

Corporate Governance Statement 2023

Ponsse Plc

Contents

I Introduction	3
II Ponsse's governing bodies	4
Annual General Meeting.....	4
Board of Directors.....	5
Tasks.....	5
Activities	6
Board members.....	6
Election criteria for Board members, and diversity in the Board of Directors	8
Independence of Board members	9
Committees.....	10
President and CEO	10
Management Team.....	10
Internal control	12
Distribution of responsibilities	13
Risk management.....	14
Risk management process.....	15
Organisation and distribution of responsibilities.....	17
Audit.....	18
Related-party transactions	19

I Introduction

Corporate governance at Ponsse Plc (“the company” or “Ponsse”) is based on Finnish legislation, Ponsse’s Articles of Association, and policies set by the company’s administrative bodies. In addition, the company complies with the Financial Supervisory Authority’s guidelines and regulations.

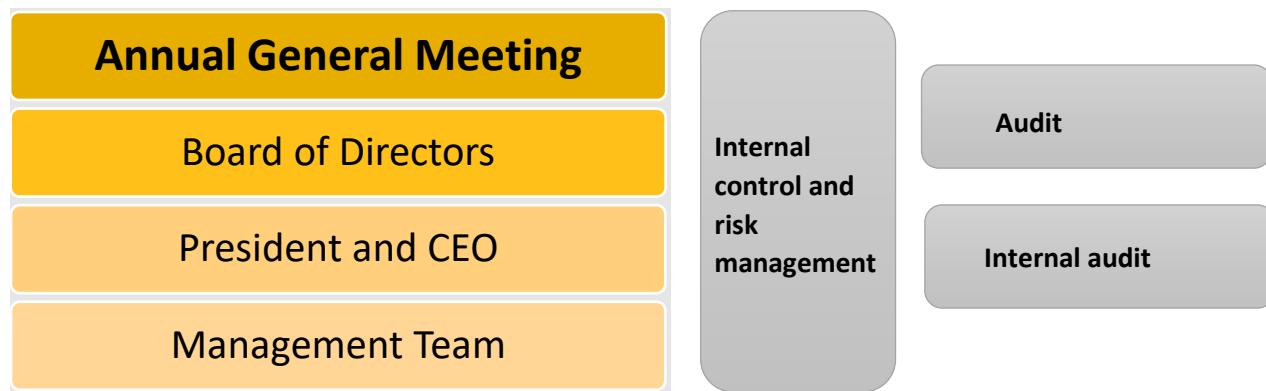
This statement has been prepared pursuant to the Corporate Governance Code 2020 issued by the Securities Market Association. The Corporate Governance Code 2020 is available at www.cgfinaid.fi. The statement is based on the principle of “*comply or explain*”, according to which it is possible to deviate from the recommendations if there is a justified reason for doing so. Ponsse complied with the Corporate Governance Code during the 2023 financial year.

This statement has been issued separately from the annual report, and it has been reviewed by the Board of Directors. KPMG Oy Ab, the company’s auditor, has verified that the description of the main features of internal control and risk management systems related to the financial reporting process are in line with the financial statements.

The statement will be available on Ponsse’s website at <https://www.ponsse.com/en/company/investors/corporate-info/#/> when the financial statements and the annual report are published. Other information related to the company’s governance is also available on Ponsse’s website.

II Ponsse's governing bodies

Ponsse Plc's business operations are the responsibility of the Annual General Meeting, the Board of Directors, and the Management Team chaired by the President and CEO.



Annual General Meeting

The company's highest decision-making body is the Annual General Meeting, at which the shareholders may participate in the supervision, decision-making, and control of the company and exercise their right to speak and vote. The Annual General Meeting is held once a year on a date determined by the company's Board of Directors, however, before the end of June. Meetings are held in Vieremä, Iisalmi or Kajaani. In 2023, the Annual General Meeting was held in Vieremä on 12 April.

