ATRIA
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ATRIA PLC - REMUNERATION POLICY

1 Introduction

1.1 Scope and approval

This Remuneration Policy (the “Policy”) provides the framework for the remuneration of the members of the Board of Directors, the Supervisory Board, the CEO and the Deputy CEO of Atria Plc (“Atria” or the “Company”).

This Policy shall be applied until the Annual General Meeting to be held in 2024, unless the Board determines that it should be brought for an advisory decision by the general meeting at an earlier date.

This Policy has been developed in accordance with the requirements of the amended EU Shareholders’ Rights Directive (EU) 2017/828, which has been implemented in Finland mainly into the Finnish Companies Act (624/2006, as amended), the Finnish Securities Markets Act (746/2012, as amended), the Government Decree 608/2019, and the Finnish Corporate Governance Code.

1.2 Policy objectives

The objective of remuneration in Atria is to attract, motivate and retain the right people capabilities and leadership necessary to achieve performance and strategic goals. The structure of the total remuneration should be aligned with the long-term value creation of Atria, the business strategy, the financial results as well as the employee’s contribution. Remuneration is based on predetermined and measurable performance and result criteria.

The long-term goal of Atria is to secure and improve profitability, boost growth and increase the Company’s value. Remuneration at Atria aims to promote the Company´s long-term financial success, competitiveness and the favourable development of shareholder value. Remuneration is based on performance, results and contribution to Atria. Remuneration should be understandable, consistent, transparent, internally fair and non-discriminating. Remuneration complies with statutory regulations and good corporate governance.

Atria´s Nomination and Remuneration Committee considers the perspective and input from multiple internal and external stakeholders. The Nomination and Remuneration Committee regularly consults with the HR function in the Group and in the Business Areas to be mindful of employee pay, conditions and engagement across the broader employee population. The Nomination and Remuneration Committee also engages regularly with shareholders on pay and broader matters to hear their views on the Company’s compensation policies, programs and associated disclosures and reflect on their feedback to the extent deemed appropriate.

Details of the remuneration paid or falling due to the members of the Board of Directors, the Supervisory Board, the CEO and the Deputy CEO will be disclosed in the remuneration report, which will be presented to the Annual General Meeting annually.

2 Decision-making process of the remuneration policy

This Policy has been prepared by the Nomination and Remuneration Committee and handled by the Board of Directors. In addition, the Shareholders Nomination Board has also given its comments on this Policy. The Nomination and Remuneration Committee and Shareholders Nomination Board annually review the appropriateness of this Policy.

The remuneration of the members of the Board of Directors, the Board Committees and the Supervisory Board, is decided by the Annual General Meeting of Atria based on a proposal by Shareholders Nomination Board.

The Board of Directors decides on the remuneration of the CEO and Deputy CEO based on a proposal by the Nomination and Remuneration Committee within the confines of this Policy. The composition and duties of the Nomination and Remuneration Committee are described in detail in the Corporate Governance Statement.

The Nomination and Remuneration Committee has the power in its sole discretion to engage external independent advisors to assist in the preparation of executive remuneration. The CEO and Deputy CEO shall not participate in the preparation nor the decision making regarding their own remuneration.

As part of the remuneration awarded within the confines of this Policy, share-based remuneration (such as shares, options, or special rights entitling to shares) may be awarded. The decision-making procedures set forth in this Policy are complied with when share-based remuneration is awarded, and such decisions, when made outside the General Meeting, will be made pursuant to the valid authorisations granted by the General Meeting of the Company in accordance with the terms of the relevant authorisation and in accordance with the applicable laws and regulations.

3 Remuneration of the members of the Board of Directors and the Supervisory Board

The remuneration of the members of the Company's Board of Directors and the Supervisory Board is designed to attract and retain Board members with relevant skills, industry knowledge and experience to oversee the Company's strategy with emphasis on long-term shareholder value creation.

The Shareholders Nomination Board annually reviews the remuneration for the Chairmen, Deputy Chairmen and members of the Company's Board of Directors and the Supervisory Board. The Shareholders Nomination Board regularly reviews the remuneration for the Chairman, Deputy Chairman and members of the Company's Board of Directors against companies of similar size and complexity. Based on this review the Shareholders Nomination Board prepares its proposal to the Annual General Meeting and may propose changes in remuneration if deemed appropriate. The Annual General Meeting determines the remuneration of the Board of Directors and Supervisory Board for the year.

4 Remuneration of the CEO and the Deputy CEO

4.1 Remuneration elements

The purpose of the remuneration of the CEO and the Deputy CEO, consisting of various fixed and variable elements, is to promote the Company's strategic priorities and thereby the Company's long-term financial success, competitiveness and the favourable development of shareholder value.

