

ATRIA OYJ
Hyvä ruoka - parempi mieli.

Corporate Governance Statement

1 January 2011 – 31 December 2011

Atria Plc



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1 Corporate Governance Statement

Atria Plc ('Atria' or 'the company') is a Finnish public company, and the responsibilities and obligations of its governing bodies are determined by Finnish law. The parent company, Atria Plc, and its subsidiaries constitute the international Atria Group. The company is domiciled in Kuopio.

Responsibility for the administration and operations of Atria Group lies with the governing bodies of the parent, Atria Plc. These are the General Meeting, Supervisory Board, Board of Directors and the CEO.

Atria's decision-making and corporate governance are in compliance with the Finnish Companies Act, regulations applied to publicly listed companies, Atria Plc's [Articles of Association](#), the rules of procedure for Atria's Board of Directors and committees, and NASDAQ OMX Helsinki Ltd's rules and guidelines. Atria follows the Finnish Corporate Governance Code. The full Corporate Governance Code may be viewed at www.cgfinland.fi. In accordance with the Comply or Explain principle, the company departs from the recommendations of the Code as follows:

- The company has a Supervisory Board.
- As an exception to recommendation 8, Atria's Supervisory Board elects the Board of Directors in accordance with the Articles of Association.
- As an exception to recommendation 10, the term of a Board member is three (3) years in accordance with Atria's Articles of Association.

Atria Plc has prepared the corporate governance statement in accordance with the recommendation of the Finnish Corporate Governance Code. The statement has been prepared as a report separate from the annual report. Atria Plc's Board of Directors has reviewed this statement.

Additional information on Atria's administration can be found on the company's website at www.atriagroup.com and in the Annual Report. Additionally, major risks and uncertainties that the Board of Directors is aware of can be found on the website and in the report by the Board of Directors.

2 General Meeting

The General Meeting is Atria Plc's highest decision-making body. At the General Meeting, shareholders decide on the approval of the financial statements and the use of the profit shown on the balance sheet; discharging of the members of the Board of Directors and of the Supervisory Board, as well as the CEO, from liability; the number of members of the Supervisory Board, and their election and remuneration; and the election of one or more auditors and the fees for auditing.

3 Supervisory Board

In accordance with Atria Plc's Articles of Association, the company has a Supervisory Board elected by the General Meeting. The Supervisory Board consists of a minimum of 18 and a maximum of 21 members, who are elected for terms of

three years. The Supervisory Board meets three times a year on average. Shareholders of the company representing more than 50% of the votes have expressed their contentment with the current model based on the Supervisory Board because it brings a far-reaching perspective on the company's operations and decision-making.

The duties of the Supervisory Board are specified in the Finnish Companies Act and Atria Plc's Articles of Association. The key duties of the Supervisory Board are to:

- Supervise the administration of the company by the Board of Directors and the CEO.
- Elect the members of the Board of Directors as well as decide which of the members shall act as the Chairman and Deputy Chairman of the Board of Directors, and decide on their remuneration.
- Issue instructions to the Board of Directors on matters that are of far-reaching consequence or important in principle.
- Submit its statement on the financial statements and auditors' report to the Annual General Meeting.

In 2011, the members of Atria Plc's Supervisory Board were the following:

Chairman of the Supervisory Board:

1 Ari Pirkola born 1959, Farmer, member since 2008

Vice Chairman of the Supervisory Board:

2 Seppo Paavola born 1962, Farmer, member since 2006

Members:

3 Juha-Matti Alaranta born 1965, Farmer, member since 2000
4 Juho Anttikoski born 1970, Farmer, member since 2009
5 Mika Asunmaa born 1970, Farmer, member since 2005
6 Lassi-Antti Haarala born 1966, Agrologist, Farmer, member since 2002
7 Juhani Herrala born 1959, Farmer, member since 2002
8 Henrik Holm born 1966, Farmer, member since 2002
9 Veli Hyttinen born 1973, Agrologist, Farmer, member since 2010
10 Pasi Ingalsuo born 1966, Agrologist, Farmer, member since 2004
11 Juha Kiviniemi born 1972, MSc (Agric.), Farmer, member since 2010
12 Teuvo Mutanen born 1965, Provincial Secretary, Agricultural Entrepreneur, member since 2007
13 Mika Niku born 1970, Farmer, member since 2009
14 Heikki Panula born 1955, MSc (Agric.), Farmer, member since 2005
15 Pekka Parikka born 1951, Farmer, member since 2008
16 Juha Partanen born 1962, Farmer, member since 2011
17 Juho Tervonen born 1950, Farmer, member since 2001
18 Tomi Toivanen born 1954, Farmer, member since 2009
19 Timo Tuhkasaari born 1965, Farmer, member since 2002.

