This Corporate Governance Statement has been prepared pursuant to the Finnish Corporate Governance Code 2010 and the guideline of the Securities Market Association dated 1 December 2010. The Corporate Governance Statement is issued separately from the report of the Board of Directors of Pöyry PLC for the financial period 1 January – 31 December 2012. The report of the Board of Directors is available at www.poyry.com.

Corporate governance at Pöyry is based on the laws of Finland, the Articles of Association ("Articles") of the parent company Pöyry PLC ("Company" or "Pöyry"), the Finnish Corporate Governance Code, and the rules and regulations of the Finnish Financial Supervisory Authority and NASDAQ OMX Helsinki Ltd, where the Company is listed.


The Company prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), as approved by the Accounting Regulatory Committee of the EU, and the applicable laws, regulations and rules.

**GENERAL DESCRIPTION OF PÖYRY’S CORPORATE GOVERNANCE SYSTEM**

The responsibility for the control and management of the Company is divided between the shareholders represented at the General Meeting of Shareholders, the Board of Directors ("Board") with its two Committees, and the President and CEO assisted by the Group Executive Committee.

**General Meetings of Shareholders**

The shareholders of Pöyry exercise their decision-making power at the Company’s General Meeting of Shareholders. The rights of the shareholders and the duties of the General Meeting are defined in the Companies Act and in the Articles of the Company.

The Annual General Meeting (AGM) is held every year before the end of June, usually in March. The matters to be dealt with in the AGM are defined in the Companies Act and in the Articles of the Company.

An Extraordinary General Meeting (EGM) may be convened by the Board when they consider it necessary or when required by law. Furthermore, the Auditor or shareholder(s) together holding a minimum of one tenth of all shares of the Company have the right to request in writing that an EGM shall be convened to discuss a specific matter.
Board of Directors

Composition of the Board
The Board consists of a minimum of four (4) and a maximum of ten (10) Directors. In its Charter, the Board has established a general guideline that the Board comprise at least five (5) Directors of whom the majority shall be independent. The AGM decides on the number of Directors and elects the Directors for a term of one (1) year lasting until the close of the following AGM. The Board appoints from among its members a Chairman and a Vice Chairman.

The AGM on 8 March 2012 resolved that the Board consists of seven (7) ordinary members. The AGM elected the following members to the Board:

- Mr Pekka Ala-Pietilä
- Mr Georg Ehrnrooth
- Mr Henrik Ehrnrooth
- Mr Alexis Fries
- Mr Heikki Lehtonen
- Mr Michael Obermayer and
- Ms Karen de Segundo.

Henrik Ehrnrooth is not independent of the company and its significant shareholders. Georg Ehrnrooth is not independent of the company’s significant shareholders. All other Board members are independent of the company and its significant shareholders.

As of 1 September 2012, Alexis Fries has been the President and CEO of the Company. Through this position Alexis Fries is not independent of the Company when acting as a member of the Board.

Henrik Ehrnrooth acts as Chairman of the Board and Heikki Lehtonen as Vice Chairman.

For detailed information about the Board members and their share ownership see pages 8–9.

Operations of the Board
The duties of the Board are those specified in the Companies Act, according to which the Board is responsible for overseeing that the management and operations, and the supervision of accounting and financial matters of the Company are appropriately organised. The Articles of the Company do not define other duties for the Board. The Board has authority to act in all matters not reserved by law or the Articles to another governing body.

The Board meets as often as necessary to properly fulfil its duties. The Board agrees well in advance on its annual meeting schedule and additional meetings are arranged when necessary.

In 2012, the Board of Directors convened eleven (11) times. The average participation of Directors in the meetings was ninety-nine (99) per cent. The Board evaluates its performance and working methods annually.