The most important matters to be decided at the Annual General Meeting include:

- adoption of the financial statements
- the appropriation of the profit shown in the balance sheet
- electing the members of the Board of Directors and deciding on their remuneration
- discharging the members of the Board of Directors and the President and CEO from liability
- the election of the external auditor and the decision on the external auditor's compensation

The Annual General Meeting is convened by the company's Board of Directors. A notice of the Annual General Meeting is published on Ponsse's website and, at the discretion of the Board, in a broad-circulation newspaper, no earlier than three (3) months and no later than twenty-one (21) days before the Annual General Meeting. The agenda and other documents related to the Annual General Meeting are made

available on the company's website no later than twenty-one (21) days before the Annual General Meeting.

Ponsse's website contains more detailed information about the rights of shareholders to have a matter of concern to them dealt with at the Annual General Meeting, the rights of shareholders to participate in the Annual General Meeting, and other issues related to the Annual General Meeting.

An extraordinary general meeting is convened if the Board of Directors deems it necessary, or if it is demanded by the external auditor or shareholders who collectively hold at least one tenth of all shares.

Board of Directors

Tasks

The Board of Directors is the company's mandatory body, and its members are elected at the Annual General Meeting. The Board of Directors has general powers, including the appropriate arrangement of the company's governance and operations, as well as arranging the monitoring of accounting and asset management. In addition to internal governance, the Board of Directors is responsible for the disclosure policy and representing the company. The right to represent the company is set out in more detail in the company's Articles of Association.

In addition, key tasks of the Board of Directors include:

- approving the company's long-term strategy and targets
- approving the annual plan and budget
- appointing, and if necessary, dismissing, the President and CEO
- confirming the appointments of members of the Management Team
- monitoring and evaluating the performance of the President and CEO and deciding on their remuneration and benefits
- deciding on the remuneration and benefits of the members of the Management Team
- ensuring that the supervision of the accounting and financial matters is properly organised, and ensuring proper preparation of the interim and annual financial statements
- ensuring the adequacy of planning, information, and control systems for monitoring results and managing risks in operations
- approving related-party transactions that are not part of the company's ordinary course of business or are not implemented on arm's-length terms
- making proposals for and convening general meetings of shareholders
- deciding on other matters not belonging to day-to-day operations, such as major investments, acquisitions and divestitures, and major joint ventures and loan agreements.

Activities

The Board of Directors convenes regularly approximately ten times a year and at the invitation of the Chair as often as is required for the proper handling of the company's affairs. The Board of Directors constitutes a quorum when more than half its members are present at the meeting. The President and CEO has the right to attend meetings and exercise their right to speak, unless otherwise decided by the Board of Directors. The President and CEO or another member of the company's management may be invited to the meetings.

In addition to being governed by legislation and the company's own Articles of Association, the work and activities of the Board of Directors are also governed by the Board's rules of procedure, which describe, among other things, the duties and meeting practices of the Board of Directors.

The Board of Directors aims to regularly evaluate its own activities and working methods. This assessment can be carried out either as an internal self-assessment or by an external evaluator. The assessment focuses on any problems that may have arisen in the activities of the Board related to matters such as the composition of the Board and its acting as a group, and the effectiveness of the Board's activities. The Board of Directors conducted a self-assessment in January 2023.

Board members

According to Ponsse's Articles of Association, the Board of Directors must have at least five and at most eight members. The members of the Board of Directors are elected at the Annual General Meeting for a term that ends at the end of the Annual General Meeting of the following calendar year. The Board of Directors is elected annually to allow shareholders to regularly evaluate the activities of the Board of Directors and its members.

Proposals for board composition and remuneration are prepared by the shareholders who represent more than fifty (50) per cent of the company's shares and votes. New Board members will be provided with an induction regarding their tasks to the appropriate extent, considering their background and experience. The Board of Directors elects the Chair and Vice Chair among its members.

