

# Governance



# Corporate governance statement 2023

Wärtsilä Corporation complies with the guidelines and provisions of its Articles of Association, the Finnish Limited Liability Companies Act, and the rules and regulations of Nasdaq Helsinki Ltd. Wärtsilä also applies the Global Reporting Initiative's G4 Sustainability Reporting Guidelines and complies with the Finnish Corporate Governance Code 2020 (the "Code") issued by the Finnish Securities Market Association. The Code is publicly available at [cgfinland.fi/en](https://cgfinland.fi/en). Wärtsilä has not deviated from any of the Code's recommendations.

Wärtsilä's Corporate Governance Statement is published as a separate statement on Wärtsilä's website, as well as in this Annual Report.

Wärtsilä applies a single-tier governance model. The General Meeting of shareholders, the Board of Directors, and the President & CEO are responsible for the management of the Wärtsilä Group. Their duties are, for the most part, defined by the Finnish Limited Liability Companies Act. The General Meeting of shareholders elects the Board of Directors and the auditor. The Shareholders' Nomination Board prepares proposals to the General Meeting relating to the composition and remuneration of the Board of Directors. The Board of Directors is responsible for the strategic management of the company and is assisted in its work by the Board Committees. The Board appoints the President & CEO, who is in charge of the operative, day-to-day management of the company, with support from the Board of Management.

## Wärtsilä's governance model

### External Audit

Elected by the Annual General Meeting to audit Wärtsilä Corporation's financial statements, including the consolidated financial statements, accounting records and the administration of the company.

### Internal Audit

Analyses the company's operations and processes, as well as the effectiveness and quality of its supervision mechanisms. The function reports at regular intervals to the Audit Committee.

### Annual General Meeting

The Annual General Meeting is Wärtsilä's ultimate decision-making body.

### Board of Directors

The Board of Directors consists of 5-10 members elected by the Annual General Meeting. They are responsible for the strategic management of the company.

### President & CEO

The Board of Directors appoints the President & CEO, who is in charge of the operative, day-to-day management of the company.

### Board of Management

The Board of Management supports the President & CEO.

### Shareholders' Nomination Board

The Nomination Board prepares matters pertaining to the appointment and remuneration of the Board of Directors.

### Audit Committee

The committee's responsibilities include monitoring the financial reporting process and the efficiency of internal control, internal audit, and risk management systems.

### People Committee

The committee's responsibilities include preparing matters concerning the nomination and remuneration of the President & CEO, the CEO's deputy, if any, and the members of the Board of Management.

## ANNUAL GENERAL MEETING

Wärtsilä's ultimate decision-making body is the General Meeting of shareholders. It resolves issues as defined for General Meetings in the Finnish Limited Liability Companies Act and the company's Articles of Association. The agenda items for the General Meeting of shareholders include the following:

- approving the financial statements
- deciding on the distribution of dividends
- discharging the company's Board of Directors and President & CEO from liability for the financial year
- electing the company's Board of Directors and auditor and deciding on their remuneration

A General Meeting of Wärtsilä Corporation is held at least once a year, at a time no later than the end of June. If needed, the company may also hold Extraordinary General Meetings. An invitation to the General Meeting is published on the company's website or in a minimum of two daily newspapers, which are commonly distributed in Finland, as decided by the Board of Directors. The invitation shall be published no earlier than two months and no later than three weeks prior to the General Meeting. It shall, however, be published at least nine days prior to the General Meeting's record date. Wärtsilä also publishes the invitation to its General Meetings as a stock exchange release. The documents and draft resolutions to be submitted to the General Meeting can be found on Wärtsilä's website.

Shareholders have the right to add items falling within the competence of the Annual General Meeting to the meeting's agenda. The request must be submitted to the Board of Directors in writing sufficiently in advance of the meeting, so that the item can be added to the Notice of the General Meeting. Wärtsilä publishes on its website the date by which a shareholder must notify the company's Board of Directors of an issue that he or she demands to be addressed at the General Meeting. This information is given no later than by the end of the financial period preceding the General Meeting and includes the postal or email address to which the demand shall be sent. The demand is always deemed to have arrived in time, if the Board is notified of the demand no later than four weeks before the delivery of the Notice of the General Meeting.

