

**Vaisala Corporation**  
**Corporate Governance**  
**Statement**

**2015**



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# Corporate Governance Statement 2015

## Vaisala's General Governance Principles

Vaisala's corporate governance system is based on, and complies with, the laws of Finland and Vaisala's Articles of Association. The company complies with the rules, regulations and guidelines for listed companies issued by Nasdaq Helsinki Ltd and Finnish Supervisory Authority as well as Finnish Corporate Governance Code 2010 published by the Securities Market Association.

The Vaisala Board of Directors has approved this Corporate Governance statement in its meeting on February 10, 2016. The auditing firm Deloitte & Touche Oy, the Company's auditor, has verified that the statement has been issued and that the general description of internal audit and risk management systems associated with the financial reporting process conforms to the financial statements.

### **More Information**

This Corporate Governance Statement has been drawn up as a document independent of the Board of Director's report and it is available also on the Company's website at [www.vaisala.com/investors](http://www.vaisala.com/investors). The Finnish Corporate Governance Code is available on website [www.cgfinland.fi/](http://www.cgfinland.fi/).

## Deviations from the Recommendations of the Corporate Governance Code and the Explanations for These Deviations

The term of the members of Vaisala's Board of Directors deviates from the Recommendation 10 of Corporate Governance Code, which recommends a term of one year. The term of the Vaisala's member of the Board of Directors is determined in accordance with its Articles of Association. Under the Articles of Association, a member's term is three years, beginning at the close of the General Meeting in which the member is elected and ending at the close of the third subsequent Annual General Meeting.

A longer term of office of the Board members is justified by the long-term development of Vaisala's business as well as by the nature of the business. The practice has worked well and Vaisala's shareholders are committed to it.

## Governing Bodies of Vaisala

The General Meeting, the Board of Directors and President and CEO, assisted by the Management Group, are responsible for the operations of the Vaisala Corporation.



### General Meeting

The General Meeting is the supreme decision-making body of Vaisala in which all the shareholders of the Company can participate in the supervision and control of the Company and exercise their right to speak and vote. The Annual General Meeting is held once a year before the end of June on a date determined by the Board of Directors. It decides on the matters stipulated in the Finnish Companies Act and the Articles of Association.

The Chairman of the Board of Directors, members of the Board of Directors, and President and CEO are present at the Annual General Meeting. The auditor is present at the Annual General Meeting. Board member candidates are present at the Annual General Meeting where they are elected. If the above mentioned person or persons fail to attend the Annual General Meeting, Vaisala notifies the Annual General Meeting of such non-attendance.

Participation in the General Meeting requires that the shareholder is registered in Vaisala's shareholder register on the record date of the meeting, and that he/she registers for the meeting by the date mentioned in the meeting notice.

Shareholders are entitled to have an issue placed on the agenda of the Annual General Meeting, provided that the issue can be decided upon by the Annual General Meeting according to the Finnish Companies Act. The request must be submitted in writing to the Board of Directors early enough so that the issue can be included in the meeting notice. The date by which the shareholder must notify the Board of Directors of an issue to be added to the agenda of the Annual General Meeting will be announced on Vaisala's website. The request is always deemed submitted early enough if the Board of Directors has been notified about it by the end of the financial year.

Vaisala publishes a notice of the Annual General Meeting no more than two months before the record date and no less than three weeks before the meeting on the Company's website, or in any other way that may be decided by the Board of Directors, or Vaisala may deliver it directly to shareholders when required by law. Additionally, Vaisala publishes the meeting notice as a stock exchange release after the Board of Directors has decided on the convening of the Annual General Meeting. The agenda of the Annual General Meeting, proposals on decisions and meeting documents are available on Vaisala's website at least three weeks prior to the meeting. The documents of the Annual General Meeting will be held on Company's website for at least five years from the time of the meeting. Minutes of the meeting will be published on the Company's website within two weeks of the meeting.

#### **More information**

Minutes of the meeting and other documents related to the General Meeting can be found on website [www.vaisala.com/investors](http://www.vaisala.com/investors).

## **Board of Directors**

### **Composition and election of the Board of Directors**

Vaisala's Board of Directors is responsible for the administration and the proper organization of the operations of the Company. The Board acts in accordance with Vaisala's Articles of Association and the applicable legislation as well as the instructions and recommendations of the Financial Supervisory Authority and Nasdaq Helsinki Ltd. In accordance with Vaisala's Articles of Association, the Company's Board of Directors comprises at least four and maximum eight members. All Board members are appointed by the Annual General Meeting. The Board of Directors elects a Chairman and a Vice Chairman from among its members. Under the Articles of Association, the term of the Board members is three years. The term begins at the close of the Annual General Meeting at which the member is elected, and ends at the close of the third subsequent Annual General Meeting following the member's election.

