

Vaisala's Corporate Governance Statement 2012

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. 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 code is available on the Securities Market Association website <http://cgfinland.fi/en/>.

The Vaisala Board of Directors has approved this statement at its meeting on February 6, 2013. 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.

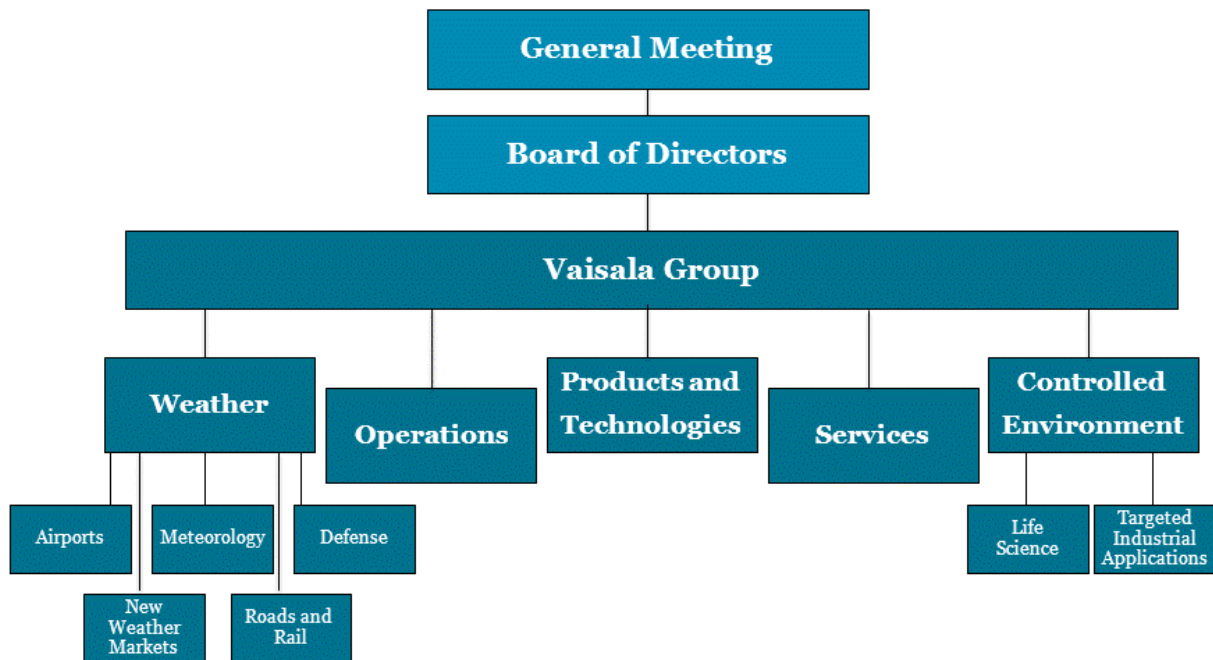
A longer term effectively promotes the commitment of Vaisala's principal shareholders to the Company's long-term development. The longer term practice has worked well and benefited the Company.

The Board of Vaisala has on February 8, 2012 established an audit Committee in accordance with the recommendation 24. The audit Committee has been responsible for the duties defined in recommendation 27.

The Board of Vaisala has on March 28, 2012 established a remuneration 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.



Composition and activities of the Board

Board of Directors

The Board of Directors is responsible for the administration and the proper organization of the operations of the Company. 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. Currently the Board of Directors comprises six (6) 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.

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. Under the Articles of Association, the term of the Board members is three 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 at least six times each year 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 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 Limited Liability Companies Act, the Articles of Association and elsewhere;
- to decide on Group strategy;
- to review the interim reports,
- to review and approve consolidated financial statements, the Board of Director's report and Corporate Governance Statement;
- 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 compensation of the CEO's immediate subordinates; and
- to evaluate its own operations

The Vaisala Board of Directors comprises seven members until the end of Annual General Meeting (March 28, 2012) and six members after the meeting. The Chairman of the Board is Raimo Voipio, the Vice Chairman is Yrjö Neuvo and the members are Stig Gustavson

(until the end of 2012 Annual General Meeting), Timo Lappalainen, Mikko Niinivaara, Maija Torkko ja Mikko Voipio. The Board secretary is AA Matti Kari.

