

Vaisala's Corporate Governance Statement 2011

Provisions and Corporate Governance Code observed by Vaisala

Vaisala's Corporate Governance Statement has been drawn up in accordance with the Recommendation 54 of the Finnish Corporate Governance Code and Chapter 2, section 6, of the Securities Market Act. The Statement has been drawn up as a document independent of the Board of Director's report and it is also available on the company's website at www.vaisala.com/investors.

Vaisala Group's corporate governance system is based on the Finnish Limited Liability Companies Act and Vaisala's Articles of Association. The company complies with the recommendations and instructions for listed companies issued by NASDAQ OMX Helsinki Ltd and the Finnish Financial Supervisory Authority. Vaisala's A shares are listed on NASDAQ OMX Helsinki Ltd.

Vaisala complies with the Finnish Corporate Governance Code by the Securities Market Association that came into effect on October 1, 2010. The code is available on the Securities Market Association website www.cgfinland.fi. However, the company's policy deviates from the recommendation concerning the term of Board members in accordance with the latter part of the Code's Comply or Explain principle.

The Vaisala Board of Directors has approved this statement at its meeting on February 8, 2012. The auditing firm PricewaterhouseCoopers 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.

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 company's Board is determined in accordance with its Articles of Association. The General Meeting decides on changes to the 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.

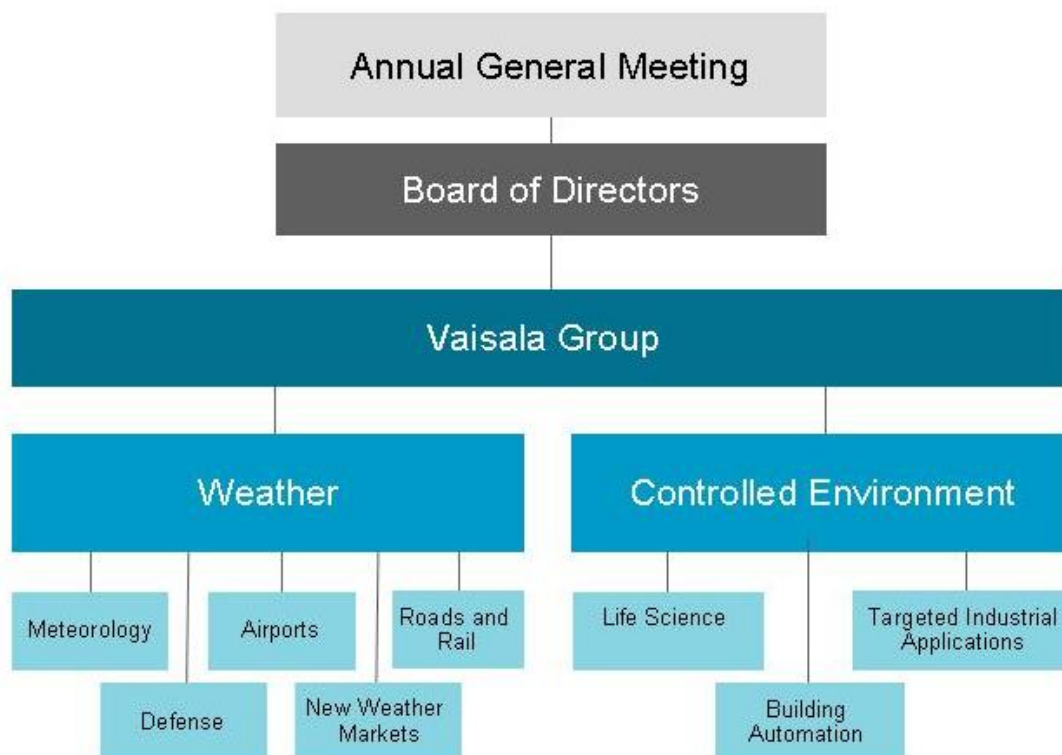
A longer term effectively promotes the commitment of Vaisala's principal shareholders to the company's long-term development. The longer term practice has worked well and benefited the company.

The Board of Vaisala has established an audit committee according to the recommendation 24 on February 8, 2012. The duties of the committee assigned in the recommendation 27

have been included in the Board's agenda in 2011. The Board has been collectively responsible for the duties of an audit committee.

Vaisala Group's Corporate Governance

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



Vaisala combined its Meteorology and Weather Critical Operations business areas into one Weather business area as of October 1, 2011.

Composition and activities of the Board

Board of Directors

In accordance with Vaisala Corporation's Articles of Association, the company's Board of Directors comprises at least four (4) and at most eight (8) members. All Board members are appointed by a General Meeting of Shareholders. The Board elects a Chairman and a Vice Chairman from among its members.

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.