All shareholders registered by the record date in the company's list of shareholders maintained by Euroclear Finland Ltd have the right to attend the Annual General Meeting. Each share entitles the holder to one vote. The Chair of the Board of Directors, the members of the Board of Directors, and the President & CEO are normally present at the General Meeting. The auditor-in-charge also attends the Annual General Meeting. Director candidates shall also be present at the General Meeting that decides upon their election.

## ANNUAL GENERAL MEETING 2023

Wärtsilä's Annual General Meeting was held on 9 March 2023, with shareholders having the possibility to follow the meeting via a video stream.

The Annual General Meeting approved the financial statements, reviewed the Remuneration Report 2022 for Governing Bodies, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2022. The audit firm PricewaterhouseCoopers Oy was elected as the auditor of the company for the year 2023. The Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.26 per share in two instalments. The first instalment of EUR 0.13 per share was paid on 20 March 2023 and the second instalment of EUR 0.13 per share on 20 September 2023. The Board of Directors was authorised to resolve to repurchase a maximum of 57,000,000 of the company's own shares. In addition, the Board of Directors was authorised to resolve to issue a maximum of 57,000,000 shares in the company. The shares can be issued for consideration or without consideration. They can also be issued in deviation from the shareholders' pre-emptive rights by way of a directed issue, if there is a weighty financial reason for the Company to do so. The minutes of the meeting and other related documents can be found on Wärtsilä's website at [www.wartsila.com/agm](http://www.wartsila.com/agm).

## SHAREHOLDER'S NOMINATION BOARD

The Shareholders' Nomination Board prepares and presents to the General Meeting proposals relating to the composition and remuneration of the Board of Directors. In addition, the Nomination Board reviews and adjusts the diversity principles of the Board of Directors, as necessary, and does successor planning of the directors.

The Nomination Board consists of five members. Four representatives are nominated by the company's four largest shareholders, with the fifth member being the Chair of Wärtsilä's Board of Directors. The four largest shareholders are determined on the basis of the shareholders' register maintained by Euroclear Finland Ltd. as of 1 June preceding the Annual General Meeting of shareholders. In case a shareholder does not wish to use its appointment right, the right transfers to the next largest shareholder who would not otherwise have such right. The members are elected annually. Their term of office ends when the composition of the Nomination Board for the following period is determined.

The Shareholders' Nomination Board's proposal for the composition of the Board of Directors is included in the Notice of the General Meeting. The same applies to a proposal for the composition of the Board of Directors made by shareholders with at least 10% of the votes carried by the company shares, provided that the candidates have given their consent to the election, and the company has received information on the proposal sufficiently in advance as to be included in the Notice of the General Meeting. The candidates proposed after the disclosure of the Notice of the General Meeting shall be disclosed separately. Wärtsilä publishes the biographical details of the candidates for the Board on its website in connection with the publication of the Notice of the General Meeting.

## Diversity principles

For the Board of Directors to discharge its duties in the most effective manner, the Board must be highly qualified and sufficiently diverse. When preparing its proposal for the Board's composition, the Shareholders' Nomination Board considers the educational and professional background of the individual candidates, as well as their international experience, so that the composition of the Board represents a wide variety of competencies and qualifications. The Shareholders' Nomination Board also considers the candidates' age, as having different seniority levels on the Board is considered beneficial in terms of ensuring a mutually complementary experience.

With regards to gender, Wärtsilä's objective is to have a balanced representation of both genders in the Board. In December 2023, Wärtsilä had three female and five male board members.

The Shareholders' Nomination Board assesses the potential candidates not only in terms of their individual qualifications and characteristics, but also in terms of their ability to effectively work together and jointly support and challenge the company management in a proactive and constructive way.