All members of Atria Plc's Supervisory Board are members of the administrative bodies of the company's principal owners Lihakunta, Itikka Co-operative and

Pohjanmaan Liha Co-operative. All members of the Supervisory Board are independent of the company and dependent on the company's principal owners.

In 2011, Atria Plc's Supervisory Board met three (3) times, and the average attendance percentage of the members was 96.4.

4 Board of Directors

In accordance with the Articles of Association, the Atria Board of Directors has a minimum of five and a maximum of seven members. As an exception to recommendation 8 and in line with the Articles of Association, the Supervisory Board elects the members of the Board of Directors and decides which of the members shall act as the Chairman and Vice Chairman of the Board of Directors and decides on their remuneration. Shareholders of the company representing more than 50% of the votes have expressed their satisfaction with the current practice, complying with the Articles of Association, whereby the members of the Board of Directors are appointed by the Supervisory Board.

The term of office of a member of Atria's Board of Directors differs from the term of one year specified in recommendation 10. As per the Articles of Association, the term of a member of the Board of Directors is three (3) years. Shareholders representing more than 50% of the votes have stated that the term of three years is appropriate for the long-term development of the company and have not seen the need to shorten the term from that specified in the Articles of Association.

Duties of the Board of Directors

Atria's Board of Directors shall ensure the appropriate organisation of the company's administration, operations, accounting and supervision of asset management. To this end, the Board of Directors has adopted written rules of procedure concerning the duties of the Board, the matters to be dealt with, meeting practices and the decision-making procedure. According to these rules, the Board of Directors discusses and decides on significant matters related to the company's strategy, investments, organisation and financing. The rules of procedure lay down the following key duties for the Board of Directors:

- Approve the strategic goals and guidelines for the Group and its business units
- Approve the budgets and business plans for the Group and business units
- Decide on the investment plan for each calendar year and approve major investments (i.e., investments exceeding one million euros)
- Approve major M&A and restructuring operations
- Approve the Group's operating principles for important elements of management and supervision
- Discuss and adopt interim reports and financial statements
- Prepare the items to be dealt with at General Meetings and ensure that decisions are implemented
- Approve the audit plan for internal auditing
- Appoint the CEO and decide on his or her remuneration and other benefits
- At the CEO's proposal, approve the hiring of his or her direct subordinates and the principal terms of their employment contracts

- Approve the organisational structure and the key principles of incentive schemes
- Monitor and evaluate the CEO's performance
- Decide on other matters that are important in view of the size of the Group and that are not part of day-to-day operations, such as considerable expansion or contraction of business or other material changes in operations, and the sale and pledging of fixed assets
- Decide on other matters which, under the Finnish Companies Act, fall within the remit of the Board of Directors
- Perform the Audit Committee's duties referred to in recommendation 27 of the Corporate Governance Code.

The Board of Directors evaluates its operation and working methods regularly through self-evaluation once a year.

Additional information on the Board of Directors and its committees as well as on remuneration principles can be found on the company's website www.atriagroup.com and in the Annual Report.

Composition of the Board of Directors in 2011

In 2011, the members of Atria Plc's Board of Directors were the following:

Martti Selin	Chairman, born 1946, Farmer, meat producer independent of the company and dependent on major shareholders
Timo Komulainen	Vice Chairman, born 1953, Agrologist, Farmer independent of the company and dependent on major shareholders
Tuomo Heikkilä	Member, born 1948, Farmer independent of the company and dependent on major shareholders
Esa Kaarto	Member, born 1959, MSc (Agric.), Farmer independent of the company and dependent on major shareholders
Maisa Romanainen	Member, born 1967, M.Sc. (Econ.), Department Store Group Manager of Stockmann plc, Executive Vice President Stockmann Group independent of the company and of major shareholders
Harri Sivula	Member, born 1962, M.Sc.(Admin.), President and CEO, Restel Group independent of the company and of major shareholders
Matti Tikkakoski	Member up to 4 March 2011, born 1953, M.Sc. (Econ.), dependent on the company and independent of major shareholders

The majority of the members of the company's Board of Directors are independent of the company. Harri Sivula and Maisa Romanainen are independent of the company and the principal owners, Matti Tikkakoski was the company's President and CEO up to 4 March 2011 and Martti Selin, Timo Komulainen, Tuomo Heikkilä and Esa Kaarto are members of the administrative bodies of the company's principal owners –

Lihakunta and Itikka Co-operative. In 2011, Atria Plc's Board of Directors met 19 times. The average meeting attendance percentage of the Board of Directors was 95,8.