### **Selection criteria and the independence of the members of the Board of Directors**

The primary goal in Board member election is to gather to the Board of Directors capability, know-how and experience from various technologies, international relations, global business and strategically significant industries. The Board should be considered as a whole that is capable of managing its tasks and duties in the best possible way. In addition, the Board should consist of members of both sexes and the members should have the chance to allocate a sufficient amount of time to managing their tasks.

The majority of the Board members must be independent of the Company and at least two members in this majority must be independent of the Company's major shareholders. The Board of Directors evaluates the independence of the members annually.

After election, all new Board members will be familiarized with Vaisala's operations. This includes presentations by the top management, in which the newly elected Board members are given information on the Company's business, strategy and long-term goals as well as on significant economic, accounting and risk management.

The members of the Board of Directors are bound by laws related to commercial and trade secrets as well as by the restrictions related to insiders. The Board and its members must in their decision-making and other activities act in accordance with the interest of the Company and all its shareholders, and in accordance with the principle of due care.

The Board of Directors self-evaluates its operations and way of working annually.

### **The Board of Directors' meetings and duties**

Vaisala's Board of Directors convenes at least seven times each year and if otherwise needed. The Group President and CEO and the Chief Financial Officer also attend Board meetings. The other members of the Management Group attend Board meetings as required on the invitation of the Board of Directors. The Board of Directors may, on the basis of the Chairman's decision, establish working groups from among its members in individual cases in order to prepare the matters allocated for it in order to ensure the effective organization of the Board of Directors' work. Vaisala's Board of Directors operates in accordance with an approved charter. The meetings may, if necessary, be held as conference calls or e-mail meetings. Minutes of the meeting are compiled for each meeting, with yearly running numbering. Vaisala's General Counsel acts as the Secretary of the Board of Directors.

The Board will have a quorum when more than half of members are present. Decisions are made on a simple majority basis, and when the votes are even, the Chairman has the casting vote. When the votes for election of the Chairman are even, the Chairman is elected by drawing lots.

The President and CEO is responsible for the execution of the Board of Directors' decisions and reports to the Board on deficiencies or problems observed during the execution.

Regular meetings include:

- financial statement meeting,
- Board's organizing meeting,
- Interim Report meetings (3 times),
- business review and strategy meeting, and
- action plan, budget and incentive matters meetings.

Main responsibilities of the Board of Directors are

- To decide on the election and dismissal of the President and CEO.
- To decide on the employment terms of the President and CEO.
- To ensure that the company has organized internal control of accounting and financial management as well as to monitor the effectiveness of supervision.
- To determine the company's strategy and oversee its implementation, and to approve the strategic plans of the business areas.
- To determine the company's long-term objectives and to monitor their implementation, and to accept long-term goals of the business areas.
- To assess the company's and its business areas' annual action plans.
- To approve the company's and its business areas' annual financial targets.
- To make the most important business decisions such as acquisitions, divestitures, major contracts and liabilities, investments and financing arrangements.
- To set approval limits for investments and commitments, which cannot be exceeded without Board of Directors approval.
- To handle and approve the financial statement release, financial statement and the Board of Directors' Report and Corporate Governance Statement.
- To make a dividend proposal to the Annual General Meeting.
- To handle and approve Interim Reports.
- To monitor the evaluation and management of risks related to company's strategy and business operations.
- To decide on management remuneration and incentive systems.

The responsibilities of the members of the Board of Directors when performing their duties is to always act with due care and in good faith while using their judgment, based on sufficient information, in a manner they reasonable believe to promote the interests of the Company.

The President and CEO and members of the Management Group, as instructed by the President and CEO, represent the Company in relation to shareholders, investors, the media and other stakeholders. The Board members usually direct third-party enquiries to the President and CEO. The Board of Directors is represented by the Chairman of the Board of Directors.

## Duties of the Chairman of the Board of Directors

Duties of the Chairman of the Board of Directors include chairing the Board's meeting and managing the Board's work so that it can fulfill its duties.

### Chairman of the Board of Directors shall

- ensure that the meetings are held according to schedule,
- ensure that the Board of Directors is convened for the extraordinary meetings, if necessary,
- ensure that the presentations and supporting materials are delivered to the Board members within the agreed time and early enough prior to the meeting,
- approve the agenda prepared by the President and CEO,
- take care of the documentation of the meetings and of the decisions made,
- keep in contact with President and CEO and monitor the company's business performance, and
- be in charge of evaluating the work done by the Board of Directors.

## Members of the Board of Directors in 2015

In January–December 2015, the Vaisala Board of Directors comprised seven members. The Chairman of the Board of Directors was Raimo Voipio, the Vice Chairman was Yrjö Neuvo and the members were Petra Lundström, Mikko Niinivaara, Maija Torkko, Pertti Torstila and Mikko Voipio. The Board of Directors' secretary was attorney-at-law Matti Kari.

