

PONSSE PLC REMUNERATION STATEMENT 2018

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. The Corporate Governance Code is available, for example, on the website of the Securities Market Association at 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 9 April 2018 that the annual fee of the Chairman of the Board is EUR 48,000, that of the Vice Chairman of the Board is EUR 45,000 and that of the other members of the Board is EUR 38,000. Travel expenses are also compensated for.

	Period	Meeting fee	Other remuneration	Total
Mammu Kaario, Vice Chair	1 January – 31 December 2018	44,000.00		44,000.00
Matti Kylävainio	1 January – 31 December 2018	37,250.00		37,250.00
Ossi Saksman	1 January – 31 March 2018	8,750.00		8,750.00
Juha Vanhainen	1 January – 31 December 2018	28,500.00		28,500.00
Janne Vidgrén	1 January – 31 December 2018	37,250.00	43,682.56	80,932.56
Juha Vidgrén, Chairman	1 January – 31 December 2018	47,500.00	39,372.40	86,872.40
Jukka Vidgrén	1 January – 31 December 2018	37,250.00		37,250.00
Total		240,500.00	83,054.96	323,554.96

REMUNERATION OF THE PRESIDENT AND CEO AND THE MANAGEMENT GROUP

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 Group'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 Group 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 EUR 438,802.60 in 2018. The performance, share-based and profit bonus amounted to EUR 527,211.40. 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 Group 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 Group amounted to EUR 925,241.12 in 2018. The performance, share-based and profit bonus amounted to EUR 913,524.20 in 2018. The retirement age of the members of Management Group is 65 and pensions are determined according to existing legislation. The Management Group 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, share-based and profit bonus	Taxable income
Nummela Juho	1 January – 31 December 2018	438,802.60	527,211.40	966,014.00
Other Management Group members	1 January – 31 December 2018	925,241.12	913,524.20	1,838,765.32
Total		1,364,043.72	1,440,735.60	2,804,779.32

The Management Group 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 December 2018, the scheme's compensation was paid partly in company shares and partly in cash. The monetary component covered taxes and tax-like fees arising from the bonuses to key employees. Shares given as bonuses may not be transferred during the restriction period ending on 12 December 2021. If a key employee's employment or official relationship ends during the restriction period, the key employee will be obligated to return the shares given as a bonus, in full or in part, to the company, without any compensation.

The company also uses a second long-term incentive scheme, a group pension insurance arrangement, which is intended for the Management Group 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 20 percent of the annual earnings of the policyholder on which their statutory pension is based. The additional payment-based pension cost of the group pension insurance arrangement was EUR 243,690. 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.