

PONSSE PLC

REMUNERATION STATEMENT

In its decision-making and administration, the company observes the Finnish Limited Liability Companies Act, other regulations governing publicly listed companies and the company's Articles of Association. The Board of Directors has confirmed the company's corporate governance code which follows the Corporate Governance Code of Finnish listed companies approved by the Security Market Association in 2015. Hallinnointikoodi on julkisesti saatavilla esimerkiksi Arvopaperimarkkinayhdistys ry:n internet-sivuilla osoitteessa www.cgfinland.fi.

REMUNERATION OF THE MEMBERS OF THE BOARD

Ponsse Plc's Annual General Meeting decides on the remuneration payable to members of the Ponsse Plc Board of Directors. The Annual General Meeting decided on 3 April 2019 that the annual fee of the Chairman of the Board is 48,000 euros, of the Deputy Chairman of the Board 45,000 euros and of the other Members of the Board 38,000 euros. Travel expenses are also compensated for.

	Period	Meeting fee	Other remuneration	Total
Kaario Mammu Deputy Chairman of the Board	1 January – 31 December 2019	45,000.00		45,000.00
Kylävainio Matti	1 January – 31 December 2019	38,000.00		38,000.00
Vanhainen Juha	1 January – 31 December 2019	38,000.00		38,000.00
Vidgrén Janne	1 January – 31 December 2019	38,000.00		38,000.00
Vidgrén Juha Chairman of the Board	1 January – 31 December 2019	48,000.00	39,515.20	87,515.20
Vidgrén Jukka	1 January – 31 December 2019	38,000.00		38,000.00
Total		245,000.00	39,515.20	284,515.20

REMUNERATION OF THE PRESIDENT AND CEO AND THE MANAGEMENT TEAM

Compensation paid to the President and CEO consists of a monthly salary and a performance bonus. The performance bonus is based on annual operational and profit targets set by the Board of Directors Ponsse Plc's Board of Directors decides on the President and CEO's and the Management Team's salaries, the contents and targets of the performance bonus, the people included in the scheme and, ultimately, the payments of the compensation. The annual performance bonus of the President and CEO and the Management Team cannot exceed 50% of their salary in the previous year.

Juho Nummela has been President and CEO since 1 June 2008. His salary and fringe benefits amounted to 519,600.00 euros in 2019. The performance bonus and profit-sharing payment amounted to 182,290.00 euros. The retirement age of the President and CEO is 65 years, and the pension benefit is determined in compliance with valid legislation.

Under the contract of service concluded between the Company and its President and CEO, both parties may terminate the agreement by giving six (6) months' notice. Should the Company terminate the agreement, it shall pay the President and CEO a sum equal to 12 months' salary in addition to salary and other benefits accruing during the period of notice.

The company's Management Team consists of the following members: the acting chairman President and CEO Juho Nummela, CFO Petri Härkönen, Technology and R&D Director Juha Inberg, Service Director Tapio Mertanen, Director of Human Resources Paula Oksman, Group Sales and Marketing Director and Deputy to the CEO Jarmo Vidgrén and Purchasing Director Tommi Väänänen. The company management has regular management liability insurance.

The salaries and fringe benefits of the other members of the Management Team amounted to 994,979.40 euros in 2019. Performance bonus and profit-sharing payments amounted to 376,475.00 euros in 2019. The retirement age of the members of Management Team is 65 and pensions are determined according to existing legislation. The Management Team members' period of notice is 6 months. If the Company terminates the agreement, the Company shall pay the salary determined for the notice period.

	Period	Salary and fringe benefits	Performance bonus and profit-sharing	Taxable income
Nummela Juho	1 January – 31 December 2019	519,600.00	182,290.00	701,890.00
Other Management Team members	1 January – 31 December 2019	994,979.40	376,475.00	1,371,454.40
Total		1,514,579.40	558,765.00	2,073,344.40

The Management Team and their shareholdings are introduced in the annual report and on the company's website at www.ponsse.com.

INCENTIVE SCHEME

The long-term compensation plan of key personnel consists of a share-based incentive scheme established in 2018. The commitment period of the scheme ends 12 December 2021. Participation in the scheme required that the key person owned a certain amount of shares determined by the Board or acquired them from the market or via a special issue of shares. Receiving the compensation was also tied to an existing employment contract or employment relationship at the time of payment.

In 2018, the scheme's compensation was paid partly in company shares and partly in cash. The cash proportion will cover taxes and tax-related costs arising from the reward to the key employee. Shares given as reward may not be transferred during the restriction period ending on 12 December 2021. If a key employee's employment or service ends during the restriction period, the key employee will be obliged to return the shares given as reward, fully or partly, to the company, without compensation.

The company also uses a second long-term incentive scheme, a group pension insurance arrangement, which is intended for the Management Team members responsible for the company's strategy and finances. The group includes the President and CEO, the Deputy to the CEO and the CFO. The company pays an annual premium to each member of this group, amounting to 45 percent of the annual earnings of the policyholder on which their statutory pension is based. The additional premium expenses for the group pension insurance agreement amounted to 521,095 euros. The lowest possible retirement age under the group pension insurance plan is 60 years. The arrangement allows for the company to determine its payment plan and duration.