



# Observations for a better world

Corporate Governance Statement 2022

**VAISALA**

# Corporate Governance Statement 2022

## Vaisala's general governance principles

Vaisala's corporate governance is based on and complies with the laws of Finland and Vaisala's Articles of Association. Consolidated financial statements and other financial reports are prepared according to the International Financial Reporting Standards (IFRS), approved by the EU. 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 2020 published by the Securities Market Association.

Vaisala Board of Directors has approved this Corporate Governance Statement in its meeting on February 15, 2023. Deloitte Oy, audit firm, 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 same in financial statements.

## Deviation from the recommendations of the Corporate Governance Code and explanation for the deviation

The term of the members of Vaisala's Board of Directors deviates from the Recommendation 6 of Corporate Governance Code, which recommends a term of one year. The term of 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 has been justified until now by the long-term development of Vaisala's business as well as by the nature of the business. The Board proposes that a term of Board members will be one year as of the 2023 Annual General Meeting.

## Governing bodies

The General Meeting, the Board of Directors, and the President and CEO, assisted by the Leadership Team, are responsible for the governance 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 vote, speak, and ask questions. 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 Limited Liability Companies Act and the Articles of Association. The decisions are mainly made with simple majority of votes.

The Chair of the Board of Directors, members of the Board of Directors, and the 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 General Meeting of such non-attendance. The members of the Leadership Team participate in the Annual General Meeting, if possible.

Participation in the General Meeting requires that the shareholder is registered in Vaisala's shareholder register, maintained by Euroclear Finland Ltd, on the record date of the meeting and that they register 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 Limited Liability Companies Act. The request must be submitted in writing to the Board of Directors early enough that the issue can be included in the meeting notice. On its website, the company announces 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. The date is available by the end of the previous 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. In addition, Vaisala publishes a meeting notice as a stock exchange release after the Board of Directors has decided on the convening of the Annual General Meeting. Agenda of the Annual General Meeting, proposals on decisions, and meeting documents are available on the company's website at least three weeks prior to the meeting. Documents of the Annual General Meeting will be held on the 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.

Due to the COVID-19 pandemic, the Annual General Meeting 2022 was held on March 29, 2022, in accordance with the temporary legislative act approved by the Finnish Parliament on May 7, 2021, and in a manner that the shareholders, auditor, and members of Board of Directors were not present. Shareholders both voted and were allowed to ask questions in advance.

## Board of Directors

### Competence, composition, and election

The Board of Directors is responsible for the administration and the proper organization of the operations of the company. The Board acts in accordance with the 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 the Articles of Association, Vaisala Corporation's Board of Directors comprises at least four and maximum eight members. The Annual General Meeting elects all Board members.

The Board of Directors elects a Chair and a Vice Chair 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 General Meeting in which the member is elected and ends at the close of the third subsequent Annual General Meeting following the member's election.

### Selection criteria, diversity, and the independence of the members

The primary goal in Board member election is to gather capability, expertise, and experience from various technologies, international relations, global business, and strategically significant domains to the Board of Directors. The Board should be considered as a whole that is capable of managing its tasks and duties in the best possible way.

The goal of the election of the members of the Board of Directors is to ensure that the Board supports the development of the company's current and future business. In addition, the Board should consist of members of both men and women, and the members should have the chance to allocate a sufficient amount of time to managing their tasks. The goal is that there is at least 25% representation of both men and women in the Board of Directors.

Vaisala complies with the Finnish Corporate Governance Code 2020 in evaluation of the independence of the members of the Board. The majority of the members of the Board 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 evaluates the independence of the members annually based on an overall evaluation. This evaluation of a member takes into account information and analysis provided by the member themselves.

Vaisala's Board of Directors in 2022 represents adequate expertise and experience as well as diversity on the established goals. All members of the Board in 2022 were independent of the company and of the company's major shareholders.