Under the Articles of Association, the term of the Board members is 3 years. The term begins at the close of the General Meeting of Shareholders at which the member is elected, and ends at the close of the third subsequent Annual General Meeting following the member's election.

The Board of Vaisala convenes nine times each year in accordance with a schedule agreed in advance 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.

The Board of Vaisala does not have any other separate committees except the established audit committee. The Board 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's work.

The Vaisala Board operates in accordance with an approved charter. The principal matters dealt with by the Board are:

- to assume responsibility for the duties stipulated for the Board of Directors in the Finnish Limited Liability Companies Act, the Articles of Association and elsewhere;
- to decide on Group strategy;
- to review and approve the interim reports, consolidated financial statements and the Board of Director's report;
- to review the Group's business plan, budget and investment plan;
- to decide on individual investments, acquisitions, divestments or corporate restructuring and contingent liabilities that are strategically or financially significant;
- to confirm the Group's risk management and reporting procedures;
- to confirm the Group's insurance policy;
- to approve the Group's financing policy;
- to decide on the compensation and incentive schemes for Group management;
- to make proposals concerning the distribution of dividends to the Annual General Meeting;
- to appoint the company's President and CEO and decide on his compensation;
- to approve the recruitment and salaries of the CEO's immediate subordinates; and
- to evaluate its own operations on an annual basis

Vaisala Board has established a separate audit committee, which is responsible for:

- monitoring the financial statement reporting process;
- supervising the financial reporting process;
- monitoring the effectiveness of the company's internal control, any internal auditing and the risk management system;
- reviewing the description of the main aspects of the internal control and risk management systems pertaining to the financial reporting process outlined in the Corporate Governance Statement;
- monitoring the statutory audit of the financial statements and the consolidated financial statements;
- evaluating the independence of the statutory auditor or auditing firm and, in particular, the provision of additional services to the audited company; and
- preparing the draft resolution on the selection of an auditor.

In 2011 and until establishment of the audit committee on February 8, 2012 the Board has been responsible for the above responsibilities.

The Board of Directors uses self-assessment to evaluate its work annually.

Board of Directors in 2011

The Vaisala Board of Directors has seven members. The Chairman of the Board is Raimo Voipio, the Vice Chairman is Yrjö Neuvo and the members are Maija Torkko, Stig Gustavson, Mikko Voipio, Timo Lappalainen and Mikko Niinivaara. The Board secretary is Attorney at law Matti Kari.

All Board members are independent of the company. Stig Gustavson, Timo Lappalainen, Yrjö Neuvo, Mikko Niinivaara and Maija Torkko are independent of the company's major shareholders. Raimo Voipio, the Chairman, and Mikko Voipio, Board member, are dependent on a major shareholder.

Chairman

Raimo Voipio, b. 1955, M.Sc. (Eng.)

Board member in various technology companies

Board member since 1989, Chairman since 1994

Independent member of the company, dependent on a significant shareholder.

Employment History

Various product marketing positions in Nokia Corporation and private telephone companies

Positions of Trust

Helkama Bica, Member of the Board

Novamator Oy, Member of the Board

Munkkiniemen yhteiskoulun kannatusyhdistys ry, Vice Chairman

Vice Chairman

Yrjö Neuvo, b. 1943, Ph.D. Cornell University

Professor, Research Director, Aalto University

Independent member of the Board since 1989, Vice Chairman since 1994

Employment History

Nokia Corporation, Technology Advisor 2006

Nokia Group 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

Positions of Trust

Metso Corporation, Member of the Board

Canatu Oy, Entetrainer Oy and Spinverse Oy, Member of the Board

Metropolia Polytechnic, Member of the Board

The Finnish Foundation for Technology Promotion, Chairman of the Board

Technology Academy of Finland, Member of the Board



European Innovation and Technology Institute EIT, member of the Executive Committee and Governing Board.

Cap-XX Ltd, Member of Scientific Advisory Board

Finnish Centre of Expertise Program, Chairman of the Committee

Finnish Science Centre Foundation (Heureka), Member of the delegation

Stig Gustavson, b. 1945, M. Sc. (Eng), Dr. Tech. (h.c.mult)

Chairman of the Board, Konecranes Plc

Independent member of the Board since 2006

Employment History

Konecranes, President and CEO 1994-2005

KONE, President of Cranes division 1988 - 1994

Various executive positions in major Finnish companies 1969 - 1988.

Positions of Trust

Chairman of the Board, Konecranes Plc

Ahlström Capital Oy, Chairman of the Board

Dynea Oy, Deputy Chairman of the Board

Oy Mercantile Ab, Deputy Chairman of the Board

Svenska Handelsbanken (Finland), Chairman of the Board

Cramo Oyj, Chairman of the Board

Technology Academy Finland, Chairman of the Board

Varma Mutual Pension Insurance Company, Supervisory Board Member

IK Investment Partners, Senior Industrial Advisor

Timo Lappalainen, b. 1962, M.Sc.