The Annual General Meeting held on March 31, 2015 confirmed that the number of Board members is seven. Petra Lundström, Mikko Niinivaara, Yrjö Neuvo, Maija Torkko, Pertti Torstila and Raimo Voipio continued as members of the Board of Directors. Ville Voipio was elected as a new member of the Board of Directors. The Chairman of the Board of Directors is Raimo Voipio, and the Vice Chairman is Yrjö Neuvo. The Board of Directors' secretary is General Counsel Katriina Vainio.

## Board of Directors on December 31, 2015

		End of term
1. Petra Lundström	Member	2018
2. Mikko Niinivaara	Member	2017
3. Yrjö Neuvo	Vice Chairman	2016
4. Maija Torkko	Member	2016
5. Pertti Torstila	Member	2017
6. Raimo Voipio	Chairman	2017
7. Ville Voipio	Member	2018

In accordance with the recommendation 10, all Board members are independent of the Company. Yrjö Neuvo, Mikko Niinivaara, Maija Torkko, Petra Lundström, Ville Voipio and Pertti Torstila are independent of the Company and independent of significant shareholders of the Company. Raimo Voipio, the Chairman, is dependent of significant shareholders of the Company. The Board of Directors complies with recommendations concerning the number of independent directors.





Chairman of the Board of Directors

**Raimo Voipio**, b. 1955, Finnish citizen, M.Sc. (Eng.)

- Chairman of the Remuneration and HR Committee
- Independent of the Company, dependent of significant shareholders of the Company, member of the Vaisala Board of Directors since 1989 and Chairman since 1994

Employment History

- Nokia Corporation, various product marketing positions 1988-1998
- Marketing and development positions in private telecommunication companies 1983-1988

Positions of Trust

- Helkama Bica Oy, Member of the Board
- Novameter Oy, Member of the Board
- Munkkiniemen yhteiskoulun kannatusyhdistys ry, Vice Chairman



Vice Chairman of the Board of Directors

**Yrjö Neuvo**, b. 1943, Finnish citizen, Ph.D. Cornell University

- Member of the Remuneration and HR Committee
- Independent member of the Vaisala Board of Directors since 1989 and Vice Chairman since 1994

Employment History

- Professor, Research Director, Aalto University
- Nokia Corporation, Technology Advisor 2006
- Nokia Corporation, member of the Executive Board, product development of mobile phones 1993–2005
- Academy of Finland, National Research Professor 1984–1992
- Tampere University of Technology, Professor of Signal Processing 1976–1992
- University of California, Santa Barbara, Visiting Professor, 1981–1982

Positions of Trust

- Fimecc Oy, Member of the Board
- Canatu Oy, Entertrainer Oy, Member of the Board
- Technology Academy of Finland Foundation, Member of the Board
- Cap-XX Ltd, Member of Scientific Advisory Board
- The Foundation of Technology (TES), Member of the Board
- Finnish Science Centre Foundation (Heureka), Member of the delegation
- Tampere University of Technology, Member of Advisory Board



**Member of the Board of Directors**

**Petra Lundström**, b. 1966, Finnish Citizen, M.Sc (Technical Physics)

- Member of the Audit Committee
- Independent member of the Vaisala Board of Directors since 2014

**Employment history**

- Vice President, Nuclear Development, Fortum Power and Heat Oy, 2014-
- Vice President, Solar Business Development, Fortum Oyj, 2012-2014
- Vice President, Chief Technology Officer, Fortum Oyj, 2008-2011
- Technology Manager, Fortum Oyj, 2005-2007
- Manager of the Thermalhydraulics team, Fortum Nuclear Services, 2002-2005
- Design Engineer and Chief Design Engineer, IVO / Fortum, 1990-2001

**Positions of Trust**

- VTT Technical Research Centre of Finland, Member of Board



**Member of the Board of Directors**

**Mikko Niinivaara**, b. 1950, Finnish citizen, M.Sc. (Eng.), Dr. Tech. (h.c.)

- Member of the Audit Committee
- Independent member of the Vaisala Board of Directors since 2002

**Employment History**

- ABB Oy, President 2001-2011
- ABB Industry Oy, President 1999-2001
- ABB Ltd, Zurich, Division Director 1993-1998
- Various managerial positions in ABB Group 1984-1993

**Positions of Trust**

- Helen Oy, Member of the Board



Member of the Board of Directors

**Maija Torkko**, b. 1946, Finnish citizen, B.Sc (Econ.), LL.M.

- Chairman of the Audit Committee and Member of the Remuneration and HR Committee
- Independent member of the Vaisala Board of Directors since 2007