### Meetings, duties, and decision-making

The Board of Directors convenes at least eight times a year and if otherwise needed. The President and CEO and the Chief Financial Officer also attend Board meetings. The other members of the Leadership Team attend Board meetings as required on the invitation of the Board of Directors. The Board of Directors may, on the basis of the Chair's decision, establish working groups from among its members in individual cases to prepare the matters allocated for it in order to ensure the effective organization of the Board of Directors' work.

The Board of Directors operates in accordance with an approved written charter, published on the company's website. Meetings may, if necessary, be held as conference calls, video meetings, or e-mail meetings. Minutes of the meetings are compiled in English, with annually running numbering. The General Counsel acts as the Secretary of the Board of Directors.

A member of the Board of Directors is not allowed to participate if they are biased in that issue between themselves and the company or between the company and a third party when there is a possibility to achieve essential advantage to themselves, which may conflict with the company's interest.

The members of the Board of Directors are bound by obligations related to commercial and trade secrets as well as by the restrictions and requirements of the Market Abuse Regulation (EU) N:o 596/2014 (MAR) and the restrictions and obligations of Vaisala's Insider Policy. In their decision-making and other activities, the Board and its members must act in accordance with the interest of the company and all its shareholders as well as in accordance with the principles of due care and data protection.

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

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

#### 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 decide on the election and dismissal of the members of the Leadership Team and their job descriptions based on the President and CEO's proposition
- to ensure that the company has organized internal control of accounting and financial management as well as to monitor the effective-ness 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 targets and to monitor their implementation and to accept business areas' long-term targets
- to assess the company's and its business areas' annual action plans
- to approve the company and its business areas' financial targets
- to make the business decisions, the value of which exceeds the approval limit of the President and CEO according to the Approval Policy, such as business reorganizations, acquisitions and divestitures, major contracts and liabilities, investments, and financing arrangements
- to review and approve the company's most important policies and instructions, such as Approval Policy, Treasury Policy, Disclosure Policy, Dividend Policy, Risk Management Policy, Insider Policy, Code of Conduct, and Anti-Corruption Policy
- to decide on management remuneration and incentive systems

#### Members of the Board of Directors in 2022

During January 1–March 29, 2022, the Board of Directors comprised eight members. The Chair of the Board of Directors was Ville Voipio, the Vice Chair was Raimo Voipio, and the members were Petri Castrén, Antti Jääskeläinen, Petra Lundström, Jukka Rinnevaara, Kaarina

#### Composition of the Board of Directors Dec. 31, 2022

Member	Member since	End of term	Born	Education	Nationality	Main occupation	Shareholding Dec. 31, 2022
Ville Voipio, Chair	2015 Chair since 2021	2024	1974	D.Sc. (Tech.)	Finnish	CSO, Simap Oy	397,642 (A share) 119,712 (K share)
Raimo Voipio Vice Chair	1989 Chair in 1994–2021	2023	1955	M.Sc. (Eng.)	Finnish	Board professional	571,360 (A share) 404,296 (K share)
Petri Castrén	2017	2025	1962	LL.M., MBA	Finnish	CFO, Kemira Oyj	3,643 (A share)
Antti Jääskeläinen	2020	2023	1972	M.Sc. (Eng.), M.Sc. (Econ.), MBA	Finnish	Executive Vice President, UPM Raflatac	1,242 (A share)
Petra Lundström	2014	2024	1966	M.Sc. (Tech. Physics)	Finnish	Vice President, Nuclear Engineering Services and Co-owned Assets, Fortum Power and Heat Oy	7,043 (A share)
Jukka Rinnevaara	2019	2023	1961	M.Sc. (Econ.)	Finnish	Board professional	1,962 (A share)
Kaarina Ståhlberg	2016	2025	1966	LL.M	Finnish	General Counsel and M&A, Posti Group Oyj	6,443 (A share)
Tuomas Syrjänen	2019	2025	1976	M.Sc. (El. Eng.)	Finnish	Program Director – AI Renewal, Futurice Oyj	3,312 (A share)
<b>Total</b>							<b>992,647 (A share)</b> <b>524,008 (K share)</b> <b>1,516,655 (total)</b>

Shareholdings include also shares held by the Board of Directors' controlled organizations.