## SHAREHOLDERS' NOMINATION BOARD 2023

In June 2023, the following members were appointed to Wärtsilä's Shareholders' Nomination Board:

### Petra Hedengran

Born 1964, Master of Law. General Counsel, Head of Corporate Governance, Investor AB, appointed by Invaw Invest AB.

### Markus Aho

Born 1980, M.Sc. (Eng.). Chief Investment Officer, Varma Mutual Pension Insurance Company.

### Mikko Mursula

Born 1966, M.Sc. (Econ.). Deputy CEO, Investments, Ilmarinen Mutual Pension Insurance Company.

### Carl Pettersson

Born 1979, B.Sc. (Econ.), EMBA. CEO, Elo Mutual Pension Insurance Company.

### Tom Johnstone CBE

Born 1955, Master of Arts, Honorary Doctorate in Business Administration and Honorary Doctorate in Science. Chair of the Board of Directors of Wärtsilä Corporation.

The Nomination Board convened once with an attendance rate of 100%.

## BOARD OF DIRECTORS

Responsibility for the management of the company and the proper organisation of its operations lies with the company's Board of Directors, which is composed of five to ten members. Board members serve for one year at a time and are elected by the General Meeting.

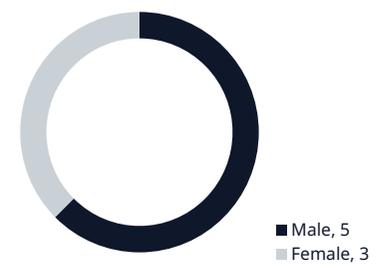
According to the Corporate Governance Code's recommendation 10, the majority of the Board members shall be independent of the company, and at least two of the members representing this majority shall be independent of significant shareholders of the company. The Board evaluates the independence of its members annually and re-evaluates it as necessary.

The Board elects a chair and a deputy chair from among its members. The Board steers and supervises the company's operations and decides on policies, goals, and strategies of major importance. The principles applied by the Board to its regular work are set out in the Board Charter. The Board also approves the rules of procedure applied by the Board's committees setting out their main tasks and working principles. In addition to matters requiring its decision, the Board is given updates on the Group's operations, financial position, and risks at its meetings.

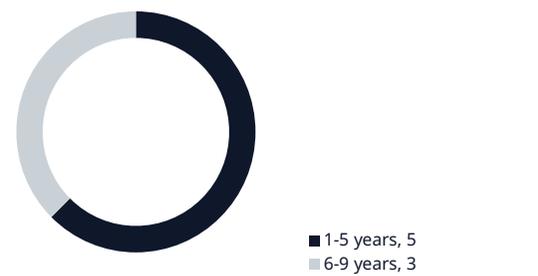
The Board conducts an annual self-evaluation of its operations and working methods. The purpose of this evaluation is to assess how the Board has executed its tasks during the year and to act as a basis for developing Board functions.

The Board of Directors convenes from eight to eleven times a year, following a pre-determined schedule. In addition to these meetings, the Board convenes as necessary. All board meetings are documented.

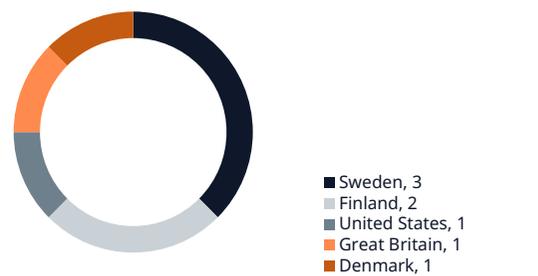
### Gender diversity



### Tenure



### Nationality



Applicable to the Board of Directors elected by the Annual General Meeting 2023.

## BOARD OF DIRECTORS IN 2023

As of 9 March 2023, the Board comprised the following eight members: Mr Tom Johnstone (Chair), Mr Mika Vehviläinen (Deputy Chair), Ms Karen Bomba, Mr Morten H. Engelstoft, Ms Karin Falk, Mr Johan Forssell, Mr Mats Rahmström, and Ms Tiina Tuomela.