In 2023, the Board of Directors consisted of the following members: **Jarmo Vidgren** (Chair); **Mammu Kaario** (Vice Chair); **Terhi Koipijärvi** (from 12 April 2023); **Matti Kylävainio**; **Ilpo Marjamaa**; **Juha Vanhainen**; **Janne Vidgren** (until 12 April 2023); **Juha Vidgren** (until 12 April 2023); and **Jukka Vidgren**.

The Board convened 11 times in 2023. The Board of Directors focused on operations in an extremely challenging market situation, on the withdrawal of operations from Russia, and on the profitability challenges related to the Ponsse Latin America subsidiary.

Board of Directors on 31 December 2023

Member	Year of birth	Education	Main function	Member of the Board since	Shareholding on 31 December 2023
Jarmo Vidgren, Chair of the Board	1975	Marketing diploma	Ponsse Plc, Chair of the Board	2020	3,684,263 shares
Mammu Kaario Vice Chair of the Board	1963	Master in Law with court training, MBA	Professional board member	2010	4,500 shares
Terhi Koipijärvi	1967	MSc, Forester	Miltton Oy, Senior Advisor, Corporate Responsibility and strategy	2023	0 shares
Matti Kylävainio	1974	Master of Science in Economics and Business Administration	Keitele Group, director of sawmill operations	2016	0 shares
Ilpo Marjamaa	1961	Master of Science in Technology, Production Technology	Ponsse Plc, member of the Board	2022	0 shares
Juha Vanhainen	1961	Master of Science in Technology	Ponsse Plc, member of the Board	2018	0 shares
Jukka Vidgren	1983	Media diploma	Mutant Koala Pictures, Managing Director	2011	3,764,778 shares

Participation of Board members in 2023 meetings

Member	Total participation (times)	Participation rate (%)
Jarmo Vidgren	11/11	100
Mammu Kaario	11/11	100
Terhi Koipijärvi	9/9	100
Matti Kylävainio	11/11	100
Ilpo Marjamaa	11/11	100
Juha Vanhainen	11/11	100
Jukka Vidgren	8/11	73
Janne Vidgren	2/2	100
Juha Vidgren	1/2	50

Election criteria for Board members, and diversity in the Board of Directors

The elected members of the Board of Directors must have the competence required for the position and the opportunity to allocate enough time for Board work. The members must be willing to dedicate themselves to Ponsse, and they must conform to the company's values. The provisions of the Limited Liability Companies Act apply to the general eligibility criteria. No special eligibility criteria such as an upper age limit have been set in the Articles of Association for the members.

Overall, the members of the Board of Directors are required to have sufficiently diverse expertise and the ability to carry out their tasks effectively. Key factors include that their education and experience supplement those of other members. When considering the number of members, there is a focus on Ponsse's operational goals and resulting requirements: the number of members must be relative to the company's size, line of business, market position, and development stage. In addition, the shareholders' opinions must be addressed.

Diversity in the Board of Directors promotes an open culture of discussion and the ability to adopt an open approach to innovative ideas. Diversity is supported by the consideration of age and gender distribution, educational background, and work and

international experience. It benefits the company as a whole that individuals whose skills, backgrounds, and views differ are appointed as members of the Board. This ensures the development of business and responsibility, as well as good corporate governance. The company's long-term goal is to increase diversity in the Board of Directors even further.

During the 2023 financial year, both genders were represented in Ponsse's Board of Directors, as in previous years. The seven-member Board had two female members, as Terhi Koipijärvi was elected as a new Board member at the 2023 Annual General Meeting. Her appointment strengthened the Board's competence in the field of corporate responsibility. Educational and work backgrounds covered finance, legal affairs, technology, internationalisation, strategy, and sales and marketing. The Board members had also worked broadly in other positions of trust. A presentation of the Board members is also available on the company's website.

Independence of Board members

According to Recommendation 10 of the Corporate Governance Code, a majority of the members of the Board of Directors must be independent of the company, and at least two independent members of the Board of Directors must also be independent of the company's major shareholders.