In accordance with the recommendation 10, all Board members are independent of the company and of significant shareholders of the company.

Ståhlberg, and Tuomas Syrjänen. The Board of Directors' secretary was General Counsel Katriina Vainio.

The Annual General Meeting held on March 29, 2022, confirmed that the number of Board members is eight. All members of the Board were

re-elected. Ville Voipio was elected as Chair of the Board and Raimo Voipio as Vice Chair of the Board. The Board of Directors' secretary is General Counsel Katriina Vainio.

**Attendance in Board meetings 2022**

Member	Attendance/ Number of meetings	Attendance %
Ville Voipio	14/14	100
Raimo Voipio	14/14	100
Petri Castrén	14/14	100
Antti Jääskeläinen	14/14	100
Petra Lundström	14/14	100
Jukka Rinnevaara	14/14	100
Kaarina Ståhlberg	14/14	100
Tuomas Syrjänen	14/14	100

**Board committees**

The Board of Directors has three permanent committees: Audit Committee, People and Sustainability Committee as well as Nomination Committee. The members and Chairs of the committees are appointed annually from among the members of the Board of Directors in accordance with the charter of the respective committee. Board established Nomination Committee at the end of the year 2022 and the committee will commence its work in the beginning of 2023. Ville Voipio is the Chair of the Nomination Committee, and the members are Petra Lundström, Kaarina Ståhlberg and Raimo Voipio.

**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 internal controls and external and internal audits. The Audit Committee manages its tasks in accordance with the charter approved by the Board of Directors, the Securities Market Association's Finnish Corporate Governance Code, as well as the applicable laws and regulations. The Audit Committee's charter is published as part of the charter of the Board of Directors on the company's website. The Audit Committee reports regularly about its meetings to the Board of Directors.

The Audit Committee comprises at least three members, appointed annually by the Board of Directors from among its members. 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. A member of the Audit Committee may not participate in the company's or its group company's daily management. Members of the Audit Committee have sufficient expertise and experience in matters forming part of the Audit Committee's duties and of the mandatory tasks related to audit.

**People and Sustainability Committee**

The People and Sustainability Committee is responsible for preparing people, sustainability and ESG topics for the Board of Directors. The committee reviews Vaisala plans for employee development, talent attraction and management, succession planning and their progress. People and Sustainability Committee proposes the compensation of the President and CEO as well as top management, evaluation of the performance of the President and CEO and the Leadership Team, and the company remuneration and incentive plans to the Board of Directors. The People and Sustainability Committee's charter is available as part of the charter of the Board of Directors on the company's website. The People and Sustainability Committee reports regularly about its meetings to the Board of Directors.

The People and Sustainability Committee comprises at least three members, appointed annually by the Board of Directors from among its members. The majority of the members of the committee must be independent of the company.

**Nomination Committee**

Nomination Committee is responsible for preparing proposals to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, for the election and remuneration of the members of the Board of Directors and for identifying potential Board member candidates. The committee's charter is published as part of the charter of the Board of Directors on the company's website. The committee reports regularly about its meetings to the Board of Directors.

The Nomination Committee comprises at least three members, appointed annually by the Board of Directors among its members.

The members of the committee must be independent of the company. The President and CEO or a member of the Leadership Team cannot be appointed to the Nomination Committee.