5 Board Committees

The Board of Directors may set up committees to handle duties designated by the Board. The Board shall approve the rules of procedure for the committees. The committees of the Board of Directors are the Nomination Committee and the Remuneration Committee, whose members are elected by the Board from amongst its members according to the rules of procedure of the committee. The committees have no autonomous decision-making power. Decisions are made by the Board of Directors based on the committees' preparations. The committees shall report on their work to the Board of Directors, which also supervises the operations of the committees.

5.1 Nomination Committee

The Nomination Committee consists of the Chairman of the Board of Directors and two members of the Board of Directors elected by the Board itself. In accordance with recommendation 29 of the Corporate Governance Code, the company's CEO or the members of the Board of Directors who belong to the company's other management shall not be elected as members of the Nomination Committee.

According to the rules of procedure, the duties of the Nomination Committee are as follows:

- prepares a proposal to be made to the Supervisory Board regarding new members of the Board of Directors
- prepares all matters related to the fees and bonuses to be paid to the members of the Board of Directors
- looks for candidates to fill vacant seats in the Board of Directors
- makes a proposal to the Supervisory Board regarding new members of the Board of Directors
- makes the preparations for the nomination of the CEO and Vice President
- makes the preparations for the mapping of the successors to the CEO and Vice President
- performs other duties separately assigned to the Nomination Committee by the Board of Directors.

In 2011, the Chairman of the Nomination Committee was Martti Selin and the other members were Maisa Romanainen and Timo Komulainen. All members of the Nomination Committee are independent of the company. Maisa Romanainen is also independent of the principal owners. The Committee met one (1) time in 2011. All members of the Committee attended the meeting.

5.2 Remuneration Committee

The Remuneration Committee consists of the Chairman, Vice Chairman and one member of the Board of Directors elected by the Board itself. In accordance with recommendation 32 of the Corporate Governance Code, the President and CEO or

people belonging to the company's other management shall not be elected as members of the Remuneration Committee.

The aim of the Remuneration Committee is to ensure the objectivity of decision-making, enhance the achievement of the company's goals through bonus schemes, increase the company's value and ensure that bonus schemes are transparent and systematic. The aim of the Remuneration Committee is also to ensure that the merit pay systems are connected with the company's strategy and the results obtained.

According to the rules of procedure, the duties of the Remuneration Committee are as follows:

- prepares the terms of employment of the CEO and Vice President and brings them before the Board of Directors
- prepares the remuneration, fees and other employment benefits of the directors that report to the CEO and brings them before the Board of Directors
- prepares the forms and criteria of the bonus and incentive schemes of top management and brings them before the Board of Directors
- prepares the content and group assignments of the pension programmes of the company's management and brings them before the Board of Directors
- submits its statement on the bonus arrangements for the whole personnel before their approval and assesses their functionality and the achievement of the goals of the systems
- if required, discusses possible interpretation problems related to the application of the approved bonus schemes and recommends a solution
- if required, reviews information to be published in the financial statements and, where applicable, in other bonus-related documents
- performs other duties separately assigned to it by the Board of Directors.

In 2011, the Chairman of the Remuneration Committee was Martti Selin and the other members were Timo Komulainen and Harri Sivula. All members of the Remuneration Committee are independent of the company. Harri Sivula is also independent of the principal owners. The Remuneration Committee met five (5) times in 2011. All members of the Committee attended all meetings.

6 CEO

The company has a CEO, in charge of managing the company's operations in accordance with the instructions and orders issued by the Board of Directors, as well as informing the Board of Directors of the development of the company's operations and financial performance. The CEO also sees to the organisation of the company's day-to-day administration and ensures reliable asset management. The CEO is appointed by the Board of Directors, which decides on the terms of his or her employment.

Juha Gröhn has taken over as CEO and President of the company after Matti Tikkakoski left his position as CEO as of 4 March 2011. Juha Gröhn was born in 1963 and holds a M.Sc. (Food Science) degree. Additional information on the CEO

and the principles of his remuneration can be found on the company's website www.atriagroup.com and in the Annual Report.

