

Observations for a better world



Remuneration Report 2020

VAISALA

Introduction

Remuneration Report 2020 for Governing Bodies of Vaisala Corporation has been prepared pursuant to the Finnish Corporate Governance Code 2020. The remuneration of governing bodies in 2020 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 COVID-19 pandemic during 2020 and the slight decrease in net sales, profitability has remained at a good level. During the same time span, the total shareholder value has increased significantly.

The remuneration of the Board of Directors has remained on the same level since 2013. Year-on-year variation of total remuneration is due to 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 2020, the company has not exercised any rights to modify, cancel, or reclaim any paid rewards.

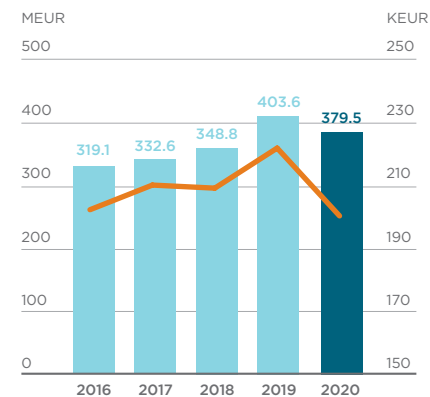
Development of remuneration during past years

EUR 1,000	2020	2019	2018	2017	2016
Chairman of the Board	55	46	48	49	50
Other members of the Board on average	46	39	38	38	40
President and CEO*	2,092	1,291	1,320	908	778
Average Vaisala employee**	67	71	66	68	66

* Values exclude pension fees. Year 2020 includes remuneration of two CEOs pro-rated to their time in service.

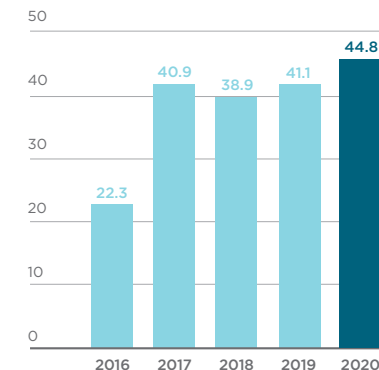
** Average Vaisala employee: total personnel expenses without social and pension costs divided by the average number of personnel during the year.

NET SALES

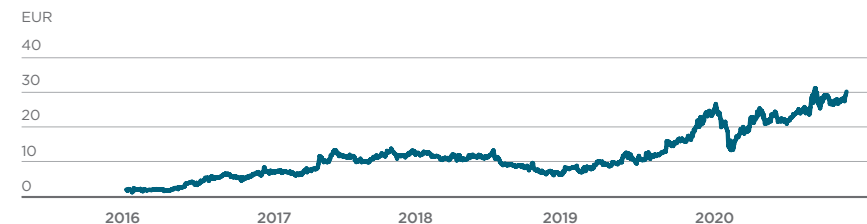


— Net sales/employee KEUR

OPERATING RESULT (EBIT), MEUR



VAISALA SHARE PRICE 2016-2020



Remuneration of the Board of Directors for 2020

The Annual General Meeting held on June 3, 2020 confirmed that the annual remuneration payable to the Chairman of the Board of Directors is EUR 45,000 and each Board member EUR 35,000 per year.

In accordance with the Annual General Meeting's decision, 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 confirmed that the meeting fee for the Chairman of the Audit Committee is EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee as well as the Chairman and each member of the Remuneration and HR Committee or any other committee established by the Board of Directors. The meeting fees are paid in cash.

In 2020, both the annual remuneration and the meeting fees per attended meeting remained the same as in 2019.

Remuneration of the Board of Directors 2020 (payment basis)

EUR 1,000		Annual remuneration	Compensation, Audit Committee	Compensation, Remuneration and Human Resources Committee	Compensation, Nomination Committee	Total
Raimo Voipio	Chairman of the Board	45			10	55
Ville Voipio	Vice Chairman of the Board	35	6	6	10	57
Petri Castrén	Member of the Board	35	6	1		42
Antti Jääskeläinen (as of June 3)	Member of the Board	35	3			38
Petra Lundström	Member of the Board	35		6		41
Jukka Rinnevaara	Member of the Board	35	3	5	10	53
Kaarina Ståhlberg	Member of the Board	35	8		10	53
Tuomas Syrjänen	Member of the Board	35				35
Pertti Torstila (until June 3)	Member of the Board	0				0
Total		290	26	18	40	374

Remuneration of the President and CEO for 2020

In 2020, Kjell Forsén served as the President and CEO until the end of September and Kai Öistämö assumed the position in the beginning of October.

The maximum short-term incentive (STI) for the President and CEO was 72% of annual base salary in 2019 and 2020. STI is based on predefined performance criteria, which were Vaisala EBITA and Vaisala net sales development. The President and CEO's STI 2019 payout was 72% of annual salary. The STI 2020 payout is 35%, and payment of EUR 134,400 will be paid in March 2021 to Kjell Forsén and EUR 39,921 to Kai Öistämö.

During the year 2020, the share-based incentive payment for the President and CEO was based on the long-term incentive (LTI) 2017 plan. Performance measures for the plan were based on predefined performance criteria, which was the development of the Group's

profitability in the calendar year 2017. The maximum LTI reward for the President and CEO was capped at grant to 60,000 shares. The achievement ratio for the LTI 2017 plan was 65%, and the earned reward was 39,000 shares gross. The share-price on the payment date of March 3, 2020 was EUR 31.3199.

In 2021, Kjell Forsén will be paid share-based payment for LTI 2018 of 27,700 shares gross, for LTI 2019–2021 of 23,040 shares gross, and for LTI 2020–2022 of 5,529 shares gross.

Variable pay, meaning short- and long-term incentives, form a substantial part of the President and CEO's total remuneration. In 2020, the paid short- and long-term incentives formed 76% of total compensation and the fixed annual salary 24%.

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 former or current President and CEO in 2020.

President and CEO Kai Öistämö's service contract includes a special award related to its entry into force. He is entitled to subscribe for 8,000 shares in April 2021 and 4,000 in April 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.

Remuneration of the President and CEO in 2020

EUR 1,000	Kjell Forsén (Jan 1–Sep 30)	Kai Öistämö (Oct 1–Dec 31)	Total
Salary	394	114	508
Short-term incentives	363	0	363
Share-based payment	1,221	0	1,221
Supplementary pension	90	29	119
Total	2,068	143	2,211