All Board members are independent of the Company in accordance with recommendation 15. Stig Gustavson (until the end of 2012 Annual General Meeting), Timo Lappalainen, Yrjö Neuvo, Mikko Niinivaara and Maija Torkko are independent of the Company and independent of significant shareholders of the Company. Raimo Voipio, the Chairman, and Mikko Voipio, Board member, are dependent of significant shareholders of the Company. The Board of Directors complies with recommendation 14 concerning the number of independent directors.

Chairman of the Board

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

Board member in various technology companies

Board member since 1989, Chairman since 1994

Independent of the Company, dependent of significant shareholders of the Company.

Employment History

Nokia Corporation, various product marketing positions 1988-1998

Marketing and development positions in private telecommunication companies 1983-1988

Positions of Trust

Helkama Bica, Member of the Board

Novamator Oy, Member of the Board

Munkkiniemen yhteiskoulun kannatusyhdistys ry, Vice Chairman

Vice Chairman of the Board

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

Professor, Research Director, Aalto University

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

Employment History

Nokia Corporation, Technology Advisor 2006

Nokia Corporation, member of the 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

Visiting Professor, University of California, Santa Barbara 1981-1982

Positions of Trust

Forum Virium Helsinki Oy, Chairman of the Board

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

Metropolia Polytechnic, Member of the Board

Technology Academy of Finland Foundation, Member of the Board

Cap-XX Ltd, Member of Scientific Advisory Board

Finnish Centre of Expertise Program, Chairman of the Board

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

Future Internet Public Private Partnership Program, Member of the steering Committee

Member of the Board

Stig Gustavson, b. 1945, Finnish citizen, M.Sc. (Eng.), Dr.Tech. (hon.)

Chairman of the Board, Konecranes Plc
Independent member of the Vaisala Board since 2006 until 2012

Employment History

Konecranes Oyj, President and CEO 1994-2005
KONE Oyj, President of Cranes division 1988 - 1994
Various executive positions in major Finnish companies 1969 - 1988.

Positions of Trust

Ahlström Capital Oy, Chairman of the Board
Dynea Oy, Vice Chairman of the Board
Oy Mercantile Ab, Vice Chairman of the Board
Handelsbanken Regional Bank Finland, Chairman of the Board
Cramo Plc, Chairman of the Board
ÅR Packaging AB: Chairman of the Board
Technology Academy of Finland Foundation, Chairman of the Board
Keskinäinen eläkevakuutusyhtiö Varma, hallintoneuvoston jäsen
IK Investment Partners, Senior Regional Advisor

Member of the Board

Timo Lappalainen, b. 1962, Finnish citizen, M.Sc.
President and CEO, Orion Corporation
Independent member of the Vaisala Board since 2011

Employment History

Orion Corporation, President and CEO, since 2008;
Orion Corporation, various executive positions 1999 – 2008;
Leiras Oy, various executive 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 Advisory Board
Helsinki Region Chamber of Commerce, Member of the Council;
International Chamber of Commerce Finland, Member of the Council

Member of the Board

Mikko Niinivaara, b. 1950, Finnish citizen, M.Sc. (Eng.), Dr. Tech. (h.c.)
Independent member of the Vaisala 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 1984-1993

Positions of Trust

Technology Industries of Finland Centennial Foundation, Chairman of the Board

Member of the Board

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

Employment History

Nokia Corporation, Senior Vice President, Corporate Controller 1997-2006



Nokia Corporation, various positions 1968 - 1996

Positions of Trust

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Member of the Board

Mikko Voipio, b. 1960, Finnish citizen, M.Sc. (Eng.)

Member of the Vaisala Board since 1994

Independent of the Company, dependent of significant shareholders of the Company.

Employment History

Managerial and R&D positions in software and telecommunications 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 ten times in total in 2012, and the attendance rate of members was 96.83%.

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

Board Committees

The Board of Directors may establish Committees for duties assigned by the Board. The Board also determines the charter for the Committees and defines the rules of conduct for working groups.

The members of the Committees are appointed from among the members of the Board of Directors in accordance with the charter of the respective Committee. The Committees have no autonomous decision-making or execution power.

The Audit Committee

The Board of Vaisala has on February 8, 2012 established an audit Committee in accordance with the recommendation 24. The audit Committee has been established to assist the Board.

