust: Huurre Group Oy: Chairman of the Board of Directors; International Masters Publishers A/S: Member of the Board of Directors; Levanto Oy: Member of the Board of Directors; Nuukari Oy: Chairman of the Board of Directors; Stala Oy: Member of the Board of Directors; Stalatube Oy: Chairman of the Board of Directors; Stiftelsen Svenska Handels-högskolan: Member of the Supervisory Board

Fees in 2009: EUR 23,100, of which after 1 April 2009, approximately 80% has been paid in cash and approximately 20% in shares; a total of 1,639 free shares were assigned as fees.

Holdings in Raisio: series V 46,498

The secretary of the Board of Directors and the Supervisory Board is Janne Martti, Master of Laws, Director, Finance and Treasury, Raisio Group.

Shareholdings of the Board of Directors on 11 February 2010 (date of signing the financial statements).



ANSSI AAPOLA

Year of birth: 1951

Domicile: Kustavi, Finland

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

Principal employment history: Finnsa Oy 2003–: CEO; Raisio plc 1983–2002: Managerial duties; farm owner 1987–

Raisio Board membership: member since 2006

Other simultaneous positions of trust: Evirta Oy: Chairman of the Board of Directors; Vakka-Suomen Osuuspankki: Member of the Board of Directors

Fees in 2009: EUR 23,100, of which after 1 April 2009, approximately 80% has been paid in cash and approximately 20% in shares; a total of 1,639 free shares were assigned as fees.

Holdings in Raisio: series K 4,320 and series V 11,787



ERKKI HAAVISTO

Year of birth: 1968

Domicile: Raisio, Finland

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

Principal employment history: Farm owner 1993–

Raisio Board membership: member since 2004

Other simultaneous positions of trust:

Lounametsä Forestry Association: Deputy

Chairman of the Board of Directors; Turku District Cooperative Bank: Member of the Board of Directors, Salaojituksen Tukisäätiö s.r.: Member of the Board of Directors

Fees in 2009: EUR 23,100, of which after 1 April 2009, approximately 80% has been paid in cash and approximately 20% in shares; a total of 1,639 free shares were assigned as fees.

Holdings in Raisio: series K 364,940 and series V 174,047



SATU LÄHTEENMÄKI

Year of birth: 1956

Domicile: Turku, Finland

Education: D.Sc. (Econ.)

Principal employment history: Turku School of Economics 2010–: Director; 2006–2009: Vice-president; 1999–: professor of Management and Organisation

Raisio Board membership: member since 2006

Other simultaneous positions of trust: Kyösti Haataja Foundation: Member of the Board of Directors; OP–Pohjola group Research Foundation: Member of the Board of Directors; Pohjola Bank plc: Member of the Board of Directors; Raisio plc Research Foundation: Member of the Board of Directors; Turku School of Economics: Deputy Chairman of the Board of Directors as well as Chairman of State Board of Sciences and Education; Turku School of Economics Support Foundation: Member of the Board of Directors

Fees in 2009: EUR 23,100, of which after 1 April 2009, approximately 80% has been paid in cash and approximately 20% in shares; a total of 1,639 free shares were assigned as fees.

Holdings in Raisio: series V 21,787

GROUP MANAGEMENT TEAM



MATTI RIHKO

Year of birth: 1962
Domicile: Kaarina, Finland
Education: M.Sc. (Econ.), M.A. Psychology
Occupation in Raisio: Chief Executive Officer
Principal employment history: Raisio plc 2006–; Vice President, Ingredients Division; Altadis SA, Paris 2004–2006: Regional Director Europe; Altadis Finland Oy 1999–2004: General Manager
Holdings in Raisio: series V 184,500



JACEK DZIEKONSKI

Year of birth: 1957
Domicile: Warsaw, Poland
Education: M.Sc. (Eng.), MBA
Occupation in Raisio: Vice President, Food business, Eastern Europe
Principal employment history: Raisio plc 2007–, Avon Cosmetics Poland 2005–2007: General Manager; Orkla Foods Poland 2001–2005: General Manager; Lubella (Poland) 1999–2000: General Manager
Holdings in Raisio: series V 24,500



