

Observations for a better world

A woman in a white lab coat and gloves is shown in profile, examining a small, rectangular gold component. She is in a laboratory setting with bright light coming from a window behind her, creating a silhouette effect. The background shows laboratory equipment like pipettes.

Remuneration Report 2021

VAISALA

Introduction

Remuneration Report 2021 for Governing Bodies of Vaisala Corporation has been prepared pursuant to the Finnish Corporate Governance Code 2020. The remuneration of governing bodies in 2021 has been in alignment with the Remuneration Policy.

Vaisala’s business performance in terms of net sales and profitability development has been steady during the past five years. Despite the continuing COVID-19 pandemic during 2021, operating result and net sales increased. At the same time, the total shareholder value increased significantly.

The remuneration of the Board of Directors remained unchanged in 2013–2020. In 2021, the Annual General Meeting approved increase for the Board remuneration. In addition, year-on-year variation of total remuneration is influenced by meeting fees.

According to Vaisala’s Remuneration Policy and principles, the President and CEO is paid for performance. A significant proportion of remuneration is derived from variable pay, i.e. short- and long-term incentives, to ensure that there is strong alignment between performance and reward.

All rewards have been paid by Vaisala Corporation. During 2021, the company has not exercised any rights to modify, cancel or reclaim any paid rewards.

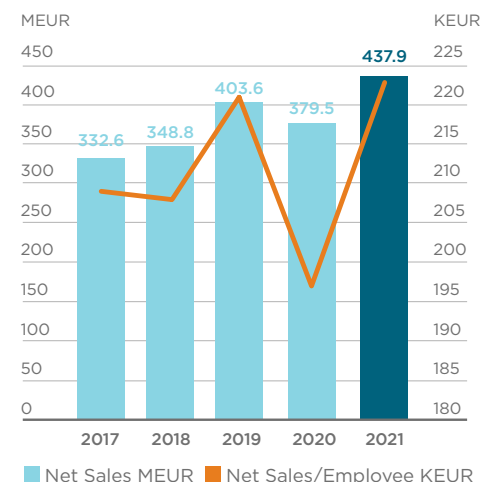
Development of remuneration during past years

EUR 1,000	2021	2020	2019	2018	2017
Chair of the Board	61	55	46	48	49
Other members of the Board on Average	45	46	39	38	38
President and CEO*	784	2,092	1,291	1,320	908
Average Vaisala Employee**	72	67	71	66	68

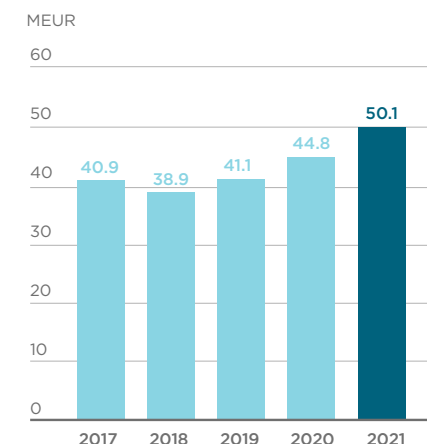
* Values are excluding pension fees. Year 2020 includes remuneration of two CEO’s pro-rated to their time in service.

** Average Vaisala employee: total personnel expenses without social and pension costs divided by the average number of personnel during the year. Number of employees includes persons in long-time absence as of January 1, 2021. Comparison period 2020 has been adjusted accordingly.

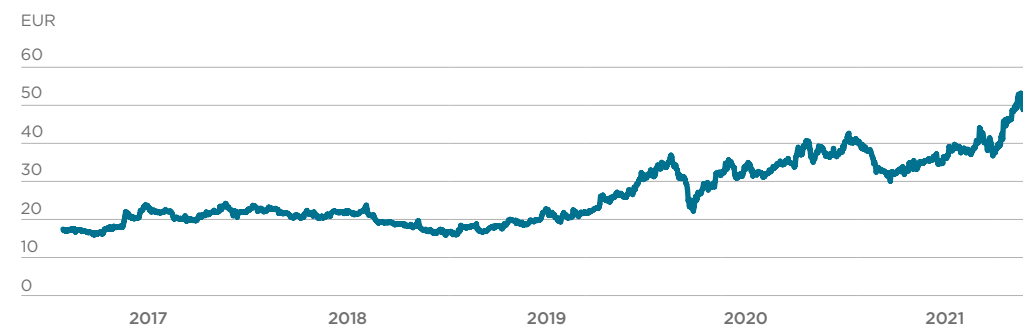
NET SALES



OPERATING RESULT (EBIT)



VAISALA SHARE PRICE 2017-2021



Remuneration of the Board of Directors for 2021

The Annual General Meeting held on March 30, 2021, resolved that the annual remuneration payable to the Chair of the Board of Directors is EUR 55,000 and each Board member EUR 40,000 per year.