The Audit Committee has been established to assist the Board in fulfilling its oversight responsibilities for matters pertaining to financial reporting and control, risk management as well as to statutory and internal audits. The Audit Committee carries out its tasks in accordance with the charter approved by the Board, the Finnish Corporate Governance Code and applicable laws and regulations

The Audit Committee comprises three members, appointed annually by the Board of Directors. The members of the Committee shall be independent of the Company and at least one member shall also be independent of significant shareholders of the Company. The Committee convenes at least five times a year. The Group President and CEO and the Chief Financial Officer also attend the Committee meetings. The other responsible Vaisala employees attend the Committee meetings as required on the invitation of the Committee.

In 2012, the Audit Committee comprised Maija Torkko (Chairman), Timo Lappalainen and Mikko Niinivaara. The Audit Committee secretary is AA Matti Kari. All the members of the Committee are independent of the Company and also independent of significant shareholders of the Company. The Audit Committee convened five times during 2012 and the members of the Committee participated in all meetings.

The Audit Committee deals with the following key issues:

- to monitor the reporting process of financial statements and forecast process;
- to approve changes in Vaisala's accounting and reporting principles;
- to review internal reports and financial statements;
- to assess compliance with laws and regulations;
- to verify Corporate Governance Statement
- to monitor the efficiency of the Company's internal control and risk management systems;
- to approve statutory audit plan and related cost budget;
- to monitor the statutory audit of the financial statements and consolidated financial statements;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company; and
- to prepare the proposal for resolution on the election of the auditor.

The Remuneration Committee

The Board of Vaisala has on March 28, 2012 established a remuneration Committee. The Remuneration Committee is responsible for preparing human resources matters pertaining to the compensation of the President and CEO, and the members of the Management Group, evaluation of the performance of the President and CEO and the members of the Management Group, Group compensation policies as well as Human Resources policies and practices. In addition, the Committee discusses the composition of the Board of Directors and Board nominations.

The Remuneration Committee comprises three members, appointed annually by the Board of Directors. The majority of the members of the Committee shall be independent of the Company. The Committee convenes at least two times a year. The Group President and CEO, Senior Vice President, Human Resources and the Chief Financial Officer also attend the Committee meetings. The other responsible Vaisala employees attend the Committee meetings as required on the invitation of the Committee.

In 2012, the Remuneration Committee comprised Raimo Voipio (Chairman), Yrjö Neuvo and Maija Torkko. The Remuneration Committee secretary is AA Matti Kari. All the members of the Committee are independent of the Company. The Remuneration Committee convened seven times during 2012 and the members of the Committee participated in all meetings.

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 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, Chief Information Officer, Chief Science Officer, as well as the Presidents of Vaisala Inc and Vaisala China Ltd.

President and CEO in 2012

Kjell Forsén, b. 1958, Finnish citizen, Lic.Sc. (Technology)

President & CEO, Vaisala Group since 2006

Chairman of the Management Groups since 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, Member of the Board

Technology Industries of Finland, Member of the Board

Internal control and risk management systems

Organization of risk management

The most important objective for Vaisala's risk management is to recognize and mitigate material risks related to strategy implementation and business operations. Vaisala has a risk management policy which has been approved by the Board of Directors, and which covers the company's business, operational, hazard, and financial risks. The policy aims at ensuring the safety of the company's personnel, operations and products, as well as the continuity and compliance of business operations. The policy also covers Vaisala's intellectual property, corporate image and brand protection.

The Board of Directors defines and approves risk management principles and policies and assesses the effectiveness of risk management. The Audit Committee regularly assesses and monitors the compliance with risk management policy and processes. The President and CEO is responsible for defining the strategies, processes and focus areas for risk management.

Vaisala's Risk Management Committee comprises key internal stakeholders. The Committee is responsible for the oversight of the risk management process and assuring that all significant risks are identified and reported, and risks are acted upon on all necessary organizational levels and geographical locations.

Risk management is integrated into business processes and operations. This is accomplished by the risk management process, deployment of which has continued in 2012 and now covers all key businesses and functions. The risk management process consists of risk identification, risk assessment, risk management actions, follow-up, and

risk reporting. The most significant risks are reported to the Audit Committee and to the Board of Directors annually, and as needed.