All Board members elected at the 2023 Annual General Meeting were independent of the company, except for Jarmo Vidgren. Jarmo Vidgren was employed by the company from 1 January to 31 May 2020. During 2023, he also worked as a consultant for the company.

Five Board members are independent of the company's major shareholders, namely Mammu Kaario, Terhi Koipijärvi, Matti Kylävainio, Ilpo Marjamaa, and Juha Vanhainen. Jarmo Vidgren and Jukka Vidgren are major shareholders of the company.

Mammu Kaario and Jukka Vidgren have served on the Board without interruption for periods of 14 years and 13 years respectively. Based on the Board of Directors' overall assessment, the independence of the Board members has not been at risk due to this long-term membership, and no other factors have been identified that would compromise their independence.

The Board of Directors assesses the independence of the members in accordance with Recommendation 10 of the Corporate Governance Code. To carry out the assessment, Board members must provide the Board of Directors with sufficient information for evaluation purposes, report any changes in their circumstances affecting the assessment of their independence, and present their own view of their independence. Any changes in the independence assessment are published on the company's website. Each candidate for the Board must provide sufficient information and estimates of their independence for the major shareholders who prepare the proposal for the composition of the next Board of Directors.

Committees

The Board of Directors has considered it unnecessary to set up board committees given the number of members of the Board of Directors and their effective performance. The Board of Directors has been able to properly carry out the duties that would otherwise be assigned to an audit committee or a remuneration committee.

President and CEO

The Board of Directors appoints and, if necessary, dismisses the President and CEO. Since 1 June 2008, the President and CEO of the company has been **Juho Nummela**.

The President and CEO carries out the company's daily governance tasks in accordance with Finnish law, corporate governance rules, and the instructions issued by the Board of Directors. The President and CEO is responsible for ensuring that the company's accounting complies with the law, and that its asset management has been arranged reliably. In addition to these tasks, the President and CEO:

- is responsible for the operational management of the company's business operations
- provides the Board of Directors and the members of the Board with the information necessary for carrying out their duties
- acts as rapporteur at Board meetings
- is responsible for the implementation of decisions taken by the Board of Directors.

The contract signed between the President and CEO and the company may be terminated by either party. The period of notice is six (6) months. If the company terminates the contract, the company will pay a remuneration equalling 12 months' salary in addition to the salary and other benefits that have been determined for the period of notice. The President and CEO is within the scope of the performance bonus scheme, with a performance bonus based on the performance targets approved by the Board. More information about the remuneration of the President and CEO is available in Ponsse Plc's remuneration report.

Management Team

In 2023, the Management team consisted of the following members:

- **Juho Nummela**, President and CEO
- **Petri Härkönen**, CFO and Deputy President and CEO
- **Juha Inberg**, Chief R&D and Technology Officer
- **Tiina Kautonen**, Chief Human Resources Officer (from 1 January 2023)
- **Marko Mattila**, Chief Sales, Service & Marketing Officer

- **Tapio Mertanen**, Service Director
- **Katja Paananen**, Chief Responsibility Officer (from 16 January 2023)
- **Miika Soininen**, Chief Digital Officer
- **Tommi Väänänen**, Chief Operations Officer

The primary task of the Management Team is to assist the President and CEO. As a rule, the Management Team convenes once a week, but at least once a month. The matters to be discussed may concern the following year's action plan or a long-term strategy. The Management Team's activities are operational in nature. It monitors and reviews from time to time the company's internal policies and procedures, including reporting, financial management, investments, risk management, insurance policies, information systems, general procurement, industrial property rights, contractual risk management, human resources management, environmental matters, work safety, insider guidelines, and communication. The Management Team has a significant position in the company's management organisation, strategy preparation, and decision making.