**Committee members and their attendance in committee meetings in 2022**

Committee	Member	Attendance/ Number of meetings	Attendance
Audit Committee	Kaarina Ståhlberg (Chair)	8/8	100
	Petri Castrén	8/8	100
	Antti Jääskeläinen	8/8	100
	Raimo Voipio	8/8	100
People and Sustainability Committee	Ville Voipio (Chair)	7/7	100
	Petra Lundström	7/7	100
	Jukka Rinnevaara	7/7	100
	Tuomas Syrjänen	7/7	100

All members of the Audit Committee, the People and Sustainability Committee, as well as the Nomination Committee are independent of both the company and its significant shareholders.

## President and CEO

The Board of Directors appoints the President and CEO. The President and CEO is responsible for the day-to-day 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.

Kai Öistämö has been the President and CEO of Vaisala as well as the Chair of Vaisala Leadership Team since October 1, 2020. He was born in 1964 and holds a Ph.D. degree in computer science.

## Leadership Team

The President and CEO is the Chair of the Leadership Team. The Leadership Team comprises eight members. The Leadership Team meets at least once a month to assist the President and CEO in developing and implementing the strategy, managing operational business, as well as preparing matters handled by the Board. The Leadership Team draws up annual operational and financial plans as well as targets 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 made by the Leadership Team.

Members of the Leadership Team are responsible for implementing the decisions in their own areas of responsibility. Members of the Leadership Team are the President and CEO, the Executive Vice Presidents of both business areas, the Chief Financial Officer, the Executive Vice President of Operations, the Executive Vice President of Operational Excellence, the Executive Vice President of Human Resources, as well as the Group General Counsel. The General Counsel acts as secretary to the Leadership Team.

On November 3, 2022, Vaisala appointed Heli Lindfors as Chief Financial Officer as Kaarina Muurinen will be retiring. Heli Lindfors, M.Sc. (Econ.), will start in her position latest on May 1, 2023.

## Members of the Leadership Team Dec. 31, 2022

Director	Member since	Born	Education	Nationality	Position at Vaisala	Shareholding Dec. 31, 2022
Kai Öistämö	2020	1964	D.Sc. (Tech.)	Finnish	President and CEO	6,000 (A share)
Sampsa Lahtinen	2013	1963	M.Sc. (El. Eng.)	Finnish	EVP, Industrial Measurements business area	39,970 (A share)
Timo Leskinen	2021	1970	M.Sc. (Psy.)	Finnish	EVP, Human Resources	2,250 (A share)
Kaarina Muurinen	2011	1958	M.Sc. (Econ.)	Finnish	CFO	50,860 (A share)
Olli Nastamo	2021	1956	M.Sc. (Eng.)	Finnish	EVP, Operational Excellence	- (A share)
Vesa Pylvänäinen	2011	1970	M.Sc. (Econ.)	Finnish	EVP, Operations	26,236 (A share)
Jarkko Sairanen	2016	1963	M.Sc. (Ind. Eng.), MBA	Finnish	EVP, Weather and Environment business area	37,040 (A share)
Katriina Vainio	2017	1967	LL.M.	Finnish	EVP, Group General Counsel	10,412 (A share)
<b>Total</b>						<b>172,768 (A share)</b>

Shareholdings include also shares held by the Leadership Team's controlled organizations.

## Controls

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

Internal control seeks to ensure the company's compliance with applicable laws, regulations, Code of Conduct, and with other recommendations as well as the reliability of financial and operational reporting. Furthermore, internal control seeks to safeguard the assets of the company and to ensure overall effectiveness and efficiency of operations to meet strategic, operational, and financial targets. Internal control practices are aligned with the risk management process. The goal of risk management is to support strategy and achievement of targets by anticipating and reacting to 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, 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 charter 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 task is to ensure that established principles for financial reporting, risk management, and internal control are followed by and to enable appropriate external audit. The President and CEO is responsible for organizing an effective control environment and ongoing work on internal control as regards financial reporting. The internal audit reports all relevant issues to the Audit Committee and the President and CEO.

