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PONSSE PLC CORPORATE GOVERNANCE 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 the company has ratified the company's code of governance complying with the Corporate Governance Code 2010 for Finnish listed companies approved by the Board of the Securities Market Association. The Code is publicly available on the website of the Securities Market Association, (www.cgfinland.fi), for example. The company's annual report refers to this statement.

GROUP STRUCTURE AND MAIN FIELD OF BUSINESS

Ponsse Plc (hereinafter "the Company") is a public limited company listed on the Helsinki Stock Exchange (NASDAQ OMX Helsinki Oy). The Company's has its registered office in Vieremä, Finland.

The Ponsse Group includes the parent company Ponsse Plc, as well as the following wholly-owned subsidiaries: Ponsse Ab, Sweden; Ponsse AS, Norway; Ponsse S.A.S., France; Ponsse UK Ltd., the United Kingdom; Ponsse North America Inc., the United States; Ponsse Latin America Ltda, Brazil; OOO Ponsse, Russia; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China; Ponsse Uruguay S.A., Uruguay; and Epec Oy in Seinäjoki, Finland. Sunit Oy, which operates in Kajaani, Finland, is an affiliated company in which the Company has a holding of 34 per cent.

The main field of business of the Company and the Group is the design, manufacture, sale and servicing of forest machines, other metal products, machine control systems, vehicle PC equipment, different types of separate systems and software.

BOARD OF DIRECTORS

A Board of Directors consisting of no fewer than five and no more than eight members is responsible for the proper organisation of the Company's administration and operations. The AGM elects Board members for a term of office expiring at the end of the AGM following their election. The Board elects a Chairman and a Deputy Chairman from among its members. In 2010, there were six members in the Company's Board of Directors until 26 October 2010 and five members as of 26 October 2010.

Persons elected to the Board of Directors shall have the necessary competence required for their duties. Members shall be elected to represent a diverse range of expertise, as well as the viewpoint of the Company's owners. Under the Articles of Association, no upper age limit applies to Board members.

The majority of Board members shall be independent of the Company, in addition to which no fewer than two of the Board members belonging to the above-mentioned majority shall be independent of any of the Company's major shareholders. Board members shall submit sufficient information to assess their competence and independence, and report any changes in

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such information. Notice of independence is given in the Annual Report and on the Company's website.

The Board of Directors considers Board members Maarit Aarni-Sirviö (until 31 March 2010), Heikki Hortling (as of 31 March 2010), Marja-Liisa Kaario (as of 31 March 2010), Ilkka Kylävainio, Seppo Remes (until 31 March 2010) and Ossi Saksman to be independent of the Company and its major shareholders.

Members of the Board of Directors:

Einari Vidgrén, born 1943 – until 26 October 2010

- Industrial Counsellor
- Chairman of the Board of Directors of Ponsse Plc since 1993

Maarit Aarni-Sirviö, born 1953 – until 31 March 2010

- M. Sc. (Tech.), MBA
- Managing Director of Rahapaja Oy

Heikki Hortling, born 1951 – as of 31 March 2010

- M. Sc. (Econ.)
- Deputy Chairman of the Board of Ponsse Plc as of 26 October 2010
- Chairman of Olvi Plc's Board of Directors

Marja-Liisa Kaario, born 1963 – as of 31 March 2010

- Master of Law, MBA
- Partner, Unicus Oy
- Chairman of the Board of Makai Holding Oy

Ilkka Kylävainio, born 1946

- Wood industry technician
- Managing Director and chairman of the Board of Keitele Forest Oy

Seppo Remes, born 1955 – until 31 March 2010

- MA, LSc (Econ)
- Managing Director of OOO Kiuru

Ossi Saksman, born 1951

- Administrative Notary
- Chairman of the Board of Cooperative Osuuskunta KPY

Juha Vidgrén, born 1970

- Master of Pedagogy
- Chairman of the Board of Ponsse Plc as of 26 October 2010
- Deputy Chairman of the Ponsse Plc Board until 26 October 2010

On 31 March 2010, the AGM confirmed the annual remuneration payable to the Chairman of the Board as EUR 43,000, and the remuneration payable to other members as EUR 32,000. No remuneration is paid to members in the employment of the Company, with the exception of the

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Chairman of the Board. In 2010, the Board held thirteen meetings, three of which were telephone conferences. The average attendance rate of Board members was 92.3 per cent.