7 A description of the main features of the internal control and risk management systems pertaining to the financial reporting process

Atria's internal control includes comprehensive risk management and independent internal audit. The purpose of internal control is to ensure that Atria's operations are efficient and in line with the company's strategy, all financial and operational reports are reliable, the Group's operations are legal and the company's internal principles and codes of conduct are complied with. The internal control pertaining to the financial reporting process is part of the overall picture of Atria's internal control, which is introduced in more detail in the Annual Report and on the website (add link).

The purpose of the internal control and risk management systems pertaining to financial reporting is to ensure the reliability of financial reporting to a sufficient extent and that the financial statements have been drawn up in accordance with legislation, the International Financial Reporting Standards (IFRS) and other requirements set for listed companies.

Control environment of the financial reporting process

The Group's operations are divided into four independently accountable business areas, which include Finland, Scandinavia, Russia and the Baltic Countries. The CFOs of the business areas are responsible for the internal control and risk management pertaining to financial reporting of their unit within the framework issued by the Group.

The business areas report figures included in external and management reporting monthly to the Group's financial administration. The Group's reporting is based on a uniform reporting and consolidation system maintained by the Group's financial administration. The information is reported to the Group's financial administration in accordance with a previously drafted schedule, and the figures are reviewed both on the subsidiary and Group level.

The company's interim reports and consolidated financial statements are drawn up centrally in the Group's financial administration in accordance with the IFRS accounting standards. Business areas draw up financial statements complying with the local accounting practice and report the required information to the Group observing the uniform chart of accounts and IFRS accounting standards.

Atria uses the Group's reporting manual, which contains a general outline of the financial reporting process, its key outputs, schedules and detailed reporting guidelines. Principal Group policies and guidelines, such as financing and transfer pricing policies, the cost accounting manual and valuation instruction for biological assets also define the essential accounting principles and reporting procedures used in Atria. The above mentioned policies and guidelines are regularly updated, and all persons concerned are informed internally within the Group of any changes.

Roles and responsibilities

Atria's Board of Directors ensures that the procedures for internal control and risk management pertaining to the financial reporting process are defined and that the execution of these principles is monitored. The Board of Directors is in charge of the publication of interim reports and monitors the efficiency of the company's internal control, risk management systems and internal audit. The Group's CEO is responsible for the appropriate organisation of the internal control and risk management in Atria. The CEO also ensures the legality of the company's accounting and the reliability of asset management.

The CFO is responsible for developing the internal control pertaining to financial reporting, risk management procedures and reporting together with the Group's financial administration and the financial organisations of the business areas. The Group's financial administration monitors the correctness and timeliness of external reporting as well as compliance with provisions pertaining to reporting and sees to the development needs of financial reporting controls by monitoring the adequacy and efficiency of the said controls.

The CFOs of the business areas ensure that the Group's internal control and risk management procedures are complied with in their areas of responsibility and that the financial information reported by their unit is up-to-date, reliable and complies with local accounting rules.

Risk management, control measures and monitoring

Atria uses a uniform reporting and consolidation system. The standard format and accurate reporting system promote the reliability and correctness of Atria's financial reporting. Information required for the Group's external and management reporting is saved in the same database using the Group's chart of accounts. The reporting and consolidation system has improved the comparability of different business units and the analysis of the Group's financial reporting information. In conjunction with the implementation of the financial system, the Group's financial administration and internal control prepared monitoring controls in the financial reporting process.

The reporting and supervision of the whole Group and the different business areas are based on budgets and business plans approved by the Board of Directors and on monthly financial reporting. The key indicators monitored in monthly reporting are net sales, EBIT, ROCE, cash flow and relative profitability.

The company's reporting and consolidation system is utilised in ensuring the correctness of the monthly reporting. With this system, the Group's financial administration and the CFOs of the business areas are able to monitor critical errors or deviations. The financial management of a business area monitors the reporting schedule, analyses the reported information, monitors the application of the chart of accounts in the Group's reporting and the consistency of the external and management reporting.

The company's internal audit carries out audits related to, for example, financial operations processes. In its duties, the internal audit evaluates the correctness and

adequacy of financial information, compliance with operating principles, regulations, codes of conduct and reporting systems, protection of property against and the cost-efficiency and effectiveness of the use of resources. The internal audit reports its observations to the person in charge of the object, the Group's CFO and the CEO. A summary of the audit results is presented to the Board of Directors at least once a year.

In 2011, the internal audit performed audits in the business units in different countries. The audit priorities of the assignments lay with the internal control of frozen stocks, processes for the management of wastage and the compliance with the credit policy and the decision-taking policy of the Group.