

# ATRIA

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2015

## Corporate Governance Atria Plc

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Food



People



Heritage

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## 1. Corporate governance

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 CEO.

Atria's decision-making and corporate governance are in compliance with the Finnish Limited Liability 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 committee, and Nasdaq Helsinki Ltd's rules and guidelines. Atria follows the Finnish Corporate Governance Code ("Corporate Governance Code"). In the Corporate Governance Statement compiled from the fiscal year 2015 Atria applies the previous Corporate Governance Code from the year 2010. The full Corporate Governance Code may be viewed at [www.cgfinland.fi](http://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 Corporate Governance Code recommendation 10, the term of each Board member is three (3) years in accordance with Atria's Articles of Association.
- As an exception to Corporate Governance Code recommendation 14, only 3 members of the Board of Directors of total 8 members are independent of the Company. According to the company's view, understanding of Atria's business requires from the majority of the members of the Board of Directors deep knowledge and commitment to meat business.
- As an exception to Corporate Governance Code recommendation 32, one member of the total 3 members of the Nomination and Remuneration Committee is independent of the company. The Nomination and Remuneration Committee consists of the members of the Board of Directors and the majority of the Board members are dependent of the company.

Atria Plc has prepared a Corporate Governance Statement in accordance with recommendation 54 of the Corporate Governance Code.

### 1.1 Articles of Association

The Articles of Association and the pre-emptive purchase clause can be found in their entirety on the company's website at [www.atria.com](http://www.atria.com) under Investors.

### 1.2 Shareholder agreement

Lihakunta and Itikka Co-operative, two of Atria's shareholders, have agreed to ensure that they are both represented on the Supervisory Board in proportion to their holdings of Series KII shares in the company. The parties will also ensure that the

Chairman of the Supervisory Board and the deputy Chairman of the Board of Directors are nominated by one party and the Chairman of the Board of Directors and the deputy Chairman of the Supervisory Board by the other party.

Regarding the distribution of Board positions, it has been agreed that each of the parties may nominate three ordinary members and their deputy members to the Board of Directors. The agreement also includes stipulations on the mutual proportion of shareholding and on the procedures followed when either party acquires more Series KII shares directly or indirectly. According to the agreement, the acquisition of Series A shares is not considered in the evaluation of the mutual proportion of shareholding.

Furthermore, Lihakunta, Itikka Co-operative and Pohjanmaan Liha, who hold shares in Atria, have agreed to ensure that Pohjanmaan Liha has one representative on the Supervisory Board. The agreement also includes stipulations on Pohjanmaan Liha Co-operative's shareholding.

The company is not aware of any other shareholder agreements.

Despite the above, as stated in Section 3 below, the Annual General Meeting decides on the number of members of the company's Supervisory Board and of the Board of Directors and their election.

## **2. Corporate Governance Statement**

The full Corporate Governance Statement can be found on the company's website at [www.atria.com](http://www.atria.com) under Investors.

## **3. General Meeting**

The General Meeting is Atria Plc's highest decision-making body. At the General Meeting, shareholders decide, among other things, on the approval of the financial statements and the use of the profit shown on the balance sheet; the discharge 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 of the Board of Directors, and their election and remuneration; and the election of one or more auditors and the auditing fees.

The Annual General Meeting is held by the end of June on a date designated by the Board of Directors, and the agenda includes matters that are to be handled by the Annual General Meeting in accordance with the Articles of Association and any other proposals. Extraordinary General Meetings may be convened as needed.

Under the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice. Where applicable, the shareholder must submit a request to have the matter dealt with by the Annual General Meeting by the date set by the company, which is published on the company's website at [www.atria.com](http://www.atria.com). The request, with

accompanying justification or proposed resolution, must be sent in writing to Atria Plc, Group Legal Affairs, P.O. Box 900, FI-60060 ATRIA.

The General Meeting is convened by the Board of Directors. It is held in the company's domicile, Kuopio, or in Helsinki. The notice to convene the General Meeting is communicated by publishing the notice on the Company's website and by a company announcement at the earliest three (3) months and at the latest three (3) weeks before the General Meeting however no later than nine (9) days prior to the record date for the General Meeting. In addition, the Board of Directors may decide to publish the notice, or a notification of delivering notice, in one or more Finnish national newspapers determined by the Board of Directors, or in any other manner it may decide.

To have the right to participate in a General Meeting, shareholders must register with the company by the day mentioned in the notice of meeting, which can be no earlier than ten (10) days before the meeting.

The CEO, the Chairman of the Board and all Board members shall be present at the General Meeting and the company's auditors shall be present at the Annual General Meeting. First-time candidates for the Supervisory Board or the Board of Directors shall be present at the General Meeting where decisions on their appointment are made.

