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## **CHARTER OF THE 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, the company'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 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, diversity, and the independence of the members**

The primary goal in Board member election is to gather to the Board of Directors capability, expertise, 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. 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 genders and the members should have the chance to allocate a sufficient amount of time to managing their tasks. The goal is that at least 25% of Board members are always men and women.

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 based on overall evaluation. This evaluation of a member takes into account information and analysis provided by the member himself/herself. A Board member has a duty to disclose to the Board required information needed for the evaluation of his/her independence without any delay, as well as any changes in the information affecting the evaluation.

The Board of Directors self-evaluates its operations, way of working as well as fulfilment of the diversity goals annually.

After election, new Board members will be familiarized with company's operations.

### **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 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 Chair'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.

The Board of Directors operates in accordance with an approved written charter. Meetings may, if necessary, be held as conference calls or e-mail meetings. Minutes of meetings are compiled in English, with annually running numbering. The Chair, the CEO, a rotating member of Board and the secretary of the Board shall sign the minutes. The General Counsel acts as the Secretary of the Board of Directors.

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A member of the Board of Directors is not allowed to participate if he/she is biased in that issue between him/her and the company or between the company and a third party when there is a possibility to achieve essential advantage to him/her, which may conflict with the company's interest. The Board of Directors monitors, evaluates and decides on related party transactions.

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. 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 principles of due care, information security and data protection.

Meeting materials are provided electronically to the members of the Board through an online Board portal that fulfils the information security requirements. All documents and other information pertaining to the work of the Board of Directors are confidential, unless otherwise explicitly stated. Confidentiality survives the termination or expiry of board membership.

As the members of the Board of Directors mainly handle confidential information on the company outside the company's business location, Board members are obligated to exercise great diligence in handling all information. Both technical means and accepted practices are used to ensure information security.

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 Chair has the casting vote. A Board member has a right to add his/her dissenting opinion in the minutes of meeting. When the votes for 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 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 Management Group and their job descriptions, including employment terms, as well as the same of other direct reports of the President and CEO, 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 effectiveness of supervision,
- to approve 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's and its business areas' financial targets,

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- to make the business decisions in value of which is exceeding the President and CEO's approval rights in accordance with the Approval Policy, such as restructurings, acquisitions, divestitures, major contracts and liabilities, investments and financing arrangements,
- to review and approve the most important policies and instructions of the company, such as Approval Policy, Treasury Policy, Disclosure Policy, Dividend Policy, Risk Management Policy, Insider Policy, Code of Conduct and Anti-Corruption Policy,
- to review and approve a Financial Statement Release, non-financial reporting, Financial Statements, and the Board of Directors' Report as well as Corporate Governance Statement,
- to make a dividend proposal to General Meeting,
- to review and approve Interim Reports and Half Year Financial Report,
- to monitor evaluation and management of risks related to company's strategy and business operations, and
- to decide on Remuneration Policy and 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 reasonably believe to promote the interests of the company.

The President and CEO and the members of the management, as instructed by the President and CEO, represent the company in relation to shareholders, investors, 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 Chair of the Board of Directors.

#### **Duties of the Chair**

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

Chair 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,
- ensure the documentation of the meetings and of the decisions made,
- keep in contact with the President and CEO and monitor the company's business performance, and
- be in charge of evaluating the work done by the Board of Directors.

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## **BOARD COMMITTEES**

The Board of Directors has two permanent committees: Audit Committee and Remuneration and HR Committee. The members and the 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. The Board of Directors may establish committees and working groups 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' charters. The committees keep minutes of their meetings in English; minutes are available to all members of the Board of Directors as well as other committee materials. The secretary of the Board of Directors acts as the secretary of the committees.

### **Audit Committee and its charter**

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 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 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 and at least one member must also be independent of significant shareholders of the company. Audit Committee as a whole, taking into account members' complementary skills, knowledge and branch knowledge, shall have sufficient expertise and experience on the duties of Audit Committee and the environment where the company is active. At least one member of the Committee shall have expertise on accounting or auditing. A member of the Audit Committee may not participate in the company's or its group company's daily management. The committee convenes at least five times a year. The President and CEO and the Chief Financial Officer also attend the committee meetings. Other responsible Vaisala employees attend the committee meetings as required on the invitation of the committee. The committee reports of its actions to the Board of Directors in the following Board of Directors' meeting.

### **Main responsibilities of the Audit Committee are**

- to review Interim Reports, Half Year Financial Report, Financial Statement Release, and Financial Statements as well as Board of Directors' Report,
- to approve goodwill testing,
- to approve management's essential estimates included in Financial Statements, Financial Statement Review, Half Year Financial Report, and Interim Reports,
- to prepare a dividend proposal,
- to accept company's accounting and calculation principles, as well as their changes,
- to monitor non-financial reporting and Annual Report,
- to monitor internal audit,
- to approve internal audit plan and cost estimate,

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- to monitor and evaluate financial reporting and forecast processes,
- to monitor and evaluate efficiency of the company's internal control and audit, assurance of non-financial reporting, risk management and quality audit, and approve related plans,
- to monitor and evaluate, if related party transactions and other acts between company and its related parties fulfill requirement of ordinary course of business and market price principle as well as define the standards related to these,
- to assess compliance with laws and regulations,
- to monitor compliance with company's Code of Conduct,
- to keep in contact with the auditor, monitor audit and Key Audit Matters, and to review audit report and auditor's additional report to Board,
- to prepare a decision proposal on the election of the auditor,
- to monitor and evaluate independence of the statutory auditor or audit firm, and particularly in relation to provision of non-audit services to the company,
- to monitor provision of non-audit services by auditor and to approve plan and cost estimate of non-audit services by auditor,
- to review Corporate Governance Statement,
- to review Treasury Policy and to monitor its financing position,
- to monitor company's tax situation,
- to monitor compliance of data protection and data security regulation and policies, and
- to approve Audit Committee's annual plan and evaluate committee's performance.

#### **Remuneration and HR Committee and its charter**

The Remuneration and HR Committee is responsible for preparing human resources matters pertaining to the compensation of the President and CEO as well as top management, evaluation of the performance of the President and CEO and the Management Group, and to company remuneration and incentive plans. The committee monitors the employee development and safety.

The Remuneration and HR Committee comprises at least three members, appointed annually by the Board of Directors among its members. The majority of the members of the committee must be independent of the company. The committee convenes at least twice a year. The President and CEO, the Executive Vice President, Human resources as well as the Chief Financial Officer also attend the committee meetings, except for agenda items relating to them. Other responsible Vaisala employees attend the committee meetings as required on the invitation of the committee. The committee reports of its actions to the Board of Directors in the following Board of Directors' meeting.

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**Main responsibilities of the Remuneration and HR Committee are**

- 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 incentive plans,
- to prepare exceptions impacting calculations of KPI outcomes of short term incentive (STI) plans prior to Board resolution on STI plan payments,
- to evaluate the remuneration of the President and CEO and other management, and to ensure the appropriateness of the incentive plans,
- to prepare Remuneration Policy and Report for Board as well as presentation of the same for Annual General Meeting,
- to prepare diversity principles of Board,
- to monitor development of the employees,
- to monitor succession planning of management,
- to monitor employee well-being, health, and development of security, and
- to approve the Remuneration and HR Committee's annual plan and evaluate committee's performance.

The Remuneration and HR Committee manages its tasks in relation to the members of the management independently. If the Remuneration and HR Committee uses an external advisor to assist in managing its tasks, the Committee ensures that the advisor does not also act as an advisor to the members of the management in a manner that may give rise to a conflict of interest.