At its organizing meeting held after the Annual General Meeting, the Board elected Ville Voipio as the Chair of the Board of Directors and Raimo Voipio as the Vice Chair.

In accordance with the Annual General Meeting's resolution, approximately 40% of the annual remuneration has been paid in Vaisala Corporation's series A shares acquired from the market and the rest in cash. No special terms or conditions are associated with the share ownership.

In addition, the Annual General Meeting resolved that the meeting fee for the Chair of the Audit Committee is EUR 1,500 per attended meeting and EUR 1,000 per attended meeting for each member of the Audit Committee and Chair and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors. The meeting fees are paid in cash.

In 2021, the annual remuneration was increased for the Chair of the Board of Directors and each Board member per year; the meeting fees per attended meeting remained unchanged.

Remuneration of the Board of Directors 2021 (payment basis)

EUR 1,000		Annual remuneration	Compensation, Audit Committee	Compensation, Remuneration and Human Resources Committee	Compensation, Nomination Committee	Total
Ville Voipio	Chair of the Board, March 30, 2021 onwards	55	1	5		61
Raimo Voipio	Vice Chair of the Board, March 30, 2021 onwards	40	4			44
Petri Castrén	Member of the Board	40	5			45
Petra Lundström	Member of the Board	40		5		45
Jukka Rinnevaara	Member of the Board	40		5		45
Kaarina Ståhlberg	Member of the Board	40	7.5			47.5
Tuomas Syrjänen	Member of the Board	40		3		43
Antti Jääskeläinen	Member of the Board	40	5			45
Total		335	22.5	18	0	375.5

Remuneration of the President and CEO for 2021

The remuneration of the Vaisala President and CEO Kai Öistämö includes a fixed base salary, fringe benefits, a defined contribution scheme in addition to the Finnish statutory pension, performance-related annual variable pay, and a long-term incentive (LTI); performance-related share plan.

In 2021, the maximum short-term incentive (STI) for the President and CEO was 72% of annual base salary. STI was based on predefined performance criteria, which were Vaisala EBITA (40% weight), Vaisala net sales development (40% weight), and cash flow (20% weight).

The 2020 STI, the President and CEO's STI 2020 payout was 9% (77% achievement, prorated for 3 months) of annual salary or EUR 39,921 for Kai Öistämö.

The STI 2021 payout is 72% of the annual base salary. Payment of EUR 344,736 will be paid in March 2022.

President and CEO Kai Öistämö's service contract includes a special award related to its entry into force. He was entitled to subscribe for 8,000 series A shares on March 10, 2021. The share price on the payment date was EUR 32.9. In addition, he is entitled to 4,000 shares in March 2022. The reward is conditional to continued service in Vaisala. The reward shares are under holding restriction by which the President and CEO is required to build up and maintain his holding of the shares at least up to a level, where the value of the company's shares corresponds to his annual gross salary.

Variable pay, meaning short- and long-term incentives, forms a substantial part of the President and CEO's total remuneration. In 2021, the paid short-term and long-term incentives formed 61% and the fixed annual salary 39% of total compensation for Kai Öistämö.

The total target remuneration for the President and CEO for 2021 was 45% base salary, 20% short-term incentives (45% of the base salary), and 35% long-term incentives (at target 11,550 shares, share price EUR 32.1 at the time of the grant).

The President and CEO is entitled to participate in a supplementary defined contribution pension plan with an annual fee corresponding to three month's base salary. The President and CEO's retirement age is 62 years.

No other financial benefits were paid to the President and CEO in 2021.

Vaisala's former President and CEO Kjell Forsén stepped down from his position on September 31, 2020, and retired at the end of 2020. Vaisala paid share-based remuneration for the former CEO during 2021.

The former President and CEO Kjell Forsén was considered a good leaver in Vaisala long-term incentive plans. Accordingly, he was entitled to rewards for Vaisala long-term incentive plans for 2018, 2019-2021, and 2020-2022. Rewards of these plans were paid in 2021.

Predefined performance criteria for the 2018 plan was the development of group's profitability during the calendar year 2018. The maximum LTI reward for Kjell Forsén was capped at grant of 50,000 shares. The reward was 55.4% of the maximum, corresponding to 27,700 shares gross. The share-price on the payment date of March 10, 2021, was EUR 32.9.

In addition to LTI 2018, Kjell Forsén was paid share-based payment LTI 2019-2021 of 23,040 shares gross and for LTI 2020-2022 of 5,529 shares gross. Total value of these payments was EUR 1,849,101.

Remuneration of the President and CEO in 2021

EUR 1,000	Kai Öistämö
Salary	481
Short-term incentives	40
Share-based payments	263
Supplementary pension	114
Total	898

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vaisala.com

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