If shareholders controlling more than 10 per cent of the Company's voting rights should notify the Company's Board of Directors of their proposal on the number and identity of Board members and the identity of the auditor, which are matters to be decided on by the AGM, this information shall be noted in the notice of the AGM. Any proposals on candidates made after the notice of the AGM has been published shall be made public separately.

In addition to the tasks separately specified in the Finnish Limited-Liability Companies Act and the Company's Articles of Association, the Board is responsible for the business of the Company, its earnings and its development, ratifying the long-term strategy and the Group risk management policy, approving the budget and also deciding on corporate and real estate transactions and key strategic business expansions, equity-based investments, investment development and individual major investments. The Board appoints the Company's President and CEO and ratifies the nomination of other Management Team members, decides upon the principles for compensating top management and annually assesses management activities. The Board ratifies its own agenda.

In Board meetings, the business at hand is presented by the President and CEO or an executive named by the President and CEO.

The Board's activities and working methods are annually assessed by means of self-assessment or by an external auditor.

COMMITTEES OF THE BOARD OF DIRECTORS

Duties and responsibilities have not been specifically divided among members and the Chairman of the Board of Directors, nor has the Board appointed any specific committees.

PRESIDENT AND CEO

The President and CEO is appointed by the Board of Directors. The President and CEO manages the Company's day-to-day business affairs in accordance with the guidelines and instructions issued by the Board of Directors. His duties include operational management, keeping the Board informed, presenting matters over which the Board has the power of decision, implementing the decisions of the Board and ensuring the legality of the Company's business operations. The President and CEO is assisted by a Management Team consisting of the President and CEO as Chairman and the executives appointed to the team by the Board of Directors. The Management Team meets approximately once a month, and also convenes whenever necessary to address, for example, business plans for the following year and strategy over the longer term.

Each member of the Management Team is responsible for a distinct sphere of operations based on key Company functions. Management Team members report to the President and CEO.

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Juho Nummela (born 1977), Doctor of Technology, has acted as President and CEO since 1 June 2008. In 2010, the President and CEO was paid salary and other benefits totalling EUR 208,394.20. 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.

RISK MANAGEMENT AND INTERNAL AUDITING

RISK MANAGEMENT

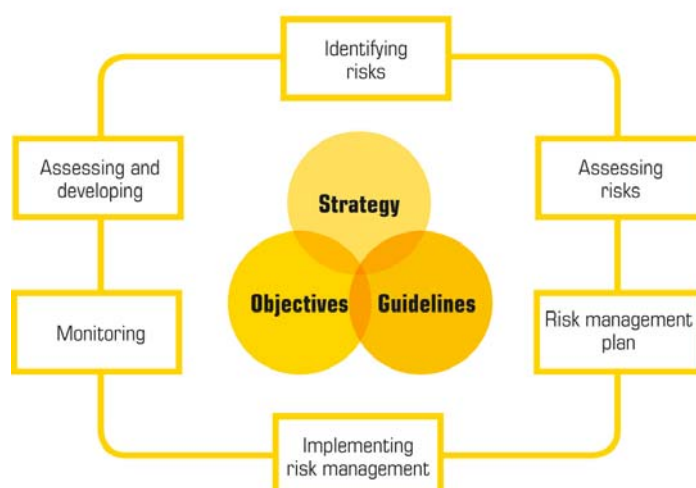
The Company's risk management is based on the Company's values as well as strategic and financial objectives. Risk management aims to support the achievement of the objectives specified in the Company's strategy, as well as to ensure the financial development of the Company and the continuity of its business.

Furthermore, risk management aims to identify, assess and monitor business-related risks which may influence the achievement of the Company's strategic and financial goals or the continuity of its business. Decisions on the necessary measures to anticipate risks and react to observed risks are made on the basis of this information.

Risk management is a part of the regular daily business in the Company, and it is also included in the management system. Risk management is controlled by the risk management policy approved by the Board. A risk is any event that may prevent the Company from reaching its objectives or that threatens the continuity of business. On the other hand, a risk may also be a positive event, in which case the risk is treated as an opportunity. Each risk is assessed on the basis of its impact and probability. Methods of risk management include avoiding, mitigating and transferring risks. Risks can also be managed by controlling and minimising their impact.