MARKKU KRUTSIN

Year of birth: 1964
Domicile: Vantaa, Finland
Education: M.Sc. (Econ. & Bus. Adm.), MBA
Occupation in Raisio: Vice President, Food business, Northern Europe
Principal employment history: Raisio plc 2007–, Atria Plc 1990–2007: sales and marketing management; Metsä-Serla Oy 1987–1990: sales management
Holdings in Raisio: series V 30,000



LEIF LIEDES

Year of birth: 1953
Domicile: Naantali, Finland
Education: Business College Graduate
Occupation in Raisio: Vice President, Business to Business Division
Principal employment history: Raisio plc 1978–
Holdings in Raisio: series V 36,500



MERJA LUMME

Year of birth: 1961
Domicile: Lieto, Finland
Education: Engineer, eMBA
Occupation in Raisio: Vice President, Human Resources
Principal employment history: Raisio plc 2003–; PerkinElmer/Wallac 1992–2003: Quality management, HR management and administration; Aimo Virtanen Oy 1991–1992, Saloplast Oy 1988–1992: Quality management.
Holdings in Raisio: series V 27,500



PASI LÄHDETIE

Year of birth: 1959
Domicile: Salo, Finland
Education: M.Sc. (Agr. & Forestry)
Occupation in Raisio: Vice President, Grain Trade Operations
Principal employment history: Raisio plc 2007–, Food and Drink Industries' Federation 2004–2007: Business Process, Director
Holdings in Raisio: series V 36,700



JYRKI PAAPPA

Year of birth: 1965
Domicile: Naantali, Finland
Education: M.Sc. (Econ.)
Occupation in Raisio: Chief Financial Officer
Principal employment history: Raisio plc 1995–; Financial risk management and financial administration; Turku District Cooperative Bank 1989–1995: Finance expert
Holdings in Raisio: series V 30,500



VINCENT POUJARDIEU

Year of birth: 1967
Domicile: Brussels, Belgium
Education: Graduated EDHEC business school (Lille, France)
Occupation in Raisio: Vice President, Business Development and Benecol Business
Principal employment history: Raisio plc 2007–; Altadis SA, Brussels 2000–2007: Regional Director Benelux and then North Europe; Altadis SA, Paris 1994–2000: Business Development Manager; French Embassy, Nicaragua 1992–1994: Commercial Adviser; Arthur Andersen, Lyon (France) 1989–1992: financial auditor
Holdings in Raisio: series V 88,233

Shareholdings of the Management Team on 11 February 2010 (date of signing the financial statements). The Management Team also comprised Vesa Kurula in 2009.

SUPERVISORY BOARD



Photo Jaana Kanttaampää

MICHAEL HORNBERG, born 1966
Lohja
Chairman from 27 May 2009 and member since 2008**
series V 10,000
Michael Hornborg attends the meetings of the Board of Directors as Chairman of the Supervisory Board.

HOLGER FALC, born 1957
Sipoo
Member and Deputy Chairman since 2006***
series K 540 and series V 2,120

CAY BLOMBERG, born 1947
Kemiö
Member from 26 March 2009***
series K 180 and series V 5,280

JUHANI ENKOVAARA, born 1945
Helsinki
Member since 1996*
series K 11,500 and series V 1,500

RISTO ERVELÄ, born 1950
Sauvo
Member since 1991*
series K 3,000 and series V 7,000

PENTTI KALLIALA, born 1948
Turku
Member since 2006**
series V 8,280

HANS LANGH, born 1949
Piikkiö
Member since 1990*
series K 754,480

JOHAN LAURÉN, born 1946
Parainen
Member since 1999***
series K 40,980 and series V 1,360

ASKO LEINONEN, born 1960
Anjalankoski
Member since 2002*
series K 500 and series V 2,000

ANTTI LITHOVIUS, born 1950
Lumijoki
Member since 1994***
series K 900 and series V 3,620

PIRKKO LÖNNQVIST, born 1955
Turku
Staff representative since 2007***
No Raisio shares

PAAVO MYLLYMÄKI, born 1958
Mietoinen
Member since 1998**
series K 3,660 and series V 2,700