#### **4. Nomination Board**

Atria Plc's Annual General Meeting held on 3 May 2012 has appointed a Nomination Board to prepare proposals concerning the election and remuneration of Board members for the next Annual General Meeting. On 6 May 2014 Annual General Meeting decided to expand the duties of the Nomination Board, so that in the future it will also prepare a proposal concerning the remuneration of the members of the Supervisory Board for the next Annual General Meeting.

Shareholders or their representatives who own Series KII shares as well as the largest holder of Series A shares who does not own Series KII shares, or a representative thereof, shall be elected to the Nomination Board in accordance with their ownership in early November preceding the Annual General Meeting. The right to nominate a representative to the Nomination Board is determined on the basis of the shareholder register maintained by Euroclear Finland Ltd in accordance with the situation on the first banking day of the November preceding the Annual General Meeting. The Chairman of the Board of Directors shall also be appointed to the Nomination Board as an expert member.

If a shareholder does not wish to exercise his or her right to nominate a member, the right will be transferred to the next largest Series A shareholder as per the shareholder register who would not otherwise have the right to nominate a member. Some shareholders are obligated to notify the company of certain changes in shareholding when necessary under the Finnish Securities Markets Act. Such shareholders may present a written request to the company's Board of Directors by the end of October for the holdings of corporations or foundations controlled by the

shareholder, or the shareholder's holdings in several funds or registers, to be combined when calculating voting rights.

The Nomination Board is convened by the Chairman of the Board of Directors, and the Nomination Board elects a Chairman from amongst its members. The Nomination Board shall present its proposal to the Board of Directors by the first day of the February preceding the Annual General Meeting.

## 5. 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. No person who is aged sixty-five (65) or older can be elected to the Supervisory Board. The Supervisory Board elects a Chairman and a deputy Chairman from amongst its members for terms of one year. The Supervisory Board meets three times a year on average.

The duties of the Supervisory Board are specified in the Limited Liability Companies Act and Atria Plc's Articles of Association. The key duties of the Supervisory Board are as follows:

- Supervising the administration of the company by the Board of Directors and the CEO.
- Providing instructions to the Board of Directors on matters that are of far-reaching consequence or important in principle.
- Submitting its statement on the financial statements and auditors' report to the Annual General Meeting.

Shareholders of the company representing more than 50% of the votes granted by the company's shares have expressed their satisfaction with the current model based on the Supervisory Board, because it brings a far-reaching perspective on the company's operations and decision-making.

Following the Annual General Meeting held in 2015, the members of Atria Plc's Supervisory Board are as follows:

Name	Born	Member from	Education	Main occupation	Share ownership
Hannu Hyry (Chairman)	1956	2013		Farmer	144
Juho Anttikoski (Vice Chairman)	1970	2009		Farmer	4,000
Mika Asunmaa	1970	2005		Farmer	6,000
Reijo Flink	1967	2014	Agrologist	CEO	4,660
Lassi-Antti Haarala	1966	2002	Agrologist	Farmer	6,000
Jussi Hantula	1955	2012	Agrologist	Farmer	681
Henrik Holm	1966	2002		Farmer	430
Veli Hyttinen	1973	2010	Agrologist	Farmer	1,500
Pasi Ingalsuo	1966	2004	Agrologist	Farmer	4,150
Marja-Liisa Juuse	1963	28 <sup>th</sup> April 2015	Agrologist	Farmer	250
Jukka Kaikkonen	1963	2013	Agrologist	Farmer	500
Juha Kiviniemi	1972	2010	MSc (Agr.)	Farmer company authority	300  184
Pasi Korhonen	1975	2013		Farmer	0
Ari Lajunen	1975	2013	MSc (Agr.)	Farmer	0
Mika Niku	1970	2009		Farmer	300
Pekka Ojala	1964	2013	Agrologist	Farmer	0
Heikki Panula	1955	2005	MSc (Agr.)	Farmer	500
Ahti Ritola	1964	2013	BBA	Farmer company authority	0  400
Risto Sairanen	1960	2013		Farmer	60
Timo Tuhkasaari	1965	2002		Farmer	600

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 dependent of the company and of significant shareholders.

In 2015, Atria Plc's Supervisory Board met four (4) times, and the average attendance of the members was 97.4%.

## 6. Board of Directors

In accordance with the Articles of Association, Atria's Board of Directors has a minimum of 5 and a maximum of 9 members. The term of office of a member of Atria's Board of Directors differs from the term of one year specified in recommendation 10 of the Corporate Governance Code (2010). 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 (3) 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. As an exception to Corporate Governance Code recommendation 14,

three members of the Board of Directors of total 8 members are independent of the Company. According to the company's view, understanding of Atria's business requires from the majority of the members of the Board of Directors deep knowledge and commitment to meat business.