Employment History

- Nokia Corporation, Senior Vice President, Corporate Controller 1997-2006
- Nokia Corporation, various positions 1968-1996



Member of the Board of Directors

**Pertti Torstila**, b. 1946, Finnish citizen, Master of Political Sciences

- Independent member of the Vaisala Board of Directors since 2014

Employment History

- Foreign Ministry, Helsinki, Secretary of State, 2006–2014
- Ambassador to Sweden, 2002–2006
- Foreign Ministry, Helsinki, Under-Secretary of State, 2000–2002
- Foreign Ministry, Helsinki, Director General for Political Affairs, 1996–2000
- Ambassador to Austria/ETYK, Hungary and Croatia, 1989-1996

Positions of Trust

- Red Cross Finland, Chairman of the Board
- John Nurminen Foundation, Member of the Board



**Member of the Board of Directors**

Ville Voipio, born 1974, Finnish citizen, Doctor of Science in Measurement Technology

- Independent member of the Vaisala Board of Directors since 2015

Employment History

- Business Development Manager, Si-Tecno Oy, business strategy and R&D management 2014–
- Adjunct Professor, Tampere University, Department of Signal Processing 2013–
- Managing Director, CEO, K-Patents Oy, strategic and general management 2012–2013
- Managing Director, CEO, Janesko Oy, R&D management 2008–2013
- Project Manager, K-Patents Oy, R&D project management, technology management 1996–2008

Positions of Trust

- Si-Tecno Oy, member of the Board of Directors

Vaisala's Board of Directors convened 13 times during 2015, and the attendance rate of the members was 98%. The attendance of the meetings is listed in the table on page 14.

## Board Committees

The Board of Directors has two permanent committees: an Audit Committee and a Remunerations and HR Committee. The members of the Committees are appointed annually from among the members of the Board of Directors in accordance with the charter of the respective Committee. The Board of Directors may establish Committees for duties assigned by the Board. The Board of Directors confirm the charter for the Committees. The Committees assist the Board of Directors by preparing matters that are within the scope of responsibilities of the Board. The Committees are not decision-making or executive organs; instead, the Board of Directors is responsible for the tasks it has assigned to the Committees, unless it has been stated otherwise in the Committees' rules. The Committees keep minutes of their meetings; the minutes are available to the members of the Board of Directors. The Secretary of the Board of Directors acts as the secretary of the Committees.

### The Audit Committee

The Audit Committee assists the Board of Directors in supervising the company's accounting and asset management, risk management as well as in organizing external and internal audit. The Audit Committee manages its tasks in accordance with the rules approved by the Board of Directors, the Securities Market Association's Finnish Corporate Governance Code and the applicable laws and regulations.

The Audit Committee comprises three members, appointed annually by the Board of Directors. The members of the Committee must be independent of the Company and at least one member must also be independent of significant shareholders of the Company. The Committee convenes at least five times a year. The President and CEO and the Chief Financial Officer also attend the Committee meetings. The other responsible Vaisala employees attend the Committee meetings as required on the invitation of the Committee.

The Audit Committee deals with the following key issues

- To supervise the financial reporting and the forecast processes,
- To accept Vaisala accounting and calculation principles, as well as their changes,
- To handle the interim reports, the financial statement release and financial statements,
- To assess compliance with laws and regulations,
- To review the Corporate Governance Statement,
- To approve the goodwill testing,
- To approve the essential management's estimates included in the financial statements and interim reports,
- To monitor the efficiency of the company's internal control, risk management and quality auditing,
- To approve the audit plan and its cost estimate,
- To approve the internal auditing plan and cost estimate,
- To approve the company's treasury policy and to monitor its financing position,
- To monitor the company's tax situation,
- To monitor the audit,

- To monitor the internal audit,
- To evaluate the independence of the statutory auditor or audit firm, particularly in relation to the provision of additional services to the Company,
- To prepare a decision proposal on the election of the auditor, and
- To monitor the Company's Code of Conduct.

### **Members of the Audit Committee in 2015**

In January–December 2015, the Audit Committee comprised Maija Torkko (Chairman), Petra Lundström and Mikko Niinivaara. All the members of the Audit Committee were independent both of the Company and of significant shareholders.

Vaisala's Audit Committee convened 5 times during 2015, and the attendance rate of the members was 100%. The attendance of the meetings is listed in the table on page 14.

### **The Remuneration and HR Committee**

The Remuneration and HR Committee is responsible for preparing human resources matters pertaining to the compensation of the President and CEO, and the members of the Management Group, evaluation of the performance of the President and CEO and the members of the Management Group, Group compensation policies and practices.

The Remuneration and HR Committee deals with the following key issues

- To prepare remuneration and other financial benefits of the President and CEO,
- To prepare remuneration and other financial benefits of the management,
- To prepare the matters relating to the company's bonus plans,
- To evaluate the remuneration of the President and CEO and other management and to ensure the appropriateness of the bonus plans,
- To monitor the development of the employees, and
- To monitor employee well-being, health and development of security.