The Board has adopted for itself a Charter. According to the Charter, apart from the statutory duties the main tasks of Board are:

- Approval of the strategic goals and direction
- Approval of strategically important or major acquisitions
- Business control including, among others, approvals of control policies, and business matters in accordance with the Company’s Authorities and Approval Matrix
- Approval of principles of risk management and internal control
- Appointment of the President and CEO
- Appointment of the Group Executive Committee and other top management
- Financial control including, among others, approval of interim reports and annual accounts and group level budgets
- Approval to the Board Committees and review of the reports of Board Committee.
The Board has approved a Charter for the committee.

According to its Charter, the Nomination and Compensation Committee's duties are to review on an annual basis the composition and the performance of the Board, and to identify and review nominees for Directors in accordance with the Company’s Guiding principles for nomination of Directors of the Company. The Committee makes the proposal for the election of the Directors and their compensation to the Annual General Meeting of shareholders.

In addition, the Committee evaluates and makes recommendations to the Board in regard to

- matters relating to the appointment, compensation and other terms of the agreement of the President and CEO of the Company
- basic principles about the compensation of the Company’s Group Executive Committee members
- group level variable pay schemes, both short term and long term performance based incentive schemes
- the executive talent pool based on reviews of successor candidates for key executive positions and reviews of other relevant factors for the executive talent pool.

The committees prepare minutes of their meeting and report to the Board.
President and CEO

The President and CEO is appointed by the Board. In accordance with the Companies Act, the President and CEO is in charge of the day-to-day management of the Group in accordance with the guidelines and instructions of the Board. The statutory duties of the President and CEO include ensuring that the Company’s accounting methods comply with law and other regulations, and that the financial matters are handled in a reliable manner. The President and CEO is also in charge of the preparation of matters to be presented to the Board and carries out the decisions of the Board.

Alexis Fries (born 1955, Swiss citizen, Diploma in Physics, Swiss Federal Institute of Technology, 1981) has been the President and CEO of the Company since 1 September 2012.


Heikki Malinen, (born 1962, Finnish citizen, M.Sc. (Econ.), MBA) was President and CEO of the Company from 1 June 2008 until 13 June 2012.

Group Executive Committee (GEC)
The President and CEO is assisted by the Group Executive Committee in the operative management of the Group.

On 31 December 2012 the GEC consisted of nine (9) members. The members of the GEC are appointed by the President and CEO and the appointments approved by the Board. The GEC members report to the President and CEO and have individual roles and responsibilities assigned by the Board.

The GEC holds regular meetings chaired by the President and CEO. The President and CEO is responsible for the decisions made by the GEC.

The GEC was assisted in its work by the GEC’s subcommittees until 1 September 2012 when they were discontinued.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

Pöyry has defined its objectives for internal control based on the international COSO framework. These objectives are to provide reasonable assurance in achieving the following goals:

- Effectiveness, efficiency and transparency of operations
- Reliability of financial and other reporting
- Effective and comprehensive risk management
- Compliance with applicable laws and regulations and the Pöyry Operating Guidelines
- Ethical business conduct

The internal control framework covers all the policies and guidelines, processes, procedures and organisational structures that assist the President and CEO and ultimately the Board of Directors in ensuring that Pöyry achieves the above mentioned objectives.

Pöyry’s system of internal control

The internal control framework is based on the Pöyry Operating Guidelines, which consist of the key policies and instructions, which must be followed throughout the group. The Pöyry Operating Guidelines provide internal policies and guidelines in areas such as ethical business conduct, internal control, authorities, risk management and financial reporting.

Risk management is an integral part of Pöyry’s business management and internal controls framework. The aim of risk management is to enable the achievement of the Company’s strategic and financial objectives and targets in a controlled manner.
Pöyry’s main groupwide risk management processes are:

1. Enterprise Risk Management (ERM) process tailored to identify, assess, manage and follow up risks that may threaten the achievement of Pöyry’s objectives.

2. Project risk management processes tailored to identify, assess, manage and follow up project risks.

Risk control activities include Authorities and Approval Matrix and Risk Management Policy and Instructions issued by the Board. These groupwide mandatory instructions set limits and authority levels for risk taking.