All eight Board members were determined to be independent of the company. Six members were determined to be independent of significant shareholders. Mr Tom Johnstone was determined to be dependent of significant shareholders due to his position in the board of Investor AB. Mr Johan Forssell was determined to be dependent of significant shareholders due to his position as the President and CEO of Investor AB.

Until 9 March 2023, the Board comprised the following eight members: Mr Tom Johnstone (Chair), Mr Risto Murto (Deputy Chair), Ms Karen Bomba, Mr Morten H. Engelstoft, Ms Karin Falk, Mr Johan Forssell, Mr Mats Rahmström, and Ms Tiina Tuomela.

During 2023, Wärtsilä's Board of Directors held 9 meetings with an attendance rate of 99%. Major items on the agenda of the Board of Directors were Wärtsilä's strategy and its implementation, decarbonisation of its operations as well as product portfolio, and the financial development (e.g., growth, profitability, and cash flow) of the company. The impact of the increasing geopolitical tensions and global economic developments on the company and its markets were strongly in focus of the Board of Directors. Similarly, the analysis of the market development and plans to develop the manufacturing footprint received attention. Other areas of importance included sustainability, technological developments including artificial intelligence, and the development of human resources and talent.

## Board members' meeting participation in 2023

	Number of meetings	% of meetings
Tom Johnstone, Chair	9/9	100
Mika Vehviläinen, Deputy Chair (as of 9 March, 2023)	7/7	100
Karen Bomba	9/9	100
Karin Falk	9/9	100
Johan Forssell	9/9	100
Morten H. Engelstoft	8/9	89
Mats Rahmström	9/9	100
Tiina Tuomela	9/9	100
Risto Murto, Deputy Chair (until 9 March, 2023)	2/2	100

## Responsibilities of the Board of Directors

The Board considers all matters stipulated to be the responsibility of a board of directors by legislation, other regulations, and the company's Articles of Association. The most important of these are:

- the annual and interim financial statements
- matters to be put before the General Meetings of shareholders
- the appointment of the President & CEO, the Executive Vice Presidents, and the CEO's deputy, if any
- the organisation of financial supervision within the company

The Board is also responsible for considering any matters that are so far-reaching with respect to the area of the Group's operations that they cannot be considered to fall within the scope of the Group's day-to-day administration. Examples of such matters include:

- approval of the long-term goals of the Group and its businesses, as well as the strategies to achieve them
- monitoring the developments, opportunities, and threats in the external environment, as well as their impact on goals and strategy
- approval of the annual business plan and target setting for the Group
- approval of risk management principles
- monitoring and assessing the performance of the President & CEO
- approval of the remuneration and pension benefits of the President & CEO, Executive Vice Presidents, and the CEO's deputy, if any
- approval of the corporate governance principles
- overseeing that the company complies with legal and regulatory requirements, its Code of Conduct, and other established values and ethical principles in its operations
- discussing and monitoring the research and product development plans of the company
- appointing the Board committees
- granting charitable donations
- approval of other matters that are strategically or financially important, such as significant investments, acquisitions, or divestments

## The Boards' committees

The Board of Directors appoints annually an Audit Committee and a People Committee. It may also nominate other committees, if considered necessary in its constitutive meeting following the Annual General Meeting. The Board appoints the members of these committees and their chairs, taking into consideration the expertise and experience required for the duties of the committee. The Board also has the right to remove a member from a committee. The members of each committee are appointed for the same term of office as the Board itself. In addition to the committee members,

other Board members may participate in committee meetings, if they so wish. The purpose of the Board's committees is to prepare matters to be put before the Board for its decision. The committees have no decision-making authority of their own.

## Audit Committee

The Board of Directors appoints an Audit Committee to assist it in performing its supervisory duties. The Board appoints from among its members at least three members to the Committee. These members shall have the qualifications necessary to perform the responsibilities of the Audit Committee. The majority of the members of the Audit Committee shall be independent of the company, and at least one member shall be independent of the company's significant shareholders.