President and CEO, Orion Corporation

Independent member of the Board since 2011

Employment History

Orion Corporation, President and CEO, 2008 – present

Orion Corporation, various management positions 1999 - 2008

Leiras Oy, various management positions 1994 – 1999

Finvest Ltd., various managerial positions 1989 – 1993

Arthur Andersen & Co, USA, Consultant 1987 – 1988

Positions of Trust

Finnish Foundation for Cardiovascular Research, Member of the Board;

Chemical Industry Federation of Finland, Member of the Board;

The Finnish Fair Corporation, Member of the Supervisory Board;

Helsinki Region Chamber of Commerce, Member of the Council;

International Chamber of Commerce Finland, Member of the Council

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

Independent member of the Board 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 1993-1984

Positions of Trust

Efora Oy, Member of the Board
Technology Industries of Finland, Board Member of the 100 year Foundation

Maija Torkko, b 1946, B.Sc (Econ.), LL.M.
Independent member of the Board since 2007

Employment History

Several positions at Nokia Corporation 1968 - 1996;
Senior Vice President, Corporate Controller, Nokia Corporation, 1997-2006

Positions of Trust: -

Mikko Voipio, b. 1960, Lic. Sc. (Tech.)
Member of the Board since 1994
Independent of the company, dependent on a significant shareholder

Employment History

Managerial and R&D positions in software and telecom businesses

Positions of Trust

ComIQ Oy, Chairman of the Board
Fontus Oy, Member of the Board
Gecko Systems Oy, Chairman of the Board
Novameter Oy, Member of the Board

The Vaisala Board convened 9 times in total in 2011, and the attendance rate of members was 98,33%.

More details on the members of the Board are available at the Vaisala website at www.vaisala.com/corporate

President & CEO

Vaisala's President and CEO is appointed by the Board. The President and CEO manages the company in accordance with the instructions and orders given by the Board, and informs the Board of the development of the company's business and financial situation. The President and CEO is also responsible for arranging the company's operative management.

The President and CEO is the Chairman of Vaisala's Management Group. The Business Management Group includes the Executive Vice Presidents of the Business Areas, Operations, Services and Products and Technology, and the Chief Financial Officer. In addition, the Strategic Management Group includes the Senior Vice Presidents of Human Resources, Communications, Marketing, Sales and Group Business Development, the Chief Information Officer, and the Chief Science Officer, as well as the Presidents of Vaisala Inc and Vaisala China Ltd.

President and CEO in 2011

Kjell Forsén, b. 1958, Lic.Sc. (Tech.)

Chairman of the Management Group 2006 -

Employment History

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

President of Ericsson Finland 2003 - 2006

Positions of Trust

Helvar Oy Ab, Board Member

Technology Industries of Finland, Board Member

Internal control and risk management systems

Organization of risk management

Vaisala has a risk management policy that has been approved by the Board of Directors and that covers the company's business, operational, hazard and financing risks. Vaisala's strategic management group regularly assesses risk management policy, and the scope, adequacy and focus areas of related practices. The policy aims at ensuring the safety of the company's personnel, operations and products as well as the continuity of operations. The policy also covers intellectual capital, corporate image and brand protection.

Risk management is integrated into business processes and operations and each employee's daily work. This is accomplished by the risk management process that was approved by Vaisala's strategic management group in 2010. The deployment of the risk management process has continued in 2011 and now covers half of the businesses and functions.

The risk management process is a continuous tool for risk identification and management. The purpose of the process is to support the company's strategy and planning process and to provide more information, supporting better decision making

Internal control

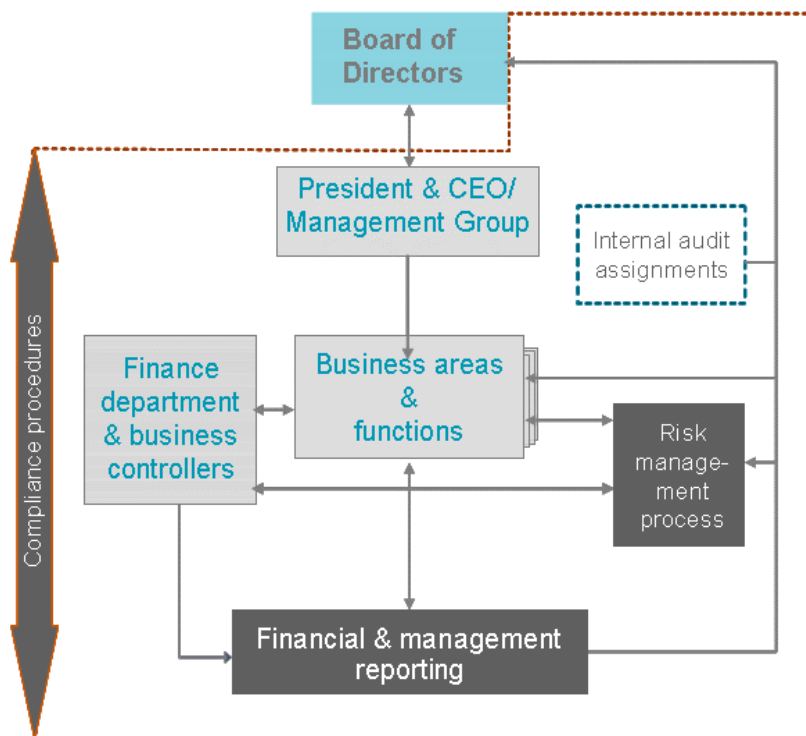
Vaisala aims to be a good corporate citizen, and an appropriate level of documented internal control policies supports this. According to the Finnish Corporate Governance Code, the purpose of internal control is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles. Internal control aims to improve the efficient fulfillment of the Board's supervision obligation.