Internal audit focuses on developing and enhancing controls related to financial reporting by proactively and consistently assessing internal control environment and by monitoring the effectiveness of the control

design. Most important internal steering instruments for financial reporting comprise the Code of Conduct, Approval Policy, Treasury Policy, Credit Policy, Disclosure Policy, accounting policies, and other reporting instructions.

### Risk assessment

Risk assessment as regards financial reporting aims to identify and systematically evaluate most significant threats at the levels of Vaisala, reporting segments, functions, and processes. As a result of risk assessment, the company defines control targets through which it seeks to ensure that the fundamental requirements placed on financial reporting are fulfilled. Information on the development of essential risk areas as well as reactions to the risks are communicated regularly to the Audit Committee.

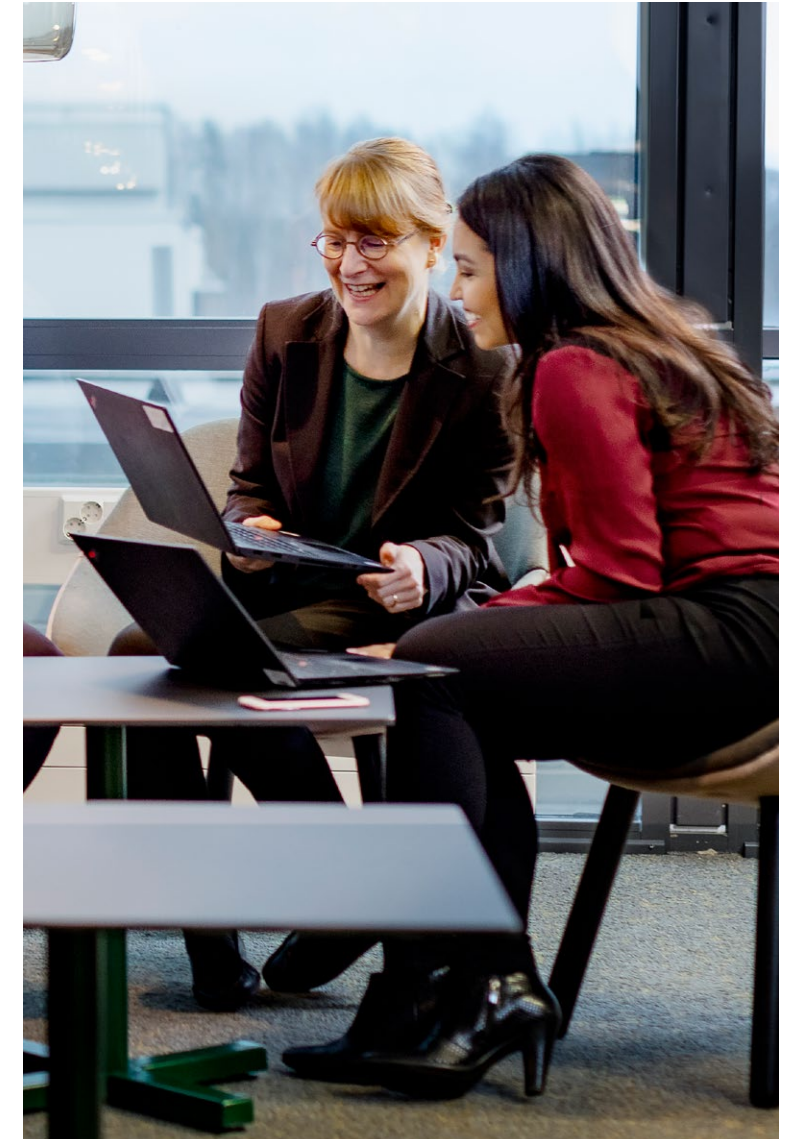
### Control activities

The President and CEO is operationally responsible for internal controls. Internal control related to financial activities as well as to control of the business and the management has been integrated into Vaisala's business processes. The company has defined and documented significant internal control activities related to its financial statements reporting process as part of business processes. Approval mechanisms, access rights, segregation of duties, authorizations, verifications, reconciliations, and follow-up of financial reporting are essential internal activities.