Management Team Members and their shareholdings on 31 December 2023

Management Team member	Title	Education	Management Team member since	Employed by the company since	Shareholding on 31 Dec 2023
Juho Nummela b. 1977	President and CEO, Chair of the Management Team	D.Sc. (Computer Science)	2 Jan 2005	2002	66,092 shares
Petri Härkönen b. 1969	CFO, deputy CEO	M.Sc. (Eng.)	1 Oct 2009	2009	7,670 shares
Juha Inberg b. 1973	Chief R&D and Technology Officer	D.Sc. (Tech.)	1 Jan .2009	2003	13,447 shares
Tiina Kautonen b. 1973	Chief Human Resources Officer	Bachelor of Business (B.Sc.)	1 Jan 2023	2023	473 shares
Marko Mattila b. 1973	Chief Sales, Service & Marketing Officer	Forest engineer, MBA	1 Jun 2020	2007	1,241 shares
Tapio Mertanen b. 1965	Service Director	Technician, MTD	3 May 2010	1994	1,200 shares
Katja Paananen b. 1971	Chief Responsibility Officer	MA	16 Jan 2023	1999	1,177 shares
Miika Soininen b. 1981	Chief Digital Officer	Technology graduate	1 Dec 2020	2018	440 shares
Tommi Väänänen b. 1973	Chief Operations Officer	BA (Eng.)	1 Oct 2013	2013	7,148 shares

III Main features of the internal control and risk management systems

The internal control and risk management systems related to financial reporting are designed to provide adequate assurance regarding the reliability of financial reporting, and they aim to ensure compliance with the applicable laws and regulations. The primary responsibility for defining the operating principles and arranging control rests with the company's Board of Directors.

Internal control

Internal control involves the strategic and realistic planning of operations and finances, the monitoring and continuous evaluation of operations, and responding to deviations. Internal control encompasses all the company's policies and practices that aim to ensure the effectiveness, economic efficiency, and profitability of operations. Internal control is ultimately a matter of risk prevention and high-quality management.

The key concern is that the internal control system and the risk management functions it includes function well, and that the overall purpose of internal control is fulfilled – namely, the achievement of the objectives and goals that have been set for the company's operations. The Board of Directors has also approved this operating principle.

Other purposes of internal control are to ensure that:

- decision-making by the company's management is based on correct, adequate, and reliable information
- the company's operations are in line with the company's corporate principles and its Code of Conduct
- the company's operations are in accordance with the law, official regulations, and the decisions of the company's bodies
- resources are used efficiently, while assets are safeguarded

Internal control is an integral part of the company's daily activities, covering all levels and processes. Internal control does not merely constitute financial control, although reliable financial reporting plays a key part. It equally concerns the appropriate and balanced distribution of tasks. This means that every employee's input must contribute to the achievement of the goals set for the company and its internal control.

Ponsse is committed to carrying out its business sustainably and responsibly. Responsibility is based on the company's core values: we truly care; we work for our customers; we are true to our word; and we are eager to develop ourselves. The Code of Conduct consists of guidelines related to Ponsse's business environment, employees, partners, and society. These factors are also addressed in internal control.

Employees are encouraged to report any suspicions of rule violations or unethical activities. Ponsse deploys a whistleblowing system through which employees and external stakeholders may anonymously report any misconduct or suspicion thereof. A team appointed by the company's Board of Directors investigates all reported cases, and reports any identified shortcomings to the Management Team or the Board of Directors if necessary.

As a support function for management, internal audit assesses not only internal control and risk management but also good corporate governance. The company has appointed an internal auditor who defines the annual focus areas of internal audit with the Board of Directors. Internal auditor reports the audit findings regularly to the Board of Directors.

Distribution of responsibilities

The control environment forms the basis of internal control. The control environment includes the operating instructions that guide Ponsse Group's operations, such as governance principles, the Code of Conduct, and required policies such as the company's disclosure policy. Simply put, internal control in Ponsse Group means ensuring that each person and governance body carries out their tasks professionally, diligently and in a timely manner and complies with given instructions and approved practices. It is a risk if employees of the company are unaware of the control environment. The primary responsibility for internal control therefore rests with the company's management, which actively monitors the effectiveness of internal control by way of an internal audit.