The Board defines the duties of the Audit Committee in the charter confirmed for the Committee. The Audit Committee monitors the financial statement reporting process, as well as the efficiency of the internal control, internal audit, and risk management systems. Furthermore, the Committee reviews the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, monitors the statutory audit, evaluates the independence of the statutory audit firm, and prepares the proposal for resolution on the election of the auditor. Other duties of the Audit Committee include reviewing the accounting principles of the company and approving any amendments to them, reviewing the interim and financial statements of the company and the reports prepared by the auditor for the Audit Committee, as well as evaluating the processes aimed at ensuring compliance with laws and regulations and monitoring the company's credit position and taxation.

The Audit Committee also reviews the company's Corporate Governance Statements and reviews and resolves any special issues raised by the Board of Directors that fall within the competence of the Audit Committee.

The Chair of the Audit Committee convenes the Committee as required. The Chair reports to the Board of Directors on the Committee's meetings and proposals.

### AUDIT COMMITTEE IN 2023

Chair Tiina Tuomela, members Karen Bomba and Morten H. Engelstoft. All members are independent of the company and significant shareholders. The Audit Committee met five times in 2023 with an attendance rate of 93%.

### People Committee

The Board appoints a People Committee to assist it in its work. The Board appoints at least three of its members to sit in the Committee. The majority of the members of the Committee shall be independent of the company.

The Board defines the duties of the People Committee in the charter confirmed for the Committee. The People Committee prepares for the Board of Directors, as necessary, matters concerning the appointment of the President & CEO, the CEO's deputy, if any, and other members of the Board of Management. The Committee prepares for the Board of Directors proposals concerning the remuneration principles, incentive schemes, and remuneration that apply to the President & CEO and the members of the Board of Management. Furthermore, the People Committee reviews the organisation's development needs and corporate culture alignment with strategy, monitors talent management processes and strategies, as well as reviews leadership development strategies and succession plans. External consultants used by the Committee are independent of the company and management.

The Chair of the People Committee convenes the Committee as required. The Chair reports to the Board of Directors on the Committee's meetings and proposals.

### PEOPLE COMMITTEE IN 2023

Chair Tom Johnstone, members Karin Falk and Johan Forssell. All members are independent of the company, and one is independent of significant shareholders. The People Committee met four times in 2023 with an attendance rate of 100%.

### Board members' committee meeting participation in 2023

	Audit Committee	People Committee
Tom Johnstone	-/-	4/4
Mika Vehviläinen (as of 9 March 2023)	-/-	-/-
Karen Bomba	5/5	-/-
Karin Falk	-/-	4/4
Johan Forssell	-/-	4/4
Morten H. Engelstoft	3/4	-/-
Mats Rahmström	-/-	-/-
Tiina Tuomela	5/5	-/-
Risto Murto (until 9 March, 2023)	1/1	-/-

