

● Remuneration Report 2023

Taking every measure for the planet

Remuneration Report 2023

Remuneration Report 2023 for Governing Bodies of Vaisala Corporation has been prepared pursuant to the Finnish Corporate Governance Code 2020. The remuneration of governing bodies in 2023 has been in alignment with the Remuneration Policy.

Chair's foreword

Dear shareholders,

The global turbulence that marked 2022 continued in 2023. The environment included uncertainty for Vaisala, our customers, and the economy in general. This was especially visible in our Industrial Measurements business. Nevertheless, Vaisala showed resilience and adapted well in a fast-changing and unpredictable environment.

Even during these uncertain and turbulent times, our commitment to competitive and transparent compensation practices remains firm.

We are committed to being fair, competitive, and open about how we pay our employees. With the rising cost of living, we have looked at what is happening in the markets where we operate. We took this into account in our 2023 salary budget to make sure we are supporting our employees effectively. We are also making our pay policies clearer to everyone, so our team can better understand and engage with how we make salary decisions.

We are proud of the positive feedback on our work in Diversity, Equity, and Inclusion (DEI). We are working hard to make sure everyone at Vaisala feels valued and supported.

As employees expect their jobs to develop, we change too. We strive for fair and competitive pay practices, but we are also updating them to stay ahead of the curve. We are refining our benchmarking process by specifically identifying the market for comparison, especially for executives and leadership roles. We include Nordic high-growth technology companies within a defined range of market capitalization. This tailored approach is relevant and sets the stage for robust remunerations. To respond to our new purpose *Taking every measure for the planet* and to highlight our unwavering dedication to sustainability, we are also going to include sustainability goals in both Short-Term and Long-Term Incentives, which the Board of Directors will set each year. Through these refinements, our aim is to achieve better alignment with industry norms and market realities, helping us attract the best talent and ensuring our company's growth in the long run.

We welcome shareholder feedback on our Remuneration Report.

Ville Voipio,
Chair of the People and Sustainability Committee

Remuneration linked to long-term business performance

Vaisala's business performance in terms of net sales and profitability development has been steady during the past five years. Vaisala's net sales and operating result have developed according to Vaisala's long-term financial targets.

The Annual General Meeting approved an increase for the Board remuneration in 2021. In addition, year-on-year variation of total remuneration is influenced by meeting fees. In 2023, the remuneration of the Board remained unchanged.

In adherence to Vaisala's remuneration principles, we have designed the remuneration to promote performance and shareholder alignment. Also, we have designed the Short-Term Incentive schemes (STI) so that they incentivize and reward for the achievement of short-term business goals. Based on the principles of growth and profitability, the STIs have been linked to EBITA and net sales of the year in question. This not only recognizes immediate successes but also propels the company towards sustainable growth. The Long-Term Incentive (LTI) schemes are based on our commitment to long-term financial success and share value creation. It is approved by the Board of Directors annually. The current LTI scheme includes a measurement of average EBITA % and Total Shareholder Return (TSR). This combination creates alignment that the participants are not only rewarded for the company's financial performance but also for the overall value creation for our shareholders.

The remuneration of the President and CEO is tied to performance. A substantial proportion of their remuneration is derived from variable pay, i.e. short- and long-term incentives. This structure aims to build a robust connection between performance and rewards.

As a global company, Vaisala’s remuneration policy applies to all its employees worldwide. Thus comparing the development of the President and CEO and Board of Director’s remuneration with the global employee base is pivotal to help building transparent and sustainable long-term development. The following table presents the development of the average employee remuneration, alongside that of the President and CEO and Board of Directors, in conjunction with the company’s financial performance over the past five financial years.

All rewards have been paid by Vaisala Corporation. During 2023, the company has not exercised any rights to modify, cancel, or reclaim any paid rewards.

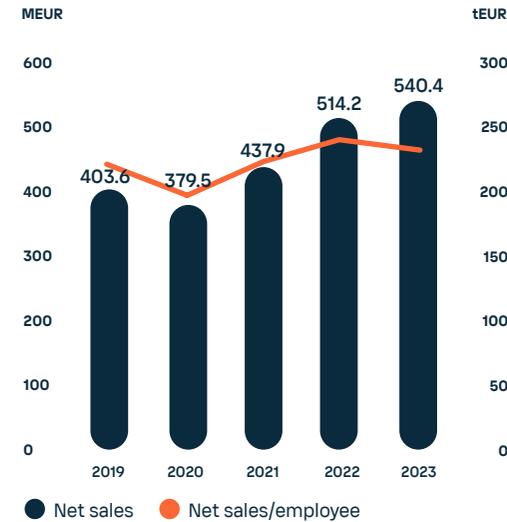
Development of remuneration and company performance during past years

EUR 1,000	2023	2022	2021	2020	2019
Chair of the Board	66	62	61	55	46
Vice Chair of the Board	51	48	45	46	39
President & CEO*	1,663	1,004	784	2,092	1,291
Vaisala employee on average**	74	72	72	67	71
Net sales, MEUR	540.4	514.2	437.9	379.5	403.6
Operating result (EBIT), MEUR	66.6	62.5	50.1	44.8	41.1