Risk reporting is a standard part of business reporting. Major risks with status updates are reported to and reviewed regularly by the Audit Committee and the Board.

Control environment

The financial reporting processes are an integrated part of Pöyry’s internal control system.

It is the duty of the President and CEO to ensure that the Company’s accounting methods comply with legal requirements and regulations, and that the financial matters are handled reliably. The President and CEO has delegated this responsibility to the CFO, whose duties are to organise and manage the Finance function.

The Audit Committee monitors the financial reporting process and the effectiveness of the controls therein. Furthermore, the Board regularly assesses the adequacy and effectiveness of Pöyry’s internal controls and risk management.

Project management and project accounting are among Pöyry’s most important key processes, also from financial reporting point of view. Several controls are implemented to focus on these critical areas. Project managers are responsible for Pöyry’s projects, including compliance with the Pöyry Operating Guidelines, in order to ensure accurate and reliable input into financial accounting and financial information.

The controller function has a key role in Pöyry’s internal control system in developing, maintaining and communicating mandatory policies and procedures and ensuring compliance with them. Transaction processing is increasingly centralised in dedicated internal shared Financial Service Centres, which strengthens the harmonisation of applied processes and procedures whilst also enhancing compliance. The centres have been established in countries where Pöyry has major operations.

Risk assessment

Risks related to financial reporting are identified and assessed as part of the group-wide ERM process. Periodic Group and Business Group level self-assessments as well as Internal and External Audits are undertaken to assess risks and to verify the adequacy and effectiveness of the controls framework around financial reporting.

Project risks are assessed both before submitting proposals and regularly during the implementation of projects, based on a mandatory risk review process using a risk management tool tailored for all major projects. The outcome of the project risk assessment may have an immediate impact on financial reporting. Project managers are supported by dedicated finance resources in order to ensure the accuracy and compliance of the input for financial reporting.

Control activities

Pöyry’s financial management and accounting processes include policies, procedures and controls that are necessary to ensure the reliability of financial reporting. Pöyry companies carry out financial reporting in a harmonised way across all Group companies, based on mandatory policies and procedures, using a common chart of accounts and harmonised set of project management and accounting systems.

All majority-owned subsidiaries use Pöyry’s common systems for project accounting, financial accounting and monthly reporting. All major interfaces are standardised and reasonably automated between different systems in the financial reporting process.

The international financial reporting standards (IFRS) are applied in Pöyry Group. The maintenance and interpretation of accounting standards is centralised to the Group Finance function. Monthly closing, data
transfers, reconciliation and control procedures are defined in detail for the financial reporting process.

Pöyry’s Authorities and Approval Matrix ensure that decision making involving far-reaching effects and significant risks is made at the appropriate organisational levels.

**Information and communication**

Applicable financial standards, policies, tools and systems as well as best practices are published on the Pöyry Group Intranet. The CFO ensures the availability of up-to-date information. The CFO also ensures the continuous improvement of finance related processes, procedures, systems and controls.

**Monitoring**

The CFO is responsible for maintaining and developing the company’s controlling processes so that management at all levels receives reliable and adequate financial information in a timely manner.

The actual financial performance against business plans, budgets and performance indicators is followed up through the monthly reporting process. In connection with the monthly reporting, updated and analysed full year estimates are mandatory every quarter, but also more frequently if material changes are foreseen.

Monthly business and financial performance reviews are held shortly after the reporting deadline where Business Group President and Vice President Finance comment to the President and CEO and CFO on essential deviations or changes in actuals or full year estimates as well as on all essential events, concerns, risks and opportunities. Standard minimum agendas are mandatory for monthly review meetings at all management levels covering topics relevant for financial and operational monitoring.

Internal and external audits are performed based on annually approved, risk based audit plans, and audit findings are reported both to management and to the Audit Committee.