JARMO MÄNTYHARJU, born 1961
Oripää
Member from 26 March 2009***
series K 2,000

KARI NIEMISTÖ, born 1962
Helsinki
Member since 2008**
series V 4,120,000

JYRKI NURMI, born 1957
Turku
Staff representative since 2008***
No Raisio shares

YRJÖ OJANIEMI, born 1959
Lapua
Member since 2002**
series K 780 and series V 660

HEIKKI POHJALA, born 1959
Harjavalta
Member since 2006***
series K 4,340 and series V 900

RAINE REKIKOSKI, born 1971
Kiukainen
Member since 2006**
series K 200 and series V 240

JARI SANKARI, born 1957
Piikkiö
Staff representative since 2007***
series V 18,350

URBAN SILÉN, born 1959
Perniö
Member since 2003*
series K 80,000 and series V 32,000

TUULA TALLSKOG, born 1946
Pertteli
Member since 1998*
series K 2,310

HANNU TARKKONEN, born 1950
Helsinki
Member since 2006**
No Raisio shares

JOHAN TAUBE, born 1950
Tammisaari
Member since 1987*
series K 101,180

RITA WEGELIUS, born 1960
Hattula
Member since 2006***
No Raisio shares

TAPIO YLITALO, born 1955
Turku
Member since 2006***
series K 27,480 and series V 500

Anne Leppänen (office workers) is the only deputy representative nominated for personnel groups.

Shareholdings of the Supervisory Board on 11 February 2010 (date of signing the financial statements).

Series K = Raisio plc restricted shares
Series V = Raisio plc free shares

* End of term 2010

** End of term 2011

*** End of term 2012

INFORMATION TO INVESTORS

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

INVESTOR RELATIONS

The main task of Raisio's Investor Relations is to give investors as realistic picture as possible of Raisio as an investment target and to support the correct development of the share price by providing information about the company's strategy, operations, business environment, targets and financial standing. Our goal is to regularly provide all capital market participants with equal, correct, sufficient and up-to-date information. Punctuality, openness and good service are emphasised in all our operations.

IR implementation and contacts are handled by Raisio's corporate communications jointly with company management. Our IR include financial reports, the company's website, the capital market day, as well as investor meetings and seminars.

SILENT PERIOD

Raisio observes a two-week "silent period" before the publication of its annual results and interim reports. During this time, the company does not meet with capital market representatives or comment on its finances.

IR CONTACTS

Matti Rihko, CEO
 Mobile: +358 400 830 727
 Email: matti.rihko@raisio.com

Jyrki Paappa, CFO
 Mobile: +358 50 556 6512
 Email: jyrki.paappa@raisio.com

Heidi Hirvonen, Communications Manager
 Mobile: +358 50 567 3060
 Email: heidi.hirvonen@raisio.com

Janne Martti, Director, Finance and Treasury
 Mobile: +358 50 556 6521
 Email: janne.martti@raisio.com

INVESTMENT ANALYSES

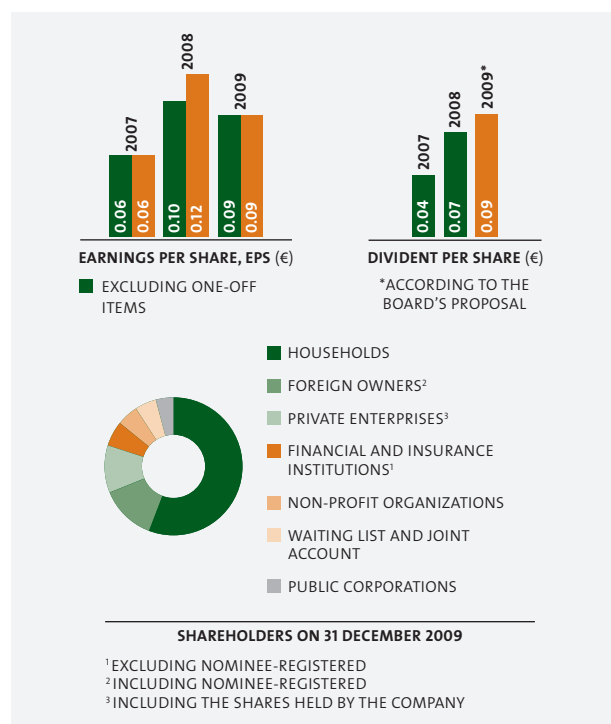
To the best of our knowledge, at least the following banks and brokerages follow Raisio as an investment target. The list may be incomplete. The companies mentioned in the list monitor Raisio at their own initiative. The Group cannot be held accountable for the analysts' views.