The management of the company, or a party specifically designated with the responsibility, ensures open and timely communication so that the Board of Directors has access to sufficient and up-to-date information for decision-making. The reliability of financial reporting, in particular, is ensured by organising the distribution of tasks and responsibilities efficiently. Each responsible party must be aware of guidelines and comply with them. Reliable financial reporting also involves auditing, which ultimately ensures the accuracy and completeness of financial information. The aforementioned applies to Ponsse Group as a whole, not only to the parent company's management.

The President and CEO, the members of the Management Team and the directors of the company's subsidiaries are responsible for ensuring that the accounting and administration of their respective areas of responsibility comply with the applicable laws and the company's guidelines.

Party	Role of internal control
Board of Directors	<ul style="list-style-type: none"> - Ensures that the company's accounts, asset management and risk management control are appropriately arranged and lawful. - Works with the President and CEO to ensure that the company operates in accordance with its values. - Approves the risk management policy, as well as operating guidelines in accordance with internal control and the Corporate Governance Code.
President and CEO	<ul style="list-style-type: none"> - Is responsible for the day-to-day management of the company in accordance with the instructions of the Board of Directors. - Creates the basis of internal control by guiding and instructing the senior management, and monitoring how they control their own operations.
Management Team	<ul style="list-style-type: none"> - Is responsible for ensuring compliance with the company's internal control guidelines and practices, particularly those linked to risk management and financial management.
Financial management	<ul style="list-style-type: none"> - Helps create appropriate control practices for risk and financial management. - Monitors the sufficiency and effectiveness of control measures in practice.
Internal auditing	<ul style="list-style-type: none"> - Assesses and verifies the functioning of the control system.

Risk management

Risk management means procedures that are part of internal control and included in the management system that help identify and assess any uncertainties associated with Ponsse Group's operations, mitigate risks, and seize opportunities. Risk management is vital to ensuring and safeguarding the company's operating conditions and performance. Risks that might, if realised, have a material financial impact or lead to non-compliance are reported to the Board of Directors.

A risk is any potential event or chain of events that manifests itself as uncertainty with regard to achieving the company's objectives, or that threatens the continuity of business operations. A deviation from the set goal, i.e. the realisation of the risk, may be negative, but could also be positive. In other words, risks can be both threats and opportunities. Risks and opportunities are an inevitable part of business, and profitable business performance often requires thoughtful risk-taking and bold seizing of opportunities. Although risks cannot be avoided entirely, it is possible to reduce the likelihood and impact of their materialisation and prepare for the potential realisation of harmful risks. As a result, risk management is part of normal, day-to-day business operations.

In practice, risk management means the procedures that are built into the management system, the purpose of which is to identify and assess the uncertainty associated with the Group's operations and to prepare for risks and seize opportunities. Risk management is vital to ensuring and safeguarding the Company's operating conditions and performance. Risk management is part of internal control, and so the implementation of internal control also promotes the implementation of risk management. Risk management should not be separated from internal control since awareness of internal control practices is ultimately essential to risk prevention.

Ponsse Plc's risk management practices are based on the company's values and its strategic and financial goals. The company's key strategic goals include social, financial, and environmental responsibility in operations. The fulfilment of responsibilities is monitored regularly, and responsibility goals are monitored using key indicators. The company's sustainability work is described in the annual sustainability report published together with the annual report.

Risk management process

The overall purpose of risk management processes is to support the achievement of the goals set out in the company's strategy, safeguard the continuity of the company's financial development and business operations, and maintain and develop a comprehensive and pragmatic system for risk management and reporting. Risk management focuses on prevention: the aim of the process is to identify and assess key risks and prevent them from being realised.