Internal control

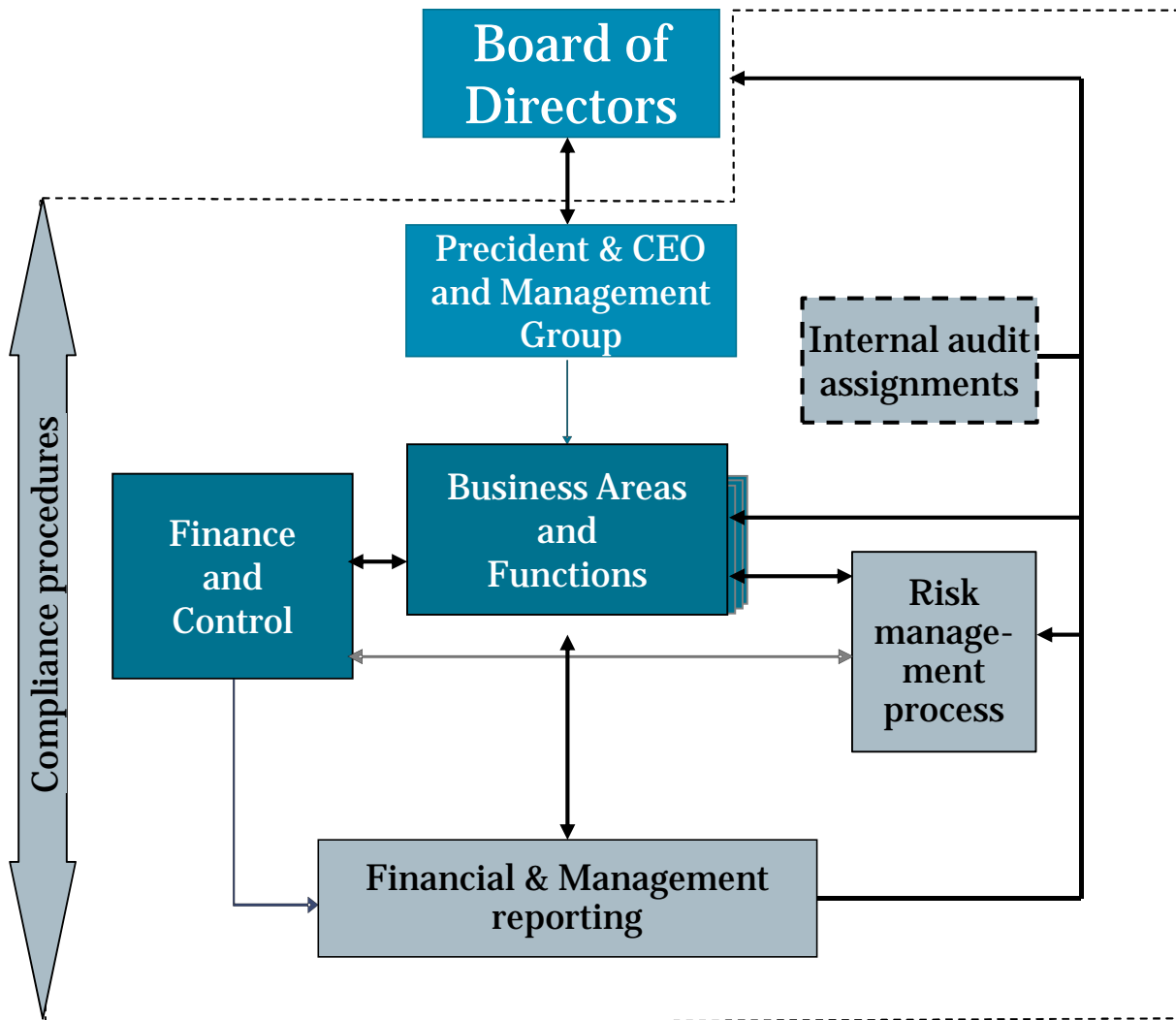
Vaisala aims to be a good corporate citizen, and this is supported by appropriate documented internal control policies. Internal control ensures the effective and profitable operations of the Company, the reliability of information and compliance with the relevant regulations and operating principles. Internal control aims to improve the fulfillment of the Board's supervision obligation.

Internal control is a process carried out by Vaisala's Board of Directors, audit Committee, 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, 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 reconciliation 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. Audit Committee reviews interim reports and financial statements. The Vaisala Board reviews 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 basis for internal control 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 detailed 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 helps units and functions to set up adequate control activities. The head of risk management 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 General 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.