Risk management process

The Company's risk management policy seeks to maintain and further develop a practical and comprehensive system for the management and reporting of risks. The risk management process includes systematic surveying of function- and unit-specific risks, their assessment and comparing the risks with the Company risk management plan. Risk management is systematically implemented and monitored as part of the daily business. The Company aims at promoting its risk management by increasing awareness of the significance of risk management and supporting shared risk management projects of the functions.



Risk classification

The key risks to the Company's business are divided into four categories: strategic and operative risks, as well as financing risks and risks of injury or damage.



Strategic risks

The term "strategic risk" refers to a risk related to the nature of the Company's business, its selected strategy and implementation of the strategy. Such risks may refer to the competitive situation, markets or market environment, legislation and other legal norms, for example. A strategic risk may also be a major investment or a strategic choice related to the business. If realised, a strategic risk may clearly deteriorate the preconditions for the Company's business.

Market and business environment

Global and regional economic fluctuations affect the demand for the Company's products and its financial position. The fact that the Company does business in more than forty countries balances out the fluctuation risks. Furthermore, the Company aims to maintain its business so that it is flexible and adaptable to changes in order to be ready to quickly adapt its business to the prevailing market situation.

The competitive situation and changing requirements of the markets may influence the demand for and profitability of the Company's products. The Company invests in understanding the needs of its customers, and it carefully studies the requirements posed by different markets on products in order to ensure that the products comply with the specific requirements of each region and are competitive. The Company has an extensive network of stakeholders.

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Stakeholder risks are mitigated by continuously monitoring the network and engaging in good cooperation. The price development of strategically important raw materials and their availability in the global market influence the profitability of the Company's products. Risks related to the price development and availability of raw materials are mitigated by surveying alternative materials and developing acquisition channels.

Legislation and the environment

Changes to the political environment, legislation influencing the Company's business and phenomena connected to climate change may clearly influence the Company's business in different market areas. In cooperation with its subsidiaries and regional partners, the Company actively monitors the requirements posed by the markets on products, services and the business as a whole – such as general business and import legislation, as well as product compliance and environmental requirements. Furthermore, the Company actively communicates with its stakeholders, influences future solutions and sees such solutions as new opportunities.

Products and technology

The Company's product and technology risks refer to technological choices and R&D. These risks are mitigated by staying close to customers and other stakeholders in order to ensure that product technology is developed in the correct manner. Furthermore, the Company aims to actively cooperate with universities, institutions of higher education and research establishments, as well as participate in global R&D projects. Developed technologies and products are protected by means of intellectual property rights. The Company is also aware of the industrial property rights of its competitors and respects them in the conduct of its own business.

Operative risks

The term "operative risk" refers to a risk related to the Company's internal processes, personnel, business network and systems. If realised, operative risks may deteriorate the Company's earnings, effectiveness and profitability.

Organisation and management

Risks related to the Company's organisation and management include risks connected to, for example, the availability of workforce, labour market disturbances and management of key competence. The Company's personnel strategy has a key role in managing risks related to the organisation and management. The commitment of key employees in the Company is improved by means of an incentive scheme. Investments in recruiting are made in order to ensure access to the correct type of workforce. The Company's image as an employer is developed by means of appropriate communications and cooperation with various educational establishments and other stakeholders.

Information and IT

The Company's information and IT risks include, for example, the risk of trade secrets leaking out of the Company as well as risks related to the functionality, security and safety of IT systems. The Company complies with an information security policy to manage these risks, with the aim of ensuring that all preconditions for the functionality and safety of the systems exist. Information leaks are proactively prevented by all possible means.

Supplier network

The Company persistently develops its supplier network. Material price and availability risks are also related to the supplier network. The Company aims to ensure a competitive material price level by studying alternative procurement channels and concluding long-term agreements. In order to achieve cost-efficient solutions, the Company invests in close R&D cooperation with its supplier network.

Whenever possible, the Company utilises a policy of two suppliers, in order to manage material availability risks. The business environment is stabilised by means of long-term supplier agreements, and suppliers are regularly audited in compliance with the auditing programme. The Company aims to create a supply chain by which the Company does business directly with manufacturers in order to retain a real-time communications channel. A supply chain management tool is utilised in monitoring the supplier network and optimising batch sizes.

Production and processes

The Company's business requires comprehensive process management. What is important for a cost-efficient business is maintaining and improving processes. The Company's quality management system is continuously developed in order to maintain its processes as functional. Functionality of the system is assessed by utilising results obtained from process management, as well as ISO 9001 certification by a third party.

