

## PONSSE PLC

### REMUNERATION REPORT

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 2020. The Corporate Governance Code is publicly available, for example, from the Security Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

Ponsse's Annual General Meeting made an advisory decision to approve the Company's remuneration policy in 2020. The purpose of the elements of remuneration defined in the policy is to harmonise the objectives of the shareholders, Board members, and the President and CEO and personnel to grow the company's value and implement the business strategy over the long term. No deviations to the remuneration policy were made during the 2020 financial period, and there was no need to recover paid compensation.

The objective of the remuneration policy is to promote the company's long-term financial performance and sustainable creation of shareholder value by hiring, committing and motivating the senior management and personnel to implement Ponsse's strategy.

The remuneration policy is based on the following key principles:

- Remuneration overall is found to be competitive
- Remuneration is attractive and commits employees to the company
- Remuneration is fair, equal and comprehensible

### DEVELOPMENT OF REMUNERATION AND FINANCIAL DEVELOPMENT OVER THE LAST FIVE YEARS

(1 000 EUR)	2020	2019	2018	2017	2016
Board of directors, meeting fee	264	245	241	227	236
President and CEO, taxable income	802	702	966	494	522
Average taxable income of personnel					
Parent company	46	51	50	51	48
Subsidiaries	31	33	32	34	32
Financial development:					
Net sales, EUR million	636.6	667.4	612.4	576.6	517.4
Operating result, as % of net sales	9.0	10.1	10.1	11.7	10.7

### 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 27 May 2020 that the annual fee of the Chairman of the Board would be EUR 48,000, the fee payable to the Vice Chairman would be EUR 45,000, and the annual fee of the other Members of the Board would be EUR 38,000. Travel expenses are also compensated for.

EUR	Period	Meeting fee	Other remuneration	Total
Kaario Mammu	1.1. - 31.12.2020	45,000.00		45,000.00
Kylävainio Matti	1.1. - 31.12.2020	38,000.00		38,000.00
Vanhainen Juha	1.1. - 31.12.2020	38,000.00		38,000.00
Vidgrén Janne	1.1. - 31.12.2020	38,000.00	60.00	38,060.00
Vidgrén Jarmo, Chairman of the Board starting from 27 May 2020	27.5. - 31.12.2020	28,000.00	32,740.00	60,740.00
Vidgrén Juha, Chairman of the Board until 27 May 2020	1.1. - 31.12.2020	39,000.00	27,833.00	66,833.00
Vidgrén Jukka Tuomas	1.1. - 31.12.2020	38,000.00		38,000.00
<b>Total</b>		<b>264,000.00</b>	<b>60,633.00</b>	<b>324,633.00</b>

## REMUNERATION OF THE PRESIDENT AND CEO

As a rule, the same remuneration principles and practices (with regard to employee benefits, for example) are applied to the remuneration of the President and CEO as to that of the other employees. However, considering the special status and demanding nature of the President and CEO position as well as the responsibilities inherent to the role of the President and CEO, certain benefits that deviate from those offered to the rest of personnel (such as the pension benefit) may be offered to the President and CEO.

Compensation paid to the President and CEO consists of a fixed 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 salary, the content and targets of the performance bonus, and ultimately, the payments of the compensation. The annual performance bonus of the President and CEO cannot exceed 50% of their salary in the previous year.

Juho Nummela has been President and CEO since 1 June 2008. 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 retirement age of the President and CEO is 65 years, and the pension benefit is determined in compliance with valid legislation.

EUR	Period	Base salary	Benefits	Short-term incentives	Long-term incentives	Paid remunerations total
Nummela Juho	1.1.-31.12.2020	484,800.00	15,600.00	375,356.93	0.00	875,756.93
Share of remuneration element		55 %	2 %	43 %	0 %	100 %

## INCENTIVE SCHEME

The President and CEO's long-term compensation plan consists of a share-based incentive scheme established for key personnel in 2018. The scheme's restriction period ends on 12 December 2021. Participation in the scheme required that the President and CEO owned a certain number 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 the President and CEO's existing service contract 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 the President and CEO. Shares given as bonuses may not be transferred during the restriction period ending on 12 December 2021. If the President and CEO's service contract ends during the restriction period, they 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 another long-term incentive scheme, a group pension insurance plan. The company pays an annual premium to the President and CEO amounting to 45 per cent 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 EUR 315,336. 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.