## **6.1 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:

- Approving the strategic goals and guidelines for the Group and its business areas
- Approving the budgets and business plans for the Group and its business areas
- Deciding on the investment plan for each calendar year and approving major investments that exceed one million euros
- Approving major M&A and restructuring operations
- Approving the Group's operating principles for important elements of management and supervision
- Discussing and adopting interim reports and financial statements
- Preparing the items to be dealt with at General Meetings and ensuring that decisions are implemented
- Approving the audit plan for internal auditing
- Appointing the CEO and deciding on his or her remuneration and other benefits
- Approving, at the CEO's proposal, the hiring of his or her direct subordinates and the principal terms of their employment contracts
- Approving the organisational structure and the key principles of incentive schemes
- Monitoring and evaluating the CEO's performance
- Deciding 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 to operations, the taking of long-term loans and the sale and pledging of fixed assets
- Deciding on other matters which, under the Limited Liability Companies Act, fall within the remit of the Board of Directors
- Performing the Audit Committee's duties referred to in recommendation 27 of the Corporate Governance Code

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

## **6.2. Meeting practices and information flow**

The Board of Directors meets at regular intervals about 10 times during the term in accordance with a separate meeting schedule confirmed in advance by the Board,

and when necessary. In 2015, the Board of Directors met thirteen (13) times. The average attendance of the members of the Board of Directors was 93%.

During the meetings of the Board of Directors, the CEO gives a review of the financial situation of the Group by business area. The review also covers forecasts, investments, organisational changes and other issues that are important for the Group.

The company shall provide the Board of Directors with sufficient information on the company's operations to enable the Board to properly perform its duties. The agenda of the meeting shall be delivered to the members of the Board of Directors at least one week before the meeting. The meeting material shall be prepared by the CEO and the secretary of the Board of Directors according to the instructions provided by the Chairman. The meeting material shall be delivered to the members at least three days before the meeting.

### 6.3. Composition of the Board of Directors

Name	Seppo Paavola, Chairman
Year of birth	1962
Education	Agrologist (secondary school graduate)
Main occupation	Farmer
Relevant work experience	Farm advisor, Rural Centre of Central Ostrobothnia 1991-1996 Agricultural entrepreneur 1996-present
Member of the Board since	2012
Current key positions of trust	Supervisory Board of Itikka Co-operative, member 2000-present, Deputy Chairman 2008-2011 and Chairman 2012-present Chairman of the Board of Directors of Kaustinen Co-operative Bank 2002-present Member of the Board of Directors of Pellervo Confederation of Finnish Co-operatives 2012-present Member of the Co-operative Advisory Committee 2012- present
Past key positions of trust	Supervisory Board of Atria Plc, member 2006-2009 and Deputy Chairman 2009-2012
Independency	Dependent of the company and significant shareholders
Share ownership in the company	3,700
Share-based rights in the company	None

<b>Name</b>	<b>Jyrki Rantsi, Deputy Chairman from 28 April 2015</b>
Year of birth	1968
Education	Agrologist
Main occupation	Farmer, piglet and pork producer
Relevant work experience	Agricultural entrepreneur
Member of the Board since	2013
Current key positions of trust	Deputy Chairman of the Board of Directors of Lihakunta 2013-2015, Chairman 2015-present Member of the Board of Directors of Finnpig Oy 2013- present Member of the the Board of Directors of A-Farmers Ltd 2015 - present
Independency	Dependent of the company and significant shareholders
Share ownership in the company	700
Share-based rights in the company	None
<b>Name</b>	<b>Esa Kaarto</b>
Year of birth	1959
Education	MSc (Agr.)
Main occupation	Farmer
Relevant work experience	Farmer
Member of the Board since	2009
Current key positions of trust	Board of Directors of Itikka Co-operative, member 2002- present and Chairman 2009- present Board of Directors of A-Farmers Ltd, Deputy Chairman 2009-2015 and Chairman 2015-present Board of Directors of A-Rehu Oy, Deputy Chairman 2009-2015 and Chairman 2015-present Member of the Board of Directors of Oy Feedmix Ab 2009-present Member of the Board of Directors of Kiinteistö Oy Rehukanava 2009- 2014 Chairman of the Board of Directors of Suurusrehu Oy 2009-present
Independency	Dependent of the company and significant shareholders
Share ownership in the company	1,100
Share-based rights in the company	None