The Board receives monthly financial information on the Pöyry Group and Business Group level and approves all externally communicated financial reports. The Audit Committee follows up regularly the development of the Finance organisation.

**Internal Audit**

The Internal Audit function is independent of business operations. The function is headed by the Chief Audit Executive, who reports to the President and CEO and Audit Committee.

Internal Audit assesses the the adequacy and effectiveness of Pöyry’s internal control framework. Internal Audit follows the Standards for the Professional Practise of Internal Auditing of the Institute of Internal Auditors.
Board of Directors

Heikki Lehtonen
(Vice Chairman of the Board)
Born 1959, Finnish citizen, M.Sc. (Eng.). Independent member
Componenta Corporation, President and CEO 1993–;
Finnish Business and Policy Forum EVA, Member of the Supervisory Board 2005–;
Otava Ltd, Member of the Board of Directors 1996–
Member of the Pöyry Board since 1997

Pöyry PLC shares: 33,200 (33,200)

Henrik Ehrnrooth
(Chairman of the Board)
Born 1954, Finnish citizen, M.Sc. (Forest Econ.), B.Sc. (Econ.). Not independent of the company and significant shareholder
Member of the Pöyry Board since 1997

Pöyry PLC shares: Henrik Ehrnrooth, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Corbis S.A.

Pekka Ala-Pietilä
(Born 1957, Finnish citizen, M.Sc. (Econ.), D.Tech. h.c., D.Sc. h.c. Independent member
Huhtamäki Oyj, Member of the Board 2012–; Solidium Oy, Chairman of the Board 2011–;
Blyk Ltd, Co-founder and CEO 2006–2012
SAP AG, Member of the Supervisory Board 2002–
Member of the Pöyry Board since 1997

Pöyry PLC shares: 25,000 (40,000)

Georg Ehrnrooth
(Born 1966, Finnish citizen, Studies in agriculture and forestry, Högre Svenska Läroverket, Turku, Finland. Not independent of significant shareholder
Corbis S.A., Semerca Investments S.A. and Fennogens Investments S.A., Chairman of the Board of Directors 2009–; Opus Capita Oy, Member of the Board of Directors 2005–2011; eQ Asset Management Oy, Chairman of the Board of Directors 2009–2011; Norvestia Oy, Member of the Board of Directors 2010–2011; Anders Wall Foundation, Member of the Board of Directors 2008–; Paavo Nurmi Foundation, Member of the Board of Directors 2005–
Member of the Pöyry Board since 2010

Pöyry PLC shares: Georg Ehrnrooth, together with his brothers Henrik Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Corbis S.A.
Shareholdings are stated as at 31 December 2012 and in brackets as at 31 December 2011. The figures include direct holdings, holdings of corporations or foundations in which the shareholder has a controlling interest, and holdings of the shareholder’s spouse and other family members.

Curricula vitae of the members of the Board of Directors are available on the company’s website www.poyry.com

Alexis Fries
Born 1955, Swiss citizen
Diploma in Physics
Not independent of the company
Member of the Pöyry Board since 2008

Pöyry PLC shares: 0 (0)

Michael Obermayer
Born 1948, German and Swedish citizen, Civ Ing (M.Sc.), Dr. rer. nat. (D.Sc.)
Bio-chemistry, MBA. Independent member
Biogasol APS, Member of Supervisory Board 2010–;
Member of the Pöyry Board since 2009

Pöyry PLC shares: 0 (0)

Karen de Segundo
Born 1946, Dutch citizen, Master in Law, MBA.
Independent member
Royal Ahold NV, Member of the Supervisory Board 2004–2011; E.on AG, Member of the Supervisory Board 2008–; British American Tobacco Plc., Member of the Board of Directors 2007–; Lonmin Plc., Member of the Board of Directors 2005–; Shell International Renewables, CEO 2000–2005; Shell International Gas & Power, CEO (Shell Global Gas & Power) and Chairman (Shell Coal) 1998–2000;
Member of the Pöyry Board since 2005