The remuneration of the CEO and the Deputy CEO may consist of base salary (including fringe benefits), short and long-term variable remuneration, pension and other benefits. The proportion of variable elements of the CEO´s and Deputy CEO´s total remuneration is depending on the Atria share value as parts of the variable remuneration is given in shares. To illustrate, at a share value of EUR 10,00, variable remuneration corresponds to maximum 45% of the CEO's and maximum 36% of the Deputy CEO's total remuneration, respectively. At a share value of EUR 13,50, variable remuneration corresponds to maximum 50% of the CEO's and maximum 40% of the Deputy CEO's total remuneration, respectively.

For information purposes, the proportion of variable remuneration actually earnt in 2019 was 7% for the CEO and 3% for the Deputy CEO of the total remuneration.

Element	Purpose and link to the Company's strategy	Maximum opportunity and operation
Base salary (including fringe benefits)	To attract, motivate and retain high performing individuals to lead the Company and to deliver its strategic priorities.	Atria reviews salaries annually, taking into account various factors including the performance of the Company and the individual, role scope, employee salary increases and external benchmark data when determining any salary change.
Pension	To provide competitive retirement benefits.	Retirement arrangements reflect relevant market practice. The CEO and the Deputy CEO may participate in the applicable retirement benefits in the country of employment.
Short-term incentives	To drive the short-term strategy and contribute to the Company's long-term strategy. To recognise annual performance against key financial and other strategic priorities	The short-term incentives of the CEO and Deputy CEO are based on the Company´s and the individual´s performance. The short-term incentives are typically based on Group EBIT, Net Sales and Safety performance and on personal goals set each year by the Board of Directors. Following the end of the year the Board reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. There is no incentive pay-out if threshold targets are not met.
Long-term incentives	To reward for delivery of long-term strategic and financial performance. To provide long-term alignment of management's interests with shareholders by linking rewards to the Company share price performance.	The long-term incentives of the CEO and Deputy CEO are based on the Company´s performance. The long-term incentives are typically based on Earnings per Share and Organic Growth. The incentive is given as a combination of Atria shares and cash. The reward earned in one year is paid out over the coming three years in equal thirds. Following the end of the year the Board reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. There is no incentive pay-out if threshold targets are not met.

Other benefits	To remain competitive in the relevant market in order to further the Company's long-term strategy.	Additional benefits and allowances may be offered in certain circumstances such as relocation or international assignment in line with the Company's practises.

4.2 Share ownership requirement

The CEO and Deputy CEO are encouraged to own Atria shares in order to align the management's interests with those of the Company's shareholders, but there is no required minimum level.

4.3 Clawback and ultimate remedy provisions

The Board of Directors has the discretionary right to reduce or cancel any payments or change conditions for payments related to the long-term or short-term incentive plans in the event of extraordinary circumstances.

The Board of Directors has the right to reduce (partly or up to zero) the number of shares or cash subject to or possibly subject to the award and/or impose additional conditions on the award in case of misconduct, a material error in the Company's or any other group companies financial results, an error in assessing calculations, information or assumptions based on which the award was granted or will be released, serious reputational damage to the Company, any other group company or a business unit, or in any other circumstance that the Board of Directors considers to be equivalent in nature or effect.

4.4 Service contracts and termination provisions

The CEO's and Deputy CEO's service contracts are valid until further notice. The Nomination and Remuneration Committee prepares matters related to the CEO's and Deputy CEO's service contracts to the Board of Directors.

The CEO´s period of notice is six 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 the termination of employment.

The Deputy CEO´s period of notice is six months for both parties. If the Company terminates the contract, the Deputy CEO is entitled to the salary for the period of notice and severance pay, which together correspond to 14 months' salary. There are no terms and conditions for any other compensation based on the termination of employment.

The long-term incentives earned but not paid are not paid out if the individual is no longer employed by Atria. The Board of Directors has the discretionary right to change this.

4.5 Deviation from the Policy

The Board of Directors may, upon recommendation of the Nomination and Remuneration Committee, temporarily deviate from any sections of this Policy based on its full discretion in the circumstances described below:

- Upon change of the CEO or the Deputy CEO

- Upon material changes in the Company’s structure, organization, ownership and business (for example merger, takeover, demerger or acquisition)
- Upon material changes in the Company`s external environment
- Upon changes in or amendments to the relevant laws, rules, or regulations (including tax laws).

Temporary deviation will be explained in the annual remuneration report. If a deviation decision has been taken, and the deviation is not considered temporary, the Company will present the next Annual General Meeting with a revised Policy. However, if the Company is not able to present the revised Policy to the next Annual General Meeting due to statutory, regulatory or practical reasons since the need for deviation arises close to the next Annual General Meeting, the revised policy will be presented to the General Meeting following the next Annual General Meeting for which it can be properly prepared.