The Remuneration and HR Committee comprises three members, appointed annually by the Board of Directors. The majority of the members of the Committee must be independent of the Company. The Committee convenes at least two times a year. President and CEO, Senior Vice President, Human resources and the Chief Financial Officer also attend the Committee meetings, except when the agenda includes items relating to them. The other responsible Vaisala employees attend the Committee meetings as required on the invitation of the Committee.

### **Members of the Remuneration and HR Committee**

In January–December 2015, the Remunerations and HR Committee comprised Raimo Voipio (Chairman), Yrjö Neuvo and Maija Torkko. All the members of the Committee were independent of the Company.

Vaisala's Remuneration and HR Committee convened 5 times during 2015, and the attendance rate of the members was 100%. The attendance of the meetings is listed in the table on page 14.

## Meeting attendance of the Board of Directors and its Committees in 2015

Name	Position	Board of Directors meetings	Audit Committee	Remuneration and HR Committee
Raimo Voipio	Chairman	13/13		5/5
Yrjö Neuvo	Vice Chairman	12/13		5/5
Petra Lundström	Member	13/13	5/5	
Mikko Niinivaara	Member	13/13	5/5	
Maija Torkko	Member	12/13	5/5	5/5
Pertti Torstila	Member	13/13		
Mikko Voipio (until March 31, 2015)	Member	5/5		
Ville Voipio (from March 31, 2015)	Member	8/8		

## President and CEO

Vaisala's President and CEO is appointed by the Board of Directors. The President and CEO is responsible for the everyday management of the company in accordance with the guidelines and instructions given by the Board of Directors, and informs the Board of Directors of the development of the Company's business and financial situation. The President and CEO is responsible for ensuring that the company's accounting is legally compliant and that its financial affairs have been arranged in a reliable manner. The President and CEO is the Chairman of Vaisala's Management Group.



### President and CEO

**Kjell Forsén**, b. 1958, Finnish citizen, Lic.Sc. (Technology)

- President and CEO as well as Chairman of Vaisala Management Group 2006-

### Employment History

- President of Ericsson Finland 2003-2006
- Ericsson, several managerial positions within the company, both in Finland and abroad 1986-2006

### Positions of Trust

- JMC Council Center, Member of the Council
- Valamo Foundation, Member of the Council

## Management Group

The President and CEO is the Chairman of the Management Group. The Management Group comprises six members. The Management Group meets once a month to assist the President and CEO in developing the strategy, implementing the strategy, managing operational business, as well as preparing matters handled by the Board. The Management Group draws up annual operational and financial plans as well as goals related to these plans, monitors the implementation of the plans and prepares major investments and acquisitions. The President and CEO is responsible for the decisions taken by the Management Group. Members of the Management Group are responsible for implementing the decisions in their own areas of responsibility.

Members of Vaisala's Management Group are heads of business areas, the Chief Financial Officer, the Executive Vice President of Operations and Human Resources.

### Members of the Management Group on December 31, 2015

- Kjell Forsén, President and CEO, Chairman of the Management Group since 2006
- Marja Happonen, Executive Vice President since 1994
- Sampsa Lahtinen, Executive Vice President, Controlled Environment Business Area since 2013
- Ilkka Mannonen, Head of Weather Offering\*
- Kaarina Muurinen, Chief Financial Officer since 2011
- Vesa Pylvänäinen, Executive Vice President, Operations since 2011

Hannu Katajamäki, Executive Vice President, Services and member of Vaisala's Management Group since 2011 left Vaisala on April 1, 2015.

Kai Konola, Executive Vice President, Weather Business Area and member of Vaisala's Management Group since 2010 left Vaisala on December 15, 2015.

\* Jarkko Sairanen was appointed Executive Vice President of Vaisala Weather Business Area on November 26, 2015. Jarkko Sairanen started at Vaisala on February 1, 2016. Ilkka Mannonen, Head of Weather Offering acted as an interim Executive Vice President, Weather Business Area on December 15, 2015–January 31, 2016.

#### **More Information**

More information about Vaisala's Management Group is available on the Company website at [www.vaisala.com/investors](http://www.vaisala.com/investors).

## Remuneration

The Annual General Meeting decides on the remuneration of the Chairman, Vice Chairman and Board members as well as on the remuneration of the Auditor.

The objective of remuneration at Vaisala is to encourage employees as individuals and as team members to achieve the financial and operational targets set. In determining the remuneration, Vaisala takes into account its financial performance, remuneration levels for similar positions among peer companies and external references. All Vaisala employees are included in a bonus plan that promotes the development of net sales, operating result and cash flow.