- Carnegie Investment Bank
- eQ Bank
- Evli Bank
- FIM Securities
- Handelsbanken Capital Markets
- Icecapital Securities
- Nordea Markets
- Pohjola Bank
- SEB Enskilda
- Sofla Bank
- Ålandsbanken
- E Öhman J:or Securities Finland

A list of analysts monitoring Raisio is available on the company's website at www.raisio.com > Investors > Analysts.

INVESTMENT SERVICES ONLINE

In addition to the information mentioned here, the Investors section on Raisio's website displays trading information delayed by 15 minutes, a list of insiders with a duty to declare and their shareholdings, as well as different types of services, such as analysts' performance forecasts and recommendations.



INFORMATION TO SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Raisio plc will be held on Thursday, 25 March 2010, at 2:00 pm. It will be arranged at the Turku Fair and Congress Centre at Messukentäkatu 9–13, Turku, Finland.

The right to participate is restricted to shareholders who have been entered as such in the shareholders register maintained by Euroclear Finland Ltd on 15 March 2010 and who have informed Raisio of their participation by Thursday, 18 March 2010, at 3:00 pm.

Registration can be made by:

- mail: Raisio plc, Shareholders Contact, P.O. Box 101, FI-21201 Raisio, Finland
- telephone: +358 50 386 4350
- fax: +358 2 443 2315
- email: eeva.hellsten@raisio.com

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

DIVIDEND PAYMENT

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.09 be paid for each V and K share for 2009.

Ex-dividend date	26 March 2010
Record date	30 March 2010
Payable date	8 April 2010

DIVIDEND POLICY

Raisio aims to distribute half of the per-share earnings generated by continuing operations, provided that the dividend payment does not compromise the company's ability to meet its strategic targets.

BASIC INFORMATION ABOUT RAISIO'S SHARES

V share

Listed on	NASDAQ OMX Helsinki Ltd, MidCap segment
Sector	Consumer Staples
Trading code	RAIVV
Shares on 31 December 2009	130,697,307
of which the company holds	8,803,109

K share

Listed on	NASDAQ OMX Helsinki Ltd, Prelist
Trading code	RAIKV
Shares on 31 December 2009	34,451,723
of which the company holds	201,295

For more information about Raisio's shares and shareholders, see pages 44–48 in the separate financial statements.

CHANGES IN CONTACT INFORMATION

We kindly request that Raisio's shareholders inform the bank or brokerage in which they have their book-entry account of any changes in their contact information. This will ensure that the information is also updated in the registers maintained by Euroclear Finland Ltd.

FINANCIAL INFORMATION FOR 2010

Raisio will publish the following financial reports in Finnish and English for 2010.

• Interim report January–March	4 May 2010
• Interim report January–June	17 August 2010
• Interim report January–September	2 November 2010
• Financial statements review	February 2011
• Annual report	March 2011

ORDERING PUBLICATIONS AND RELEASES

Raisio's annual report, interim reports, financial statements release and press and stock exchange releases are available immediately after publication on the company's website at www.raisio.com > News.

You can sign up as an email subscriber to interim reports, as well as stock exchange and press releases, at www.raisio.com > News > Subscribe to releases.

The annual report can be ordered by:

mail: Raisio plc, Corporate Communications
P.O. Box 101, FI-21201 Raisio, Finland
telephone: +358 44 782 1299
email: communications@raisio.com
internet: www.raisio.com > Publications > Brochure requests

ANNUAL REPORT 2009

The annual report will be mailed to shareholders with at least 4,000 company shares and on request. It is also available for browsing on the company's website at www.raisio.com > Publications > Annual reports.