Production process disturbances or disruptions may hamper business operations. Preparations for major disturbances are made by maintaining substitute manufacturing methods and equipment. Furthermore, the opportunity to manufacturing cooperation with key partners is maintained.

Financing risks

The Company is exposed to several financing risks in the normal course of its business. The Company's financing risk management system aims to protect the Group's performance, cash flows, shareholders' equity and liquidity from unfavourable financing market fluctuations. Financing risk management is handled in a centralised manner by the Company Financing Unit. The Board ratifies the Company financing risk management policy, and the Company CFO is in charge of its practical implementation in cooperation with the Financing Unit.

The Company's financing risks include currency, interest, credit and liquidity risks, as well as capital management risks. For more information on financing risk management, please see Note 30 to the consolidated financial statements.

Risks of injury or damage

The main focus in risk of injury or damage mitigation lies in identifying and preventing risks. Identified risks of injury or damage include, for example, occupational health and safety risks, environmental risks and risks of property damage. Risks of injury or damage are managed by means of an extensive insurance scheme. Damage is proactively prevented by applying a safety policy and safety guidelines, as well as ensuring that working methods and tools are safe. The Company quickly reacts to any dangers observed. All accidents and close-call situations

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are recorded in a monitoring system, and the necessary measures to prevent dangers are implemented. The Company's objective is an accident-free working environment. Risks of injury or damage are regularly assessed by means of internal audits. The entire personnel participate in identifying the risks of injury or damage.

Risk management organisation and responsibilities

Board of Directors	Decides on risk management objectives and principles as well as ratifies the Company Risk Management Policy. The Board supervises the implementation of risk management.
President and CEO	Responsible for arranging risk management measures and presenting risk management issues to the Board.
CFO	Coordinates the risk management process, carries responsibility for reporting and presents risk management issues to the Management Team.
Management Team	Risk management is included in the strategy process. The Management Team participates in controlling the risk management process and naming the persons in charge. Each member of the Management Team is in charge of identifying risks in his or her business area and implementing risk management.
Regional directors	The subsidiaries independently implement their risk management in compliance with the Group's risk management policy and guidelines.
All employees	Obligated to act in a manner required to prevent risks, follow the Company policies and report any observed risks to their supervisors.

INTERNAL AUDITING

In compliance with the Finnish code of corporate governance, internal auditing and risk management seek to ensure that the Company's activities are effective and profitable, the information used by the management when making decisions is reliable, the Company policies are followed, implementation of risk management measures complies with the risk management policy, and the Company complies with all laws and regulations. Internal auditing supports the Board's management task.

The Company does not have a special internal audit organisation. Instead, internal auditing is integrated as part of the Company's management and reporting system. Internal auditing is implemented by the Board of the Company, operational management and employees. Implementation of internal auditing is ensured by paying special attention to organising activities, the competence of personnel, operational guidelines, reporting and the scope of auditing.

The Board ensures that the auditing of the Company's accounting, asset management and risk management has been properly organised and complies with the relevant legislation.

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Furthermore, the Board ensures – together with the President and CEO – that the Company conducts its business in compliance with its values. The Board approves the risk management policy and all guidelines pertaining to internal auditing and the code of governance. If necessary, the Board may request external auditors or other service providers to conduct an internal audit.

The President and CEO is in charge of the daily management of the Company in compliance with the Board's instructions. The President and CEO provides a basis for internal auditing by managing and guiding top management and monitoring how executives audit their own activities.

The Company's Management Team ensures that different activities of the Company comply with the internal auditing guidelines and practices. Risk management, financial administration guidelines and financial administration practices are of particular importance.

Under the management of the Company CFO, financial administration assists in creating proper risk management and financial management auditing practices, and monitors the sufficiency and practical functionality of the auditing measures.

The President and CEO, the members of the Management Team and managers of the subsidiaries have the responsibility for legislative compliance of the accounting and administration of their areas of responsibility, as well as compliance with the Company's operational guidelines. Auditors annually check the accounting and administration of the subsidiaries. Audits of all the Group companies are performed by authorised accounting firms. The auditor of the parent company has the responsibility for coordinating audit focus areas, analysing audit observations from the perspective of the consolidated financial statements and communicating with the Group's financial administration. The internal auditing structure of the Group companies is taken into account when deciding upon the scope of the audit. Annual detailed reports on auditing results are provided to Group management and the Board.