Pöyry PLC shares: 4,000 (4,000)
Group Executive Committee

Alexis Fries
President and CEO
Born 1955
Diploma in Physics
Member of Pöyry’s Group Executive Committee since 2012
Pöyry PLC shares: 0 (0)

Ari Asikainen
Executive Vice President, Energy Business Group
Born 1957
M.Sc. (tech.)
Member of Pöyry’s Group Executive Committee since 2009
Pöyry PLC shares: 11,409 (12,209)

Martin Kuzaj
Executive Vice President, Industry Business Group
Born 1957
Ph.D. (Chemistry)
Member of Pöyry’s Group Executive Committee since 2009
Pöyry PLC shares: 17,500 (17,500)

Martin Bachmann
Executive Vice President, Urban Business Group
Born 1967
M.Sc. Civil Engineering
Member of Pöyry’s Group Executive Committee since 2010
Pöyry PLC shares: 15,904 (6,904)

Jarkko Sairanen
Executive Vice President, Management Consulting Business Group
Born 1963
M. Sc. Industrial Engineering
MBA
Member of Pöyry’s Group Executive Committee since 2011
Pöyry PLC Shares: 7,500 (7,500)
Shareholdings are stated as at 31 December 2012 and in brackets as at 31 December 2011. The figures include direct holdings, holdings of corporations or foundations in which the shareholder has a controlling interest, and holdings of the shareholder’s spouse and other family members.

Curricula vitae of the members of the Group Executive Committee are available on the company’s website www.poyry.com

Richard Pinnock
Executive Vice President,
Group Strategic Growth
Born 1962
B.Sc. (eng.),
B.Comm. (Hons)
Member of Pöyry’s Group Executive Committee since 2003
Pöyry PLC shares:
84,927 (84,927)

Pasi Tolppanen
Senior Vice President,
Operations
Born 1967
Licentiate of Technology (rock engineering)
Ph.D (engineering geology)
Member of Pöyry’s Group Executive Committee since 2012
Pöyry PLC shares:
2,436 (0)

Anne Viitala
Executive Vice President,
Legal and Commercial
Born 1959
L.L.M., trained on bench,
eMBA
Member of Pöyry’s Group Executive Committee since 2002
Pöyry PLC shares:
23,547 (23,547)

Jukka Pahta
Executive Vice President,
Chief Financial Officer
Born 1966
M.Sc. (Econ.)
MBA
Member of Pöyry’s Group Executive Committee since 2011
Pöyry PLC Shares:
5,000 (5,000)

Heikki Malinen
President and CEO
Member of the Group Executive Committee since 2008 until 13 June 2012.

Camilla Grönholm
Executive Vice President,
Human Resources
Member of the Group Executive Committee since 2006 until 10 August 2012.

Andy Goodwin
President, Asian operations
Member of the Group Executive Committee since 2009 until 19 January 2012.

PART OF GROUP EXECUTIVE COMMITTEE 2012

Heikki Malinen
President and CEO
Member of the Group Executive Committee since 2008 until 13 June 2012.

Camilla Grönholm
Executive Vice President,
Human Resources
Member of the Group Executive Committee since 2006 until 10 August 2012.

Andy Goodwin
President, Asian operations
Member of the Group Executive Committee since 2009 until 19 January 2012.
Pöyry is an international consulting and engineering company. We serve clients globally across the energy and industrial sectors and locally in our core markets. We deliver strategic advisory and engineering services, underpinned by strong project implementation capability and expertise. Our focus sectors are power generation, transmission & distribution, forest industry, chemicals & biorefining, mining & metals, transportation, water and real estate sectors. Pöyry has an extensive local office network employing about 7,000 experts. Pöyry’s net sales in 2012 were EUR 775 million and the company’s shares are quoted on NASDAQ OMX Helsinki (Pöyry PLC: POY1V).