## Members of the Board of Directors

	Primary working experience	Other positions of trust	Shares
 <p><b>Tom Johnstone CBE, Chair of the Board</b></p> <p>Independent of the company, dependent of significant shareholders. Born 1955, Master of Arts, Honorary Doctorate in Business Administration and Honorary Doctorate in Science. Member of the Board of Wärtsilä Corporation since 2015, Chair of the Board since 2020.</p>	<ul style="list-style-type: none"> <li>• SKF Group, several management posts, of which the most recent was President and CEO of AB SKF, 2003-2014</li> </ul>	<ul style="list-style-type: none"> <li>• Combient AB, Chair of the Board</li> <li>• Husqvarna AB, Chair of the Board</li> <li>• Collegial AB, Chair of the Board</li> <li>• Investor AB, Member of the Board</li> <li>• Northvolt AB, Member of the Board</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023:</p> <p>41,985 shares</p>
 <p><b>Mika Vehviläinen, Deputy Chair of the Board</b></p> <p>Independent of the company and significant shareholders. Born 1961, M.Sc. (Econ.). Deputy Chair of the Board since 2023.</p>	<ul style="list-style-type: none"> <li>• Cargotec Oyj, President and CEO, 2013-2023</li> <li>• Finnair Oyj, President and CEO, 2009-2013</li> <li>• Nokia Siemens Networks, COO, 2007-2009</li> <li>• Nokia Corporation, various managerial positions, 1991-2007</li> </ul>	<ul style="list-style-type: none"> <li>• Danfoss A/S, Member of the Board</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023:</p> <p>3,927 shares</p>
 <p><b>Karen Bomba</b></p> <p>Independent of the company and significant shareholders. Born 1964, B.Sc. Mechanical Engineering. Member of the Board of Wärtsilä Corporation since 2020.</p>	<ul style="list-style-type: none"> <li>• Smiths Interconnect, President, 2017-2020</li> <li>• Morpho Detection, Inc., President &amp; CEO, 2013-2017</li> <li>• Labinal SA, Chairman and CEO, 2010-2013</li> <li>• Zoltek Companies, Inc., Chief Operating Officer, 2008-2010</li> <li>• Messier-Bugatti USA LLC, Chairman and CEO, 2004-2008</li> <li>• Messier-Bugatti USA LLC, Executive Vice President and General Manager, 2000-2004</li> <li>• Hitco Carbon Composites, Inc., Business Line Manager and Focused Factory Manager, 1993-2000</li> <li>• Northrop Corporation, Manufacturing Engineering Manager, 1986-1993</li> </ul>	<ul style="list-style-type: none"> <li>• Ultra Electronics Holdings Plc, Member of the Board</li> <li>• Ceres Power Plc, Member of the Board</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023:</p> <p>13,475 shares</p>

### Primary working experience

### Other positions of trust

### Shares



#### Morten H. Engelstoft

Independent of the company and significant shareholders. Born 1967, EMBA. Member of the Board of Wärtsilä Corporation since 2022.

- A.P. Møller - Mærsk A/S, APM Terminals, Denmark, CEO & EVP, 2016-2022
- A.P. Møller - Mærsk A/S, APM Shipping Services, Denmark, CEO, 2014-2016
- A.P. Møller - Mærsk A/S, Maersk Tankers, Denmark, CEO, 2014-2016
- A.P. Møller - Mærsk A/S, Maersk Line, Denmark, COO, 2007- 2014
- A.P. Møller - Mærsk A/S, Maersk Container Business, South East Asia, Chief Executive, 2006-2007
- A.P. Møller - Mærsk A/S, Maersk Container Business, East Mediterranean, Chief Executive, 2003-2006
- A.P. Møller - Mærsk A/S, Maersk Line, Singapore, Managing Director, 2001-2003
- A.P. Møller - Mærsk A/S, various positions, 1986-2001

- TT Club Mutual Insurance, Chairman of the Board
- Maersk Supply Service, Vice-Chairman of the board

Holdings in Wärtsilä Corporation on 31.12.2023: 6,678 shares



#### Karin Falk

Independent of the company and significant shareholders. Born 1965, B.Sc. (Econ.). President, Husqvarna Construction Division. Member of the Board of Wärtsilä Corporation since 2017.

- Volvo Group, Senior Vice President, Volvo Trucks Services & Customer Quality, 2016-2020
- Volvo Group, Executive Vice President, Corporate Strategy & Brand Portfolio, 2012-2016
- Volvo Group, President, Non-Automotive Purchasing, 2008-2012
- Volvo Car Corporation, Vice President, Volvo Car Customer Service, 2006-2008
- Volvo Car Corporation, President, Volvo Car Special Vehicles, 2001-2006
- Volvo Cars and Volvo Group, various positions, 1988-2001

Holdings in Wärtsilä Corporation on 31.12.2023: 18,548 shares



#### Johan Forssell

Independent of the company, dependent of significant shareholders. Born 1971, M.Sc. (Economics and Business Administration). President & CEO of Investor AB. Member of the Board of Wärtsilä Corporation since 2017.