Vaisala's remuneration package for key executives includes a competitive salary and employee benefits according to local market practices as well as bonuses based on predefined annual performance indicators. The bonus plans promote development of net sales, operating result and cash flow. The key executives also belong to long-term share-based incentive plans, which are based on the development of the Company's profitability.

Vaisala's Board of Directors approves the company's bonus plans and their target groups annually. The Board of Directors also decides on the compensation of the President and CEO and approves the compensation of the direct reports of the President and CEO.

## Remuneration of the Board of Directors

The Annual General Meeting held on March 31, 2015 decided that the annual fee payable to the Board members for the term until the close of the Annual General Meeting in 2016 is: the Chairman of the Board of Directors EUR 45,000 and each Board member EUR 35,000. Approximately 40 percent of the annual remuneration will be paid in Vaisala Corporation's A shares acquired from the market and the rest in cash.

In addition, the Annual General Meeting decided that the compensation per attended meeting for the Chairman of the Audit Committee is EUR 1,500 and EUR 1,000 for each member of the Audit Committee for the term until the close of the Annual General Meeting in 2016. The compensation per attended meeting for the Chairman and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors is EUR 1,000 for the term until the close of the Annual General Meeting in 2016.



<b>EUR 1,000</b>	<b>2015</b>	<b>2014</b>
Petra Lundström (since March 26, 2014)	40	30
Yrjö Neuvo	40	40
Mikko Niinivaara	40	40
Maija Torkko	48	48
Pertti Torstila (since March 26, 2014)	35	26
Raimo Voipio	50	50
Ville Voipio (since March 31, 2015)	26	-
Mikko Voipio (until March 31, 2015)	9	35
Timo Lappalainen (until March 26, 2014)	-	10
<b>Total</b>	<b>288</b>	<b>279</b>

## Number of shares owned, December 31, 2015

	<b>A shares*</b>	<b>K shares</b>
Petra Lundström	600	-
Yrjö Neuvo	35 490	18 664
Mikko Niinivaara	1 200	-
Maija Torkko	3 700	-
Pertti Torstila	1 200	-
Raimo Voipio	285 430	227 148
Ville Voipio	194 807	47 844
<b>Total</b>	<b>522 427</b>	<b>293 656</b>

\* The shareholdings include also shares held by the Board of Directors' interest parties and controlled organizations.

## Remuneration of Vaisala's Management

### President and CEO

The Board of Directors of Vaisala Corporation decides on the remuneration of Vaisala's President and CEO. The overall compensation consists of a monthly salary, fringe benefits, a pension plan and a performance bonus as well as the Share-Based Incentive Plans 2014 and 2015. The maximum annual bonus is limited to 72 percent of the President and CEO's annual salary. The President and CEO belongs to a voluntary pension plan which defines the retirement age as 62 years.

The notice period is 6 months for the employee and 12 months for the employer. Severance pay and conditions of other severance compensations are equal to the respective salary.

### Management Group

Vaisala's Board of Directors approves the compensation of the direct reports of the President and CEO.

The overall compensation of the Management Group members consists of a monthly salary, fringe benefits, pension plan and a performance bonus as well as the Share-Based Incentive Plans 2014 and 2015. The maximum annual bonus is limited to 60 percent of the annual salary. The Management Group members belong to a voluntary pension plan which defines the optional retirement age as 62 years.

## Remuneration of the President and CEO

EUR 1,000	2015	2014
Salary	491	479
Bonuses	298	83
Share-based payment	126	119
Obligatory pension	99	96
Voluntary pension	116	114
<b>Total</b>	<b>1,131</b>	<b>891</b>

## Remuneration of the Management Group, excluding President and CEO

EUR 1,000	2015*	2014
Salary	1,231	1,313
Bonuses	375	185
Share-based payment	272	349
Obligatory pension	244	256
Voluntary pension	178	187
<b>Total</b>	<b>2,300</b>	<b>2,289</b>

\* Hannu Katajamäki, Executive Vice President, Services until April 1, 2015

\* Kai Konola, Executive Vice President, Weather Business Area until December 15, 2015

## Remunerations of the President and CEO and the Management Group members in 2015

EUR 1,000	Salary	Bonuses	Share-based	Obligatory pension	Voluntary pension	Total
President and CEO	491	298	126	99	116	1,131
Other Management Group members	1 231	375	272	244	178	2,300
<b>Total</b>	<b>1,722</b>	<b>673</b>	<b>398</b>	<b>343</b>	<b>294</b>	<b>3,431</b>

## Share-based incentive plans

On May 3, 2012 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of the Group's profitability in calendar year 2012 and it was paid partly in the Company's series A shares and partly in cash in March 2015. The cash proportion was paid to cover taxes and tax-related costs arising from the reward to employees. No reward was paid to employees whose employment or service had ended before the reward payment date. In total 63,800 A shares were transferred. In 2015, EUR 0.2 million and in 2012–2014 EUR 1.7 million was expensed for the plan.