Decisions on the actions required are made using assessments based on probabilities. Primary risk management measures include the avoidance, reduction, transfer, and control of risks, as well as their controlled acceptance. The risk management process also includes the continuous assessment and monitoring of risks.

Key factors in effective risk management include:

- Realism – risks must be assessed realistically
- timeliness – early identification of risks must be sought

- awareness – personnel must be aware of risk management principles to act in accordance with instructions and, above all, react as required by the situation
- comprehensiveness – risk management is part of all activities, but it is particularly important in processes that are vital to the company's operations.

The special characteristics of different risk management processes vary, depending on the nature of risks. Risks are divided into four categories: strategic; operational; financial; and accidents. Strategic risk refers to the nature of business operations, the choice of strategy, and the risk associated with the implementation of the strategy. If realised, strategic risks can significantly weaken the company's operating conditions. For example, strategic risks are associated with the prevailing competitive situation and regulations on companies' activities, and they may be realised in conjunction with significant investments. In its revised risk management process, the company has placed more focus on risks and opportunities associated with the environment and social and financial responsibilities from the perspectives of strategic, operational, financing, and accident risks.

Operational risks are associated with the company's internal processes such as the company's management, personnel, and business network. If realised, operational risks may reduce operational efficiency and thus the company's results and profitability.

Financial risks include currency, interest, credit, and liquidity risks, as well as capital management risks. The goal of financial risk management is to protect Ponsse Group's financial performance, cash flow, equity, and liquidity against unfavourable financial market fluctuations. Financial risk management is centralised in the parent company's financial unit. The Board of Directors confirms the company's financial risk management policy, and the company's CFO is responsible for its practical implementation with the financial unit.

Accident risks are a more tangible threat to the company's operations than the aforementioned risk types. In the management and avoidance of accident risks, the main focus is on the identification of risks. Identified accident risks include occupational health and safety risks, environmental risks, and risks of property damage. There is also a focus on prevention: accident risks have been prepared for through an extensive insurance scheme. In addition, the aim is to prevent accidents through a safety policy and guidelines, as well as safe working methods and tools. The company is very attentive to hazardous situations and is quick to respond to them. Increased attention has lately been paid to personnel safety matters. All accidents and close call incidents are recorded in the monitoring system, and necessary measures are taken to prevent any hazards. The company's goal is an accident-free working environment. Accident risks are regularly assessed at the entire personnel level.

Organisation and distribution of responsibilities

The main responsibility for the organisation of risk management rests with the company's management. The Board of Directors defines and confirms the risk management policy and risk management principles, and it also assesses the fulfilment and effectiveness of the processes. However, the responsibility is not only limited to the senior management: every individual employed by the Group is responsible for anticipating risks and preventing their realisation. At an individual level, risk management takes place by reporting any identified risks to supervisors.

The risk management process includes the systematic identification and assessment of function- and unit-specific risks, and ensuring they are reflected in the company's risk management plan. Risk management is systematically implemented and monitored as part of daily activities. The company aims to improve the efficiency of its risk management by increasing awareness of its significance and by supporting shared risk management projects of different functions.

Body, responsible party	Task
Board of Directors	Decides on the objectives and principles of risk management and confirms the company's risk management policy. Supervises the implementation of risk management.
President and CEO	Is responsible for organising the implementation of risk management and presents matters related to risk management to the Board of Directors.
Management Team	Participates in the control of the risk management process and setting responsibilities for it. Each member of the Management Team is responsible for identifying risks in their own area of business operations, and for implementing risk management.
CFO	Coordinates the risk management process and is responsible for reporting and presenting risk management matters to the Management Team.
Area directors and managing directors of subsidiaries	Each area and subsidiary independently carry out risk management in accordance with Ponsse Group's risk management policy and guidelines.
Employees	Every employee is responsible for taking action to prevent risks, to comply with the company's guidelines, and to report any risks they detect to their supervisor.
Internal auditing	Supports the risk management process through assessments and assurances. Facilitates the process, ranging from the identification of risks to the monitoring of measures.