All business units have their own defined controller function whose representatives participate in planning and evaluating the unit's 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. The management follows up the achievement of targets through monthly management reporting routines. The Chief Financial Officer regularly reports the results of the internal control work and the efficiency of the control activities to the Audit Committee.

### Communications

Vaisala seeks to ensure that the internal and external communication of the company is open, transparent, accurate, and timely. 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. Code of Conduct, Approval Policy, Treasury Policy, Credit Policy, accounting policies, and reporting instructions as well as Disclosure Policy and Insider Policy are available on the company's intranet.

### Monitoring

The Board of Directors, the Audit Committee, the President and CEO, and internal audit monitor the effectiveness of internal control related to financial reporting. The monitoring includes follow-up of monthly financial reports, review of the rolling forecasts and plans, as well as reports from internal audit and auditors. Internal audit assesses the effectiveness of operations and adequacy of risk management and reports the risks and development areas related to the internal control processes. Internal audit compiles an annual audit plan and reports the status of the plan and findings regularly to the Audit Committee and the Leadership Team. Furthermore, the Chief Financial Officer, the General Counsel, internal audit, and auditor coordinate audit planning and monitoring regularly.

### General development measures in internal control and risk management in 2022

In 2022, internal audit focused among other topics on business continuity planning, crisis management and internal control framework, as well as product portfolio management. Audits provided input to continual improvement of processes and internal controls.

### Related party transactions

Vaisala's Board of Directors has defined principles for monitoring and assessing related party transactions as well as keeps a record of related parties. The Board of Directors resolves on all related party transactions that are not made in the ordinary course of business or implemented under arms-length terms.

On top of its affiliates, related parties of Vaisala are members of Vaisala's Board of Directors and Leadership Team including President and CEO, as well as their spouses, partners, and children and legal entities where a member of the Board or a member of the Leadership Team has control. The Board of Directors has approved guidelines that stipulate approval process and reporting concerning related party transactions. In accordance with the guidelines, Finance and Control as well as Legal follow related party transactions as part of regular reporting and control procedures. Board of Directors will resolve on all related party transactions that are not made in the ordinary course of business or implemented under arms-length terms.

Vaisala reports related party transactions in a note to financial statements. Vaisala has currently no related party transactions which would be material and in conflict with the ordinary course of business or not implemented under arms-length terms.

### Auditing and auditor's fees

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

The Annual General Meeting held on March 29, 2022, re-elected Deloitte Oy, audit firm, as the Auditor for a term of one year. APA Reeta Virolainen acts as the auditor with the principal responsibility.

### Auditor's fees

1,000 EUR	2022	2021
Audit	469	455
Tax advice	47	19
Statements	46	28
Other fees	113	48
<b>Total</b>	<b>676</b>	<b>550</b>

### Insiders

Vaisala maintains project or event-specific insider lists when needed. 30-day closed window applies to the managers defined by the company before publishing Interim Reports, Half Year Financial Report, Financial Statement Release, and Financial Statements. Closed window ends on the day following the publication day. Closed window also applies to the persons engaged in preparation of those reports. The managers subject to transaction notification obligations comprise the Board of Directors, the President and CEO, as well as members of the Leadership Team. The company's legal department is responsible for insider management, training, as well as creation and maintenance of project and event-specific insider lists and monitoring of the same.

The President and CEO, Chief Financial Officer, and/or the General Counsel, two together, can decide, based on an evaluation of the conditions set out in the Market Abuse Regulation being met, to delay publication of insider information. When the company makes the decision on delay of disclosure, a project or event-based insider list regarding the inside information will be established. Persons, to whom project or event-specific inside information is disclosed, are entered into the project or event-specific insider list.



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Vaisala Corporation  
P.O. Box 26  
FI-00421 Helsinki, Finland  
B211913EN