KEY FIGURES, FROM CONTINUING OPERATIONS

KEY FIGURES, RESULT EXCLUDING ONE-OFF ITEMS							
	10-12/2009	7-9/2009	4-6/2009	1-3/2009	2009	2008	2007
NET SALES							
BRANDS, M€	45.5	43.5	44.2	44.5	177.6	195.4	196.9
BUSINESS TO BUSINESS, M€	46.3	54.2	55.8	49.3	205.6	282.7	206.7
OTHER OPERATIONS, M€	0.3	0.2	0.2	0.2	0.9	1.0	0.4
INTERDIVISIONAL NET SALES, M€	-0.6	-2.4	-2.4	-2.7	-8.1	-16.0	-17.0
TOTAL NET SALES, M€	91.5	95.5	97.8	91.2	375.9	463.2	386.9
EBIT							
BRANDS, M€	2.8	7.3	4.6	5.8	20.5	11.5	4.4
BUSINESS TO BUSINESS, M€	2.0	0.3	0.6	0.1	3.0	12.3	8.2
OTHER OPERATIONS, M€	-0.8	-0.5	-0.8	-1.1	-3.3	-3.4	-2.1
ELIMINATIONS, M€	0.2	0.2	0.2	-0.3	0.3	-0.2	0.2
TOTAL EBIT, M€	4.2	7.3	4.5	4.5	20.5	20.2	10.7
% OF NET SALES	4.6	7.7	4.6	5.0	5.5	4.4	2.8
FINANCIAL INCOME AND EXPENSES, NET, M€	0.3	-0.3	-0.2	-0.3	-0.5	-0.4	-0.3
SHARE OF RESULT OF ASSOCIATED COMPANIES, M€	0.0	0.0	0.0	0.0	0.1	0.1	-0.3
RESULT BEFORE TAXES, M€	4.5	7.0	4.3	4.2	20.1	19.8	10.1
INCOME TAXES, M€	-1.5	-1.9	-1.2	-1.4	-5.9	-4.5	-0.8
RESULT FOR THE REPORTING PERIOD, M€	3.0	5.2	3.1	2.9	14.2	15.2	9.2
EARNINGS PER SHARE, €	0.02	0.03	0.02	0.02	0.09	0.10	0.06

KEY FIGURES, BALANCE SHEET						
	31.12.2009	30.9.2009	30.6.2009	31.3.2009	31.12.2008	31.12.2007
RETURN ON EQUITY (ROE), %	4.5	4.9	3.9	4.5	7.0	3.3
RETURN ON INVESTMENT (ROI), %	6.1	6.5	5.3	6.7	8.4	3.5
INTEREST-BEARING LIABILITIES AT THE END OF THE PERIOD, M€	62.8	71.1	70.6	18.8	19.7	7.2
EQUITY RATIO, %	73.4	68.4	68.6	75.8	77.9	77.9
NET GEARING, %	-46.6	-23.9	-17.9	-22.9	-20.8	-13.1
EQUITY PER SHARE, €	2.06	1.80	1.76	1.74	1.79	1.70

CALCULATION OF INDICATORS	
EARNINGS PER SHARE*	$\frac{\text{RESULT FOR THE YEAR OF PARENT COMPANY SHAREHOLDERS}}{\text{AVERAGE NUMBER OF SHARES FOR THE YEAR, ADJUSTED FOR SHARE ISSUE**}}$
RETURN ON EQUITY (ROE), %	$\frac{\text{RESULT BEFORE TAXES} - \text{INCOME TAXES}^*}{\text{SHAREHOLDERS' EQUITY (AVERAGE OVER THE PERIOD)}} \times 100$
RETURN ON INVESTMENT (ROI), %	$\frac{\text{RESULT BEFORE TAXES} + \text{FINANCIAL EXPENSES}^*}{\text{SHAREHOLDERS' EQUITY} + \text{INTEREST-BEARING FINANCIAL LIABILITIES (AVERAGE OVER THE PERIOD)}} \times 100$
EQUITY RATIO, %	$\frac{\text{SHAREHOLDERS' EQUITY}}{\text{BALANCE SHEET TOTAL} - \text{ADVANCES RECEIVED}} \times 100$
NET INTEREST-BEARING FINANCIAL LIABILITIES	INTEREST-BEARING FINANCIAL LIABILITIES - LIQUID FUNDS AND LIQUID FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
NET GEARING, %	$\frac{\text{NET INTEREST-BEARING FINANCIAL LIABILITIES}}{\text{SHAREHOLDERS' EQUITY}} \times 100$
SHAREHOLDERS' EQUITY PER SHARE	$\frac{\text{EQUITY OF PARENT COMPANY SHAREHOLDERS}}{\text{NUMBER OF SHARES AT PERIOD-END ADJUSTED FOR SHARE ISSUE}}$