<b>Name</b>	<b>Timo Komulainen</b>
Year of birth	1953
Education	Agrologist
Main occupation	Farmer
Relevant work experience	Acquisition agent, Lihakunta 1979-1984, positions of trust
Member of the Board since	1993
Current key positions of trust	Board of Directors of Jukola Co-operative, member 1984- and Deputy Chairman 1995- present
Past key positions of trust	Board of Directors of Lihakunta, member 1988-and Chairman 1996- 2015 Board of Directors of A-Farmers Ltd, Deputy Chairman 2000-2003 and Chairman 2003- 2015 Chairman of the Board of Directors of A-Rehu Oy 2004- 2015
Independency	Dependent of the company and significant shareholders
Share ownership in the company	200
Share-based rights in the company	None

<b>Name</b>	<b>Jukka Moisio</b>
Year of birth	1961
Education	MSc (Econ.), MBA
Main occupation	CEO of Huhtamäki Oyj
Relevant work experience	CEO of Huhtamäki Oyj 2009 - present Ahlstrom Corporation 1991-2008, various duties, latest position as CEO
Member of the Board since	2014
Current key positions of trust	Member of the Supervisory Board of the Finnish Fair Corporation
Independency	Independent of the company and significant shareholders
Share ownership in the company	0
Share-based rights in the company	None

<b>Name</b>	<b>Kjell-Göran Paxal</b>
Year of birth	1967
Education	Agrologist
Main occupation	Farmer, piglet and pork producer
Relevant work experience	Feed salesman, Oy Foremix Ab 1990-1997 Primary Production Manager, Pohjanmaan Liha Co-operative 1990-1997
Member of the Board since	2012
Current key positions of trust	Board of Directors of Pohjanmaan Liha, deputy member 1999-2001, Deputy Chairman 2002-2009 and Chairman 2010- present Board of Directors of A-Farmers Ltd, deputy member 2001-2002 and member 2003-present Board of Directors of Oy Foremix Ab, member 2004-2009 and Chairman 2010- present Member of the Board of Directors of A-Rehu Oy 2010- present Chairman of the Board of Directors of Ab WestFarm Oy 2010-present
Past key positions of trust	Deputy member of the Board of Directors of the Central Union of Swedish-Speaking Agricultural Producers in Finland 1999-2001
Independency	Dependent of the company and significant shareholders
Share ownership in the company	666
Share-based rights in the company	None

<b>Name</b>	<b>Maisa Romanainen</b>
Year of birth	1967
Education	MSc (Econ.)
Main occupation	VR-Group Ltd, Senior Vice President of the Passenger Services
Relevant work experience	<p>Stockmann Oyj Abp:</p> <ul style="list-style-type: none"> <li>- Purchasing Manager 1996-1997</li> <li>- Department Store Director, Moscow, Russia 1998-2000</li> <li>- Department Store Director, Tallinn, Estonia 2000-2005</li> <li>- Director, international department stores 2005-2007</li> <li>- Director, Finnish and Baltic department stores 2008</li> <li>- Executive Vice President, Director, Department Store Division 2008-2014</li> </ul> <p>Brio Oy: Product Manager and Purchasing Manager, among other duties, 1990-1996</p>
Member of the Board since	2010
Current key positions of trust	Member of the Board of Directors of the Finnish-Russian Chamber of Commerce 2012- present
Past key positions of trust	<p>Deputy member of the Board of Directors of the East Office of Finnish Industries 2008- 2015</p> <p>Member of the Board of Directors of Tuko Logistics Co-operative 2009-2014</p> <p>Member of the Board of Directors of the Finnish Grocery Trade Association 2008-2014</p>
Independency	Independent of the company and significant shareholders
Share ownership in the company	0
Share-based rights in the company	None

<b>Name</b>	<b>Harri Sivula</b>
Year of birth	1962
Education	MSc (Admin.)
Main occupation	CEO of GS1 Finland Ltd.
Relevant work experience	CEO, Restel Group 2011-2014 Kesko Corporation 1987-1999 - Sales Manager, Purchasing Manager - Division Manager, Sales Director - Director of Marketkesko - Director of Lähikesko - Director of the Retail Division Kesko Corporation/Kesko Food, 1999-2006 - Executive Vice President Onninen Oy, 2006-2010 - CEO
Member of the Board since	2009
Current key positions of trust	Chairman of the Board of Directors of Tokmanni Oy 2011-present Member of the Board of Directors of Leipurin Oy 2014- present Member of the Board of Directors of Makua Foods Ltd 2015 - present
Past key positions of trust	Member of the Board of Directors of Olvi Oyj 2007-2011 Member of the Board of Directors of Norpe Oy 2010-2013 Member of the Board of Directors of Leipurin Oyj 2010-2013 Member of the Supervisory Board of Nets Oy 2011-2013
Independency	Independent of the company and significant shareholders
Share ownership in the company	10,000
Share-based rights in the company	None

The members of the Board of Directors are obliged to provide the Board with sufficient information to assess their skills and independency and to notify the Board of any changes to the information.