On February 6, 2013 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2013 and it will be paid partly in the Company's series A shares and partly in cash in spring 2016. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid, if a key employee's employment or service ends before the reward payment date. Maximum amount corresponding to 150,000 shares will be paid depending on the number of entitled persons in the company at the end of vesting period. No reward will be paid based on this plan as the profitability targets for 2013 were not met.

On February 10, 2014 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2014 and it will be paid partly in the Company's series A shares and partly in cash in spring 2017. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. The maximum amount of this plan originally corresponded to 160,000 shares. No reward will be paid if a key employee's employment or service ends before the reward payment date. In 2015 EUR 0.3 million and in 2014 EUR 0.2 million was expensed for the plan. On December 31, 2015 the maximum amount corresponds to 115,200 shares and it is depending on the number of entitled persons in the company at the end of vesting period.

On December 18, 2014 the Board of Directors resolved for the Group key employees a share-based incentive plan that was based on the development of Group's profitability in calendar year 2015 and it will be paid partly in the Company's series A shares and partly in cash in spring 2018. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. The maximum amount of this plan originally corresponded to 160,000 shares. No reward will be paid, if a key employee's employment or service ends before the reward payment date. In 2015 EUR 0.5 million was expensed for the plan. On December 31, 2015 the maximum amount corresponds to 143,000 shares and it is depending on the number of entitled persons in the company at the end of vesting period.

On December 16, 2015 Vaisala's Board of Directors resolved for the Group key employees a share-based incentive plan that is based on the development of Group's profitability in calendar year 2016 and it will be paid partly in the Company's series A shares and partly in cash in spring 2019. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid if a key employee's employment or service ends before the reward payment date. Maximum amount corresponding to 200,000 shares will be paid depending on the number of entitled persons at the end of vesting period.

**More Information**

A regularly updated table reporting the holdings of public insiders is available on Company's website at [www.vaisala.com/investors](http://www.vaisala.com/investors), Corporate Governance.

## Controls

### **Main features of the internal control and risk management systems pertaining to the financial reporting process**

The internal control seeks to ensure the Company's compliance with applicable laws, regulations and with Vaisala's code of conduct as well as the reliability of financial and operational reporting. Furthermore, the internal control seeks to safeguard the Company's assets and to ensure overall effectiveness and efficiency of operations to meet Vaisala's strategic, operational and financial targets. Internal control practices are aligned with Vaisala's risk management process. The goal of the risk management is to support Vaisala's strategy and the achievement of targets by anticipating and managing potential business threats and opportunities.

Vaisala's operating model of internal control and risk management related to financial reporting aims to provide sufficient assurance regarding the reliability of financial reporting and that the financial statements have been prepared in accordance with the applicable laws and regulations, generally accepted accounting principles (IFRS) and other requirements for listed companies. The principal components of internal control are control environment, risk assessment, control activities, communications and monitoring.

### **Control environment**

The Board of Directors has the overall responsibility for the internal control of financial reporting. The Board of Directors has established a written formal working order that clarifies its responsibilities and regulates the internal distribution of work of the Board of Directors and its committees. The Board of Directors has appointed the Audit Committee whose primary task is to ensure that established principles for financial reporting, risk management and internal control are followed to and that appropriate relations are maintained with the Company's auditors. The President and CEO has the responsibility for maintaining an effective control environment and the ongoing work on internal control as regards the financial reporting. The Internal Audit reports all relevant issues to the Audit Committee and the President and CEO.

The Internal Audit focuses on developing and enhancing control over the financial reporting by proactively concentrating on the internal control environment and by monitoring the effectiveness of the control. The most important internal steering instruments for Vaisala's financial reporting comprise the Code of Conduct, treasury policy, credit policy, accounting policies and reporting instructions.

### **Risk assessment**

Vaisala's risk assessment as regards financial reporting aims to identify and evaluate the most significant threats at the levels of Group and reporting segments as well as at the level of functions and processes. The risk assessment results in control targets through which Vaisala seeks to ensure that the fundamental requirements placed on financial reporting are fulfilled. Information on the development of essential risk areas as well as the plans and measures to mitigate the risks are communicated regularly to the Audit Committee.

### **Control activities**

Vaisala's management has operational responsibility for internal controls. Internal control related to the financial activities as well as to control of the business and the management has been integrated into Vaisala's business processes. Vaisala has defined and documented significant internal control activities related to its financial statement reporting process as part of business processes. Internal control activities

include approvals, authorizations, verifications, reconciliations, reviews of operating performance and segregation of duties.