Internal control is a process carried out by Vaisala's Board of Directors, management and employees. It is designed to ensure that:

- operations are effective, efficient and aligned with strategy;
- financial reporting and management information is reliable, complete and timely,
- the Group operates in compliance with applicable laws and regulations, and that it observes Vaisala's internal policies, freud controls, ethical values and corporate responsibility.

Vaisala's internal control consists of:

- risk management and corporate governance policies, and principles set by the Board of Directors;
- the management which oversees the implementation and application of the policies and principles;
- the finance department and business controllers which monitor the efficiency and effectiveness of the operations and reliability of financial and management reporting;
- the enterprise risk management process which identifies, assesses and mitigates risks threatening the realization of Vaisala's objectives;
- compliance procedures which ensure that all applicable laws, regulations, internal policies and ethical values, including sustainability, are adhered to;
- an effective control environment at all organizational levels, including control activities tailored for each process and specified minimum requirements for business and geographical areas;
- shared ethical values and the employees' internal control culture; and
- internal audit assignments to review the effectiveness of the internal control as needed.



Vaisala's financial reporting processes and internal control procedures

Vaisala Group's external accounting and financial reporting are based on IFRS reporting standards approved by the EU. The Board's report and the financial statements of the Group parent company are prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Accounting Board. The Vaisala Accounting Principles maintained by Group financial administrations provide the subsidiaries with detailed guidelines on the application of the Vaisala's accounting policies.

The Group financial administration draws up the reporting timetables. Vaisala's financial reporting also involves several practical guidelines, such as approving rights, expense processing and recording and directives on each financial administration process. The company is in the process of implementing a global enterprise resource management system, and, in conjunction with this, descriptions of financial administration processes have been revised to conform to the new processes.

Each foreign subsidiary of Vaisala has a country-specific financial administration organization, which observes the issued guidelines and reports actual figures and business information for each month using the Group's common reporting application. Controls included in the subsidiaries accounting and reporting processes include balancing, itemizations, analytic controls, system controls and segregation of duties. Vaisala applies the percentage-of-completion method in long-term projects. The critical control points of such projects include updating and analyzing the cost forecasts of projects and project reviews.

The control points of Group accounting deal with the analysis, elimination and balancing of figures reported by subsidiaries. Vaisala has automated some of the functions and control points of its Group accounting application, which improves the reliability of the reporting process. Control points also cover information included in stock exchange releases and financial statements. The Vaisala Board examines interim reports and financial statements and approves them.

Internal control roles and responsibilities

The Vaisala Board of Directors has ultimate responsibility for the administration and the proper organization of the operations of the company. The Board also ensures that the company duly endorses the corporate values applied to its operations, approves the internal control, risk management and corporate governance policies and can assign internal audit assignments to Vaisala's external auditors or other external service providers as needed.

The President and CEO is in charge of the day-to-day management of the company in accordance with the instructions and orders given by the Board. The President and CEO establishes the ground for internal control environment by providing leadership and direction to senior managers and supervising the way they control the business they are in charge of and by ensuring that the accounting practices of the company comply with the law and that financial matters are handled in a reliable manner.

The Management Group is responsible for creating specific internal control policies and procedures in each unit. Financial officers and their staffs are of particular significance because their control activities cover all operating and other units of the company.



The Group financial administration supports units and functions to set up adequate control activities. It also steers the enterprise risk management process and reports on it to the management and follows up the adequacy and effectiveness of control activities on the operative level.

The Corporate Counsel and business area and corporate function directors are responsible for making sure that all units and employees under their responsibility comply with applicable laws, regulations and internal policies.

Vaisala does not have a separate internal audit function. The Board may engage external specialists to carry out separate evaluations of the control environment or operations. The audit plan of Vaisala's external auditor takes into account the fact that the company has no internal audit.