*) The calculation of key indicators uses continuing operations result

**) Excluding shares with a potential return obligation

GLOSSARY

Brand

The image of and sum of experiences that consumers have with a product or service.

Carbon footprint

Indicates the amount of greenhouse gases released into the environment as a result of our actions, converted into carbon dioxide.

Cholesterol

Cholesterol is a fat-soluble substance found in all human and animal tissues, especially in fat tissue, the nervous system, liver and kidneys. Cholesterol is produced by the liver, and smaller amounts are absorbed from the diet. Blood circulation, as such, cannot transport cholesterol to the different body parts. This is the task of lipoproteins (HDL and LDL). LDL, also known as “bad cholesterol”, transports cholesterol to tissues and the walls of arteries, while HDL, or “good cholesterol”, transports cholesterol away from them. High overall cholesterol levels, especially the LDL level, increase the accumulation of cholesterol in arteries and contribute to the hardening of blood vessels.

Climate change

The rise in the temperature of the environment caused by the increase in greenhouse gases, generated by the use of fossil fuels or other human activities.

CO₂, carbon dioxide

A chemical compound consisting of carbon and oxygen. It is also the main component of flue gases, generated when the carbon in fuels is oxidised. Carbon dioxide is a greenhouse gas that significantly contributes to global warming.

CO₂e, carbon dioxide equivalent

A unit of measurement that indicates the global warming potential (GWP) of greenhouse gases. Different greenhouse gases have different GWP values.

Ecology

A science that studies the relationship between living organisms and the environment.

Ethics

The study of morals.

Foodchain

A project of MTT Agrifood Research Finland that studied the environmental impacts of foods and products based on the life-cycle approach.

Food chain

Starts from the field and ends on the consumer's plate.

Functional food

Food that not only has nutritional value but also a positive impact on health.

GMO

A plant or other living organism whose genetic makeup has been modified using other than traditional breeding methods; for example, by transferring individual genes from other living organisms.

Grain chain

Starts from grain cultivation at farms and continues through grain processing to ready products in stores.

HoReCa

The hotel, restaurant and catering business.

IFRS

International Financial Reporting Standards.

Life-cycle assessment

A method that systematically assesses the environmental impacts of a product or service throughout its life cycle from raw material acquisition to disposal.

Phytase

An enzyme that breaks down the phytic phosphorus in plants into a form which animals can digest.

Plant stanol ester

The ingredient in Benecol products that reduces the absorption of cholesterol in the digestive tract. Foods that contain plant stanol ester are safe to consume, because plant stanols are basically non-absorbable and proceed through the body unchanged. Taken as a regular part of the daily diet, plant stanol ester lowers total cholesterol up to 10 per cent and harmful LDL cholesterol up to 15 per cent.

Plant sterol

A group of fat-like compounds found in small amounts in plant cells, “cholesterol of the plant world”.

Sustainable development

Development that satisfies the needs of the current population without endangering the future generations' opportunities to satisfy their needs.

Value-added

A product or service whose value to consumers or customers has been enhanced with a property, such as healthiness or convenience of use.

Virtual water

The overall amount of water consumed to make a product, including cultivation, production and processing, which depends on the product, but also on geography and production technologies.

Water footprint

The overall water use of goods consumed by countries and individuals, which also includes the virtual water used in production.



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RAISIO

Raisio plc · Raisionkaari 55 · P.O. Box 101 · FI-21201 Raisio, Finland

Tel. +358 2 443 2111 · Fax +358 2 443 2315

Business ID 0664032-4 · Domicile Raisio, Finland

www.raisio.com