All business units have their own defined controller functions whose representatives participate in planning and evaluating unit performance. They ensure that monthly and quarterly financial reporting follows the company's policies and instructions and that all financial reporting is delivered on time. Management follow-up is carried out through monthly management reporting routines.

## **Communications**

Vaisala seeks to ensure that the Company's internal and external communication is open, transparent, accurate and timely. Code of Conduct, treasury policy, credit policy, accounting policies, and reporting instructions as well as disclosure policy are available on Vaisala's intranet. The disclosure policy defines how and when information should be given and by whom it is given. It also defines the accuracy and comprehensiveness of the information in order to fulfill the communication obligations. Vaisala's CFO reports the results of the internal control work and efficiency of the control activities as a standing item on the agenda of the Audit Committee.

## **Monitoring**

The effectiveness of internal control related to financial reporting is monitored by the Board of Directors, the Audit Committee, the President and CEO, Management Group and internal audit. The monitoring includes the follow up of monthly financial reports, review of the rolling estimates and plans, as well as reports from Internal Audit and auditors. The Internal Audit assesses the effectiveness of Vaisala's operations and the adequacy of risk management and reports the risks and weaknesses related to the internal control processes. Internal Audit compiles an annual audit plan, the status and findings of which it regularly reports to Audit Committee and Vaisala's management. Furthermore, the CFO, General Counsel, Internal Audit and Auditor coordinate the audit planning and monitoring at least twice a year.

## **General development measures in internal control and risk management in 2015**

Vaisala decided to establish an internal audit function, whose task is to audit the financial and operational processes, to evaluate the effectiveness of internal controls and risk management as well as to evaluate management practices. EY was selected to manage Vaisala's internal audit, and the auditing was started in the second half of 2015. The audit covered the purchase-to-pay process in Finland.

Vaisala renewed its accounting and reporting process in early 2015 at a time when the new version of the ERP system was introduced. Financial processes were harmonized in all Group companies and internal controls were modified into the business processes. Deepening the hierarchy of the management reporting structure and increasing the dimensions enabled more detailed analysis. Development of payments transactions and centralization of accounting into a global services organization strengthened internal controls and uniform practices.

## Auditing and Auditor's Fees

The company has one auditor, who must be a public accountant or auditing corporation authorized by the Finland Chamber of Commerce. If an authorized auditing corporation is not chosen to perform the auditing, a deputy auditor must be elected as well. The Auditor's term of office covers the current fiscal year and expires at the end of the following Annual General Meeting. Annual General meeting elects the auditor and decides on the compensation paid to them.

In January 1–March 26, 2014, PricewaterhouseCoopers Oy was Vaisala's auditor and audited the fiscal year 2013. APA Hannu Pellinen acted as the auditor with the principal responsibility.

The Annual General Meeting held on March 26, 2014 elected Deloitte & Touche Oy, Authorized Public Accountants, as the Auditor, and it audited the fiscal year 2014. APA Merja Itäniemi acted as the auditor with the principal responsibility.

The Annual General Meeting held on March 31, 2015 re-elected Deloitte & Touche Oy, Authorized Public Accountants, as the Auditor, and it audited the fiscal year 2015. APA Merja Itäniemi acted as the auditor with the principal responsibility.

### Auditor's Fees

<b>EUR 1,000</b>	<b>2015</b>	<b>2014</b>
Auditor's fees	250	230
Tax advice	39	113
Statements	1	9
Other fees	54	11
<b>Total</b>	<b>344</b>	<b>363</b>

## Insiders

Vaisala Corporation observes the Insiders Guidelines issued by Nasdaq Helsinki Ltd. The Company maintains its public and company specific insider registers in the Euroclear Finland Ltd's Sire system. Public insiders and information on their up-to-date ownership, together with transaction history covering 12 months, of Vaisala's shares are disclosed on Vaisala's website [www.vaisala.com/investors](http://www.vaisala.com/investors).

In accordance with the Securities Market Act, Vaisala Corporation's public insiders comprise the members of the Board of Directors, the President and CEO, the members of the Management Group and the auditors. Those persons, who on the basis of their employment or other contractual relationship with the Company and on account of their position or duties have regular access to insider information, are included in Vaisala's company-specific insider register. Persons to whom the Company discloses insider information related to a specific project are included in Vaisala's project-specific insider registers.

Vaisala observes a silent period which starts at the end of the reporting quarter and ends on the publication of the respective quarterly or annual results. During this time, the permanent insiders are prohibited from trading in Vaisala's shares. Project-specific insiders are prohibited from trading in Vaisala's shares until the project in question has been cancelled or disclosed. Vaisala's insider registers are maintained by the Legal department.

### **More Information**

A regularly updated table reporting the holdings of public insiders is available on Company's website at [www.vaisala.com/investors](http://www.vaisala.com/investors).