## 7. 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 Board of Directors has one board committee: Nomination and Remuneration Committee. The Board of Directors appoints the members of the committee from among its members according to the rules of procedure of the committee. The Committee has no autonomous decision-making power. The Board of Directors makes decisions on the basis of the Committee's preparations and proposals. The committee shall regularly report to the Board of Directors which supervises the operation of the Committee.

The Nomination and Remuneration Committee consists of the Chairman, Deputy Chairman and one member of the Board of Directors elected by the Board itself. As

an exception to the recommendation 29 one member of the total 3 members of the Nomination and Remuneration Committee is independent of the company. The chairman of the Board of Directors and the Deputy Chairman of the Board of Directors are nominated as members of the Nomination and Remuneration Committee in accordance to the shareholder agreement of the Lihakunta and Itikka Co-operative. According to the recommendations 29 and 30 of the Corporate Governance Code, the company CEO, the members of the Board of Directors who belong to the Company's management shall not be elected as members of to the Nomination and Remuneration Committee.

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

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

- Making the preparations for the nomination of the CEO and Deputy CEO;
- Making preparations to search for successors to the CEO and Deputy CEO
- Preparing the terms of employment of the CEO and Deputy CEO and bringing them before the Board of Directors
- Preparing the remuneration, fees and other employment benefits of the directors that report to the CEO and bringing them before the Board of Directors
- Preparing the forms and criteria of the bonus and incentive schemes of top management and bringing them before the Board of Directors
- Preparing the content and group assignments of the pension programmes of the company's management and bringing them before the Board of Directors
- Submitting its statement on the bonus arrangements for the entire personnel before their approval and assessing their functionality and the achievement of the systems' goals
- If required, discussing possible interpretation problems related to the application of the approved bonus schemes and recommending a solution
- If required, reviewing information to be published in the financial statements and, where applicable, in other bonus-related documents
- Performing other duties separately assigned to it by the Board of Directors

The Chairman of the Nomination and Remuneration Committee shall convene the Committee as needed. At the meetings, the matters belonging to the duties of the Committee are discussed. The Nomination and Remuneration Committee may invite other people to join its meetings if deemed necessary and may use external experts to assist the Committee in fulfilling its duties.

The Chairman of the Nomination and Remuneration Committee is Seppo Paavola and the other members are Jyrki Rantsi and Harri Sivula. Seppo Paavola and Jyrki Rantsi

are dependent of the company and of significant shareholders. Harri Sivula is independent of the company and of significant shareholders. In 2015, the Nomination and Remuneration Committee met 6 times and the average attendance of the members was 100%.

As noted in section 4 above, Atria Plc's General Meeting has established a separate Nomination Board to prepare proposals concerning the election and remuneration of the members of the Board of Directors as well as the remuneration of the members of the Supervisory Board for the next Annual General Meeting.

## 8. 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.

Since March 2011, Atria Plc's CEO has been Juha Gröhn, MSc (Food Sc.).

## 9. Management Team

Atria Group has a Management Team chaired by the CEO. The Management Team assists the CEO in planning the operations and is operational management. The duties of the Management Team include among others preparing strategic plans and putting them into practice, handling significant projects and organisational changes as well as reviewing and implementing the Group's risk management measures in their respective areas of responsibility.

In 2015, the Management Team met thirteen (13) times.

Atria Group's Management Team consists of the following members:

Name	Born	Joined Atria in	Education	Position	Share ownership
Juha Gröhn	1963	1990	MSc (Food Sc.)	CEO	18,500
Heikki Kyntäjä	1952	2009	MSc (Econ.)	CFO, Deputy CEO	1,000
Mika Ala-Fossi	1971	2000	Meat industry technician	Executive Vice President Atria Finland	940
Tomas Back	1964	2007	MSc (Econ.)	Executive Vice President Atria Scandinavia	1,880
Olle Horm	1967	2012	Engineer	Executive Vice President Atria Baltic	0
Jarmo Lindholm	1973	2002	MSc (Econ.)	Executive Vice President Atria Russia	1,020

## 10. Remuneration

Atria Plc has prepared a Remuneration Statement in accordance with recommendation 47 of the Corporate Governance Code (2010). The statement is available on the company's website at [www.atria.com](http://www.atria.com) under Insiders.