Audit

The task of an external auditor is to verify the company's accounting, financial statements, annual report, and administration for the financial year. The external auditor assesses whether the financial statements give a true and fair picture of the company's results and its financial position at the end of the financial year. The company's financial year is the calendar year. The audit also involves an examination of the consolidated financial statements. The company's external auditor must ensure that the external auditors of each Ponsse Group company have conducted their audits properly. The external auditor presents the auditor's report to the Annual General Meeting.

The company has one auditor, which must be a public accounting firm authorised by the Central Chamber of Commerce. It is also required that the external auditor be independent of the company.

At 2023 Annual General Meeting, KPMG Oy Ab was elected as the company's external auditor, and Ari Eskelinen, Authorised Public Accountant, was appointed as the principal auditor.

In 2023, Ponsse Group's auditing costs amounted to EUR 339,050. The auditing fees paid to the company's auditing firm, KPMG Oy Ab, were EUR 114,900. Companies belonging to the KPMG chain were paid a fee of EUR 96,419 for services not directly related to auditing: certificates and statements (EUR 13,600), tax advice (EUR 15,900), and other fees (EUR 66,919). Other auditing firms were paid a total of EUR 123,651. This amount consisted of an auditing fee (EUR 47,031), certificates and statements (EUR 4,190), tax advice (EUR 26,491), and other fees (EUR 45,939).

IV Insider management

Ponsse adheres to the insider guidelines of Nasdaq Helsinki Ltd (insider guidelines for the stock exchange) and the Market Abuse Regulation ("MAR"). The company's Board of Directors has also confirmed Ponsse insider guidelines, which supplement the stock exchange insider guidelines, and which apply to all employees of Ponsse Group, as well as to the members of the Management Team and the Board of Directors.

The coordination and control of insider affairs are among the responsibilities of the Chief Financial Officer.

Ponsse's members of the Board of Directors, the President and CEO, members of the Management Team ("Managers"), and their closely associated persons as defined in MAR have a duty to report any transaction involving Ponsse's financial instruments. The company maintains a list of Managers and their closely associated persons (individuals and legal entities). The Managers and their closely associated persons

are obligated to notify Ponsse and the Finnish Financial Supervisory Authority of every transaction conducted on their own account related to Ponsse's financial instruments (in excess of EUR 5,000 annually, without netting). Ponsse discloses each such transaction as a stock exchange release.

Ponsse's Managers are prohibited to trade in Ponsse's financial instruments during a 30-day period immediately prior to the publication of Ponsse's interim reports or financial statements ("closed window"). Said trading restriction also applies to all such persons who have continuous access to the company's financial reporting systems. All these persons have been personally informed about the trading restriction and the related obligations.

Ponsse has identified individuals who have continuous access to all insider information about Ponsse as a result of their position or work ("permanent insider"). Permanent insiders include the members of the Board of Directors, the President and CEO, the Deputy CEO, the CFO, the internal auditor, the secretary of the Board of Directors, and the executive assistant.

Project-specific insider lists include those who have access to insider information in conjunction with a certain project. They are under the trading restriction until the termination of the project and/or disclosure of the inside information. Affected persons are always separately informed of their inclusion in project-specific insider lists.

Related-party transactions

Related-party transactions are regulated by the Finnish Companies Act, the Finnish Securities Markets Act and the Corporate Governance Code 2020, as well as IAS 24 *Related Party Disclosures*. In accordance with the Finnish Companies Act, the Board of Directors is responsible for the monitoring and assessment of related-party transactions.

Ponsse's finance department monitors related-party transactions. Every transaction outside the scope of the company's ordinary business must be reported to the Board of Directors. All related party transactions of importance to shareholders are published in a stock exchange release in accordance with the law. Individual related-party transactions are disclosed by means of stock exchange releases if the regulations so require. Ponsse discloses information regarding related-party transactions on an annual basis as part of the notes to the company's consolidated financial statements.