- Investor AB, Head of Core Investments and Member of the Management Group, 2006-2015
- Aleris AB, Project Director, 2014
- Investor AB, Head of Research, 2003-2006
- Investor AB, Head of Capital Goods and Healthcare sector, 2001-2003
- Investor AB, Head of Capital Goods sector and Analyst, 1995-1999

- Atlas Copco, Member of the Board
- Confederation of Swedish Enterprise, Member of the Board
- Epiroc AB, Member of the Board
- EQT AB, Member of the Board
- Patricia Industries, Member of the Board

Holdings in Wärtsilä Corporation on 31.12.2023: 18,548 shares

**Primary working experience**

**Other positions of trust**

**Shares**



**Mats Rahmström**

Independent of the company and significant shareholders. Born 1965, MBA. President & CEO of Atlas Copco AB. Member of the Board of Wärtsilä Corporation since 2020.

- Atlas Copco AB, Business Area President, Industrial Technique, 2008-2017
- Atlas Copco AB, President, Atlas Copco Tools and Assembly Systems General Industry division within Industrial Technique, 2006-2008
- Atlas Copco AB, various positions in sales, service, marketing, and general management within Industrial Technique, 1988-2006

- Piab AB, Chair of the Board
- The Royal Swedish Academy of Engineering Sciences, Member

Holdings in Wärtsilä Corporation on 31.12.2023: 36,975 shares



**Tiina Tuomela**

Independent of the company and significant shareholders. Born 1966, MBA, M.Sc. (Engineering). CFO, Fortum Corporation. Member of the Board of Wärtsilä Corporation since 2021.

- Uniper SE, CFO, 2021-2023
- Fortum Corporation, Executive Vice President, Generation Division, 2016-2021
- Fortum Corporation, Executive Vice President, Nuclear and Thermal Power Division, 2014-2016
- Fortum Corporation, various positions in finance, 2003-2014
- Imatran Voima Oy, various positions in finance, 1991-2003

- Teollisuuden Voima Oyj, Member of the Board
- Lappeenranta University of Technology, Member of the Advisory Board
- TÜV Rheinland, member of the Supervisory Board

Holdings in Wärtsilä Corporation on 31.12.2023: 9,259 shares

## GROUP MANAGEMENT

### The President & CEO

The Board of Directors appoints a President for the Group, who is also its Chief Executive Officer. The President & CEO is in charge of the day-to-day management of the company and its administration in accordance with the company's Articles of Association, the Finnish Companies Act, and the instructions of the Board of Directors, and is assisted in this work by the Board of Management. The President & CEO's service terms and conditions are specified in writing in the service contract.

The President & CEO of the company is Mr Håkan Agnevall.

### Board of Management

At the end of the reporting period, Wärtsilä's Board of Management comprised of eight members: the President & CEO, the Chief Financial Officer, the Executive Vice Presidents of the businesses Wärtsilä Energy, Wärtsilä Marine Power and Wärtsilä Marine Systems, as well as the Executive Vice Presidents heading the Marketing and Communications; Corporate Relations & Legal Affairs; and Human Resources functions. The Voyage business was integrated into Marine Power as of 1 January 2023. In June 2023, Saara Tahvanainen and Anders Lindberg took up their positions as Executive Vice President, Marketing and Communications and President, Energy, Executive Vice President respectively. The members of the Board of Management are appointed by the company's Board of Directors, which also approves their remuneration and other terms of employment.

The Board of Management is chaired by the President & CEO. It considers strategic issues related to the Group and its businesses, as well as investments, product policy, and the Group's structure and corporate steering systems. It also supervises the company's operations.

The Chief Financial Officer's main areas of responsibility include group accounting and control, treasury (including project and

customer financing), taxation, process development, corporate planning, and investor relations. The Executive Vice Presidents of the businesses are each responsible for the sales volumes and profitability of their respective global business, deploying the capabilities of the Group's worldwide subsidiaries. The main areas of responsibility of the Executive Vice President, Corporate Relations & Legal Affairs are corporate relations and legal affairs, intellectual asset management and sustainability, environmental and occupational health and safety, as well as security, including cyber security. The Executive Vice President, Human Resources is responsible for people related processes. The main areas of responsibility of the Executive Vice President, Marketing and Communications are external and internal communications, as well as branding and marketing. Information on the members of the Board of