## 11. Internal control, risk management and internal audit

Internal control is a process under the responsibility of the company's top management. It aims to ensure that the company can achieve its goals. The operating principles of internal control are confirmed by the company's Board of Directors. Atria's internal control includes risk management and 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.

### 11.1 Risk management at Atria

The purpose of risk management is to support the realisation of Atria's strategy and the achievement of targets, to prevent unfavourable events from occurring and to safeguard business continuity. Atria's risk management operations are guided by the Risk Management Policy, approved by the Board of Directors, which specifies risk management goals, principles, responsibilities and powers, together with the principles of risk assessment and reporting.

Risk management at Atria is systematic and dynamic, and supports the continuous development of the organisation. It is based on a uniform model for risk identification, assessment and reporting in all business areas and Group administration, and forms an integral part of the annual planning process. In risk assessment, an action plan is drawn up for managing the risks identified.

Atria defines risk as the effect of uncertainty on the company's objectives. Risks can cause positive or negative deviations from the objectives. Risks may be caused by events within Atria or external conditions or events. For reporting purposes, Atria's risks are divided into four categories: strategic risks, operational risks, risks of damage, loss or injury, and financial risks.

#### *Organisation and responsibilities of risk management*

The Board of Directors approves the Risk Management Policy and any changes to it, and supervises the implementation of the principles specified in the policy. The Group's CEO is responsible for the appropriate organisation of risk management at Atria, and the CFO sees to the development of the risk management and risk reporting framework.

The members of the Group's Management Team are responsible for identifying and assessing strategic risks and for implementing risk management in their respective areas of responsibility. The management teams of the business areas are responsible

for identifying and assessing risks and for implementing risk management in their business areas. The directors of the business areas ensure that the management teams fulfil their risk management and risk reporting responsibilities.

The Group's Treasury Committee is responsible for identifying and assessing financial risks and for implementing risk management throughout the Group. When preparing an annual plan for internal audit, key observations from the risk assessments made as part of the Group's planning process are taken into account. Every Atria employee is responsible for identifying and assessing risks associated with their work and any other risks that they encounter, and for drawing attention to and preventing such risks.

Major risks and uncertainties that the Board of Directors is aware of are discussed in more detail in the report by the Board of Directors under "Risk management at Atria".

## 11.2 Internal audit

Atria's Group Control function handles internal audits in collaboration with an external service provider. An audit plan is drawn up annually for internal audit and approved by the Board of Directors. The annual priority areas of the audit plan are affected by risk management, issues identified as part of the Group's internal reporting, goals related to improving the quality and efficiency of the operations, and topical issues in the company's business environment. Where necessary, internal audit also conducts separate studies commissioned by the Board of Directors or the Group's management.

Internal audit inspects and evaluates the functioning of the internal control system, the relevance and efficiency of the activities, and compliance with guidelines. It also aims to promote the quality of the operations and process, ensure the achievement of Atria's targets, support the development of risk management practices, and highlight best practices and opportunities in various functions.

Internal audit assesses the following areas:

- Accuracy and adequacy of financial information
- Compliance with operating principles, codes of practice and regulations
- Protection of property against losses
- Cost-efficiency and effectiveness of the use of resources
- Implementation of changes
- Opportunities provided by various practices and the utilisation of best practices

The results of internal auditing are documented and discussed with the audited area of operation and Group management. A summary of the audit results is presented to the Board of Directors at least once a year. Regular discussions are held with the auditor in order to ensure that the audit activities cover a sufficiently wide range of operations and to avoid overlapping activities.

## 12. Auditing

In accordance with the Articles of Association, the company shall have at least one (1) and no more than four (4) regular auditors; the number of deputy auditors shall not exceed this. The auditors and deputy auditors shall be public accountants or firms of independent public accountants authorised by the Central Chamber of Commerce of Finland. The term of service of the auditors shall end at the conclusion of the Annual General Meeting following their election.

The auditor provides Atria's shareholders with an Auditor's Report document in accordance with the law, in conjunction with the company's financial statements, and reports regularly to the Board of Directors and management. The auditor participates in a Board meeting at least once a year, on which occasion a discussion of the audit plan and the results of auditing is arranged.

In 2015, Atria Plc's Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of authorised public accountants, as the company's auditor for the term ending at the closing of the next Annual General Meeting. According to the firm, the auditor in charge is Authorised Public Accountant Juha Wahlroos. The remuneration is paid to the auditor according to an invoice accepted by the company.

### *Auditor's remuneration for the 2015 accounting period*

In 2015, the Group paid a EUR 344,000 in auditor's remuneration to PricewaterhouseCoopers Ltd. The whole Group paid a total of 75,000 euros for services not related to auditing.