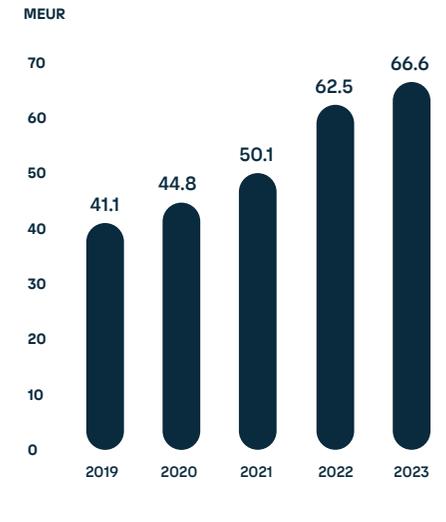
* Values are excluding pension fees. Year 2020 includes remuneration of two CEO’s pro-rated to their time in service.

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

NET SALES



OPERATING RESULT (EBIT)



VAISALA’S SERIES A SHARE PRICE 2019–2023



Remuneration of the Board of Directors for 2023

The Annual General Meeting of Vaisala Corporation held on March 28, 2023, 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. The company compensates for the asset transfer tax. 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 the Chair and each member of the People and Sustainability Committee, the Nomination Committee, and any other committee established by the Board of Directors. The meeting fees are paid in cash. Travel expenses for all Board members were reimbursed according to Vaisala’s travel policy.

Remuneration of the Board of Directors 2023 (payment basis)

EUR 1,000		Annual remuneration	Compensation, Audit Committee	Compensation, People and Sustainability Committee	Compensation, Nomination Committee	Compensation, Strategic Planning Committee	Total
Ville Voipio	Chair of the Board	55		5	5	1	66
Raimo Voipio	Vice Chair of the Board	40	6		5		51
Petri Castrén	Member of the Board	40	6.5			1	48
Antti Jääskeläinen	Member of the Board	40	6			1	47
Petra Lundström	Member of the Board	40		4	5		49
Jukka Rinnevaara	Member of the Board	40		4			44
Kaarina Ståhlberg	Member of the Board	40	8.5		5	1	55
Tuomas Syrjänen	Member of the Board	40		5			45
Total		337	27	18	20	4	406

Remuneration of the President and CEO for 2023

In 2023, the total remuneration paid to Vaisala's President and CEO Kai Öistämö amounted to EUR 1,662,942. The relative proportion of fixed pay was 39% and variable pay 61%. The fixed pay includes a base salary, fringe benefits, and a defined contribution scheme in addition to the Finnish statutory pension, while variable pay includes short- and long-term incentives.

Remuneration of the President and CEO in 2023

EUR 1,000	Kai Öistämö
Base salary and benefits	526
Supplementary pension	122
Short-Term Incentives (STI)	288
Long-Term Incentives (LTI)	728
Total	1,663

The total target remuneration for the President and CEO for 2023 was 47% fixed pay, 17% short-term incentives (37% of the fixed pay), and 36% long-term incentives (at target 13,000 shares, share price EUR 38.65 at the time of the grant).

For the performance period 2022, the maximum short-term incentive (STI) for the President and CEO was 72% of the annual base salary. The payout was 58.5% of the annual base salary constituting the payment of EUR 287,690 which was paid in March 2023.

For the performance period 2023, the maximum Short-Term Incentive (STI) for the President and CEO was 72% (45% at target) of the annual base salary. The payout is 23.4% of the annual base salary. The payment of EUR 119,803 will be paid in March 2024.

A long-term incentive reward of 17,720 shares for the 2020–2022 performance period for the President and CEO Kai Öistämö was paid in 2023. 50% of the reward was paid in shares and 50% in cash to cover the income tax withholdings. The total value of the reward was EUR 728,024.

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.

The president and CEO is a participant in three performance-based share incentive plan periods.

The grant at target performance for the 2021–2023 performance-based share incentive plan is 11,550 performance shares, for 2022–2024

performance-based share incentive plan is 10,000 performance shares, and for 2023–2025 performance-based share incentive plan is 13,000 performance shares. The performance criteria for all active performance share plans are Vaisala's share Total Shareholder Return for the period (weight 30%) and average EBITA % for the performance period (weight 70%).

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 contractual retirement age is 62 years.

No other financial benefits were paid to the President and CEO in 2023.

STI 2022 paid in 2023			STI 2023 paid in 2024	
KPI	Weighting	Achievement	KPI	Weighting
Vaisalan EBITA	50%	Between minimum and target	Vaisalan EBITA	50%
Vaisala net sales	45%	Between target and maximum	Vaisala net sales	45%
Environmental, Social and Governance (diversity)	5%	Above maximum	Environmental, Social and Governance (emission reduction)	5%

VAISALA

[vaisala.com](https://www.vaisala.com)

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