## 13. Insider policy

Atria complies with Nasdaq Helsinki Ltd's Guidelines for Insiders that entered into force 1 December 2015. Atria's Board of Directors has confirmed the insider guidelines for the company, which include instructions for permanent and project-specific insiders. The company's guidelines have been distributed to all insiders and they are available at company's intranet.

The insider registers are maintained in cooperation with Euroclear Finland Oy. The company's legal department and CFO monitor compliance with the insider guidelines. The company has limited insiders' right to trade in the company's shares in the 14 days preceding the publication of the company's interim reports and financial statements. In addition to the public insider register, there is a separate register of other permanent insiders, maintained by the legal department, and there are also project-specific registers wherein insider information is recorded by project.

## 14. Communications

The aim of Atria's investor reporting is to ensure that the market has correct and sufficient information available at all times to determine the value of Atria's shares. An additional aim is to provide the financial markets with comprehensive information

to enable active participants in the capital markets to form a justified image of Atria as an investment.

### *Silent period*

Atria has established a silent period for its investor relations communications of three weeks prior to the publication of interim reports and annual reports. During this period, Atria gives no statements on its financial status.

### *Investor information*

Atria publishes financial information in real time on its website at [www.atria.com](http://www.atria.com). The site contains annual reports, interim reports and press and stock exchange releases. The company's largest shareholders and insiders are regularly updated on the website, along with details on their holdings.

The disclosure policy approved by Atria's Board of Directors describes the key principles and procedures followed by Atria as a listed company in its communications with the media, capital markets and other stakeholders. Atria's disclosure policy is available in its entirety on the company's website at [www.atria.com](http://www.atria.com) under Insiders.

# ATRIA

*Good food – better mood.*

## Remuneration statement

This remuneration statement of Atria Plc ("Atria" or the "company") is the statement referred to in recommendation 47 of the Corporate Governance Code.

## **1 Remuneration of the members of the Supervisory Board**

The Annual General Meeting decides on the remuneration of the members of the Supervisory Board. The remuneration paid to the Supervisory Board in 2015 was as follows:

- Meeting compensation: 250 euros/meeting
- Compensation for loss of working time: 250 euros for meeting and assignment dates
- Fee of the Chairman of the Supervisory Board: 3,000 euros/month until 30<sup>th</sup> of April 2015 and 1,500 euros/month from 1<sup>st</sup> of May 2015 according to the decision of the Annual General meeting held on 28<sup>th</sup> of April 2015.
- Fee of the Deputy Chairman of the Supervisory Board: 1,500 euros/month until 30<sup>th</sup> of April 2015 and 750 euros/month from 1<sup>st</sup> of May 2015 according to the decision of the Annual General meeting held on 28<sup>th</sup> of April 2015.
- Travel allowance according to the Company`s travelling policy

The members of the Supervisory Board have no share incentive plans or share-based bonus schemes.

In 2015, the monthly and meeting fees paid to the members of the Supervisory Board for participating in the work of the Supervisory Board (including fees for work performed in other companies within the same Group) were as follows:

Name	Work of the Supervisory Board	Benefits from Group companies	Total (EUR)
Hannu Hyry, Chairman	27,250		27,250
Anttikoski Juho, Deputy chairman	15,500		15,500
Asunmaa Mika	2,000		2,000
Flink Reijo	1,000		1,000
Haarala Lassi Antti	1,750		1,750
Hantula Jussi	2,000		2,000
Holm Henrik	2,000	2,100	4,100
Hyttinen Veli	2,000	7,400	9,400
Ingalsuo Pasi	2,000	3,300	5,300
Juuse Marja-Liisa (from 28 April 2015)	2,500		2,500
Kaikkonen Jukka	2,250		2,250
Kiviniemi Juha	1,500		1,500
Korhonen Pasi	2,000		2,000
Lajunen Ari	2,250		2,250
Niku Mika	2,000	2,400	4,400
Ojala Pekka	3,000		3,000
Panula Heikki	1,750		1,750
Ritola Ahti	2,000		2,000
Sairanen Risto	2,000		2,000
Tuhkasaari Timo	2,000		2,000
<b>TOTAL</b>	<b>78,750</b>	<b>15,200</b>	<b>93,950</b>

## 2 Remuneration of the members of the Board of Directors

The Annual General Meeting decides on the remuneration of the members of Atria's Board of Directors. Remuneration is handled in the form of monetary compensation. The members have no share incentive plans or share-based bonus schemes. The principles governing the remuneration of the CEO are set out in a different section.

The remuneration paid to the Board of Directors in 2015 was as follows:

- Meeting compensation: 300 euros/meeting.
- Compensation for loss of working time: 300 euros/meeting and assignment date
- Fee of the Chairman of the Board of Directors: 4,400 euros/month
- Fee of the Vice Chairman of the Board of Directors: 2,200 euros/month
- Fee of members of the Board of Directors: 1,700 euros/month
- Travel allowance according to the Company's travelling policy

In 2015 monthly fees and meeting fees paid to the members of the Board of Directors for participating in the procedures of the Board of Directors (including being a member of the Board of another company that is part of the same Group) were the following:

Name	Position	Board of Directors and committee work	Benefits from Group companies	Total (EUR)
Seppo Paavola	Chairman	68,400		68,400
Jyrki Rantsi	Deputy Chairman	37,000	8,900	45,900
Esa Kaarto	Member	31,500	29,500	61,000
Jukka Moisio	Member	22,800		22,800
Kjell-Göran Paxal	Member	29,100	5,100	34,200
Timo Komulainen	Member	34,700	9,700	44,400
Maisa Romanainen	Member	22,800		22,800
Harri Sivula	Member	27,300		27,300
<b>YHTEENSÄ</b>		<b>273,600</b>	<b>53,200</b>	<b>326,800</b>

In accordance with the proposal at the Nomination Board the Annual General Meeting 2015 decided to keep the fees and compensation of the members of the Board of Directors unchanged.

### 3 Bonus scheme for the CEO and other management

The bonus scheme for Atria Plc's management consists of a fixed monthly salary, merit pay and pension benefits. The company has no share incentive plan or option scheme in place.

Atria Plc's Board of Directors decides on the remuneration, other financial benefits and criteria applied in the merit pay system for the Group's CEO and Management Team, as well as the merit pay principles used for other management members.

The directors of each business area and the Group's CEO decide on the remuneration of the members of the management teams of the various business areas according to the one-over-one principle. The merit pay systems for the management teams of business areas are approved by the Group's CEO.

The retirement age for the CEO is 63 years. However, the CEO has the right to retire at age 60. The pension arrangement is payment-based and the amount of pension is based on the CEO's annual earnings at Atria Group as specified by the Board of Directors. The earnings include monetary salary and fringe benefits without cash payments of incentive schemes.

According to the CEO's contract, the period of notice is six (6) months for both parties. If the company terminates the contract, the CEO is entitled to the salary for the period of notice and severance pay, which together correspond to 18 months' salary. There are no terms and conditions for any other compensation based on termination of employment.

## Incentive plans for management and key personnel

### 3.1.1 Long-term incentive plan

Atria's long-term incentive plan includes an earning period consisting of three year-long periods.

All payments under the plan for the earning period 2015-2017 are based on the Group's earnings per share (EPS) excluding extraordinary items. Bonuses earned during the period will be paid in instalments in the coming years. Cash rewards payable under the plan for the entire 2015-2017 earning period are capped at EUR 4.5 million. The plan ends on 31<sup>st</sup> of December 2017 and covers a maximum of 45 people.

### 3.1.2 Short-term incentive plan

The maximum bonus payable of Atria Plc's short-term incentive plan is 35% to 50% of annual salary, depending on the performance impact and requirement level of each individual's role. The criteria in the merit pay scheme are the performance requirements and net sales at Group level and in the area of responsibility of the person concerned. In addition to the CEO and other members of the Management Team, Atria Plc's merit pay schemes cover approximately 40 people.

### 3.1.3 Pension benefits

Managerial group pension benefits confirmed by Atria's Board of Directors have been arranged for the members of Atria Group's Management Team who are covered by Finnish social security. The retirement age of the group pension insurance is 63 years for the members of the Management Team. The retirement age determined in the insurance agreement can be changed if the earnings-related pension legislation is changed. However, the Management Team has the right to retire at the age of 60. The pension plan is payment-based, and the pension is based on the insured's annual earnings (monetary salary and fringe benefits) as specified by the Board of Directors.

The financial benefits paid to the CEO and the Management Team in 2015 were as follows:

	Salaries	Merit pay	Fringe benefits	Supplementary pension contributions	Total (EUR)
CEO Juha Gröhn	486,670	126,953	17,478	138,502	769,603
Deputy CEO: Heikki Kyntäjä	210,015	38,479	15,086	28,419	292,000
Other member of the Management Team	1,000,807	196,794	27,190	97,766	1,322,557
<b>TOTAL</b>	<b>1,697,496</b>	<b>362,226</b>	<b>59,754</b>	<b>264,687</b>	<b>2,465,983</b>

#### *3.1.4 Share incentive plan*

Atria Plc has not any share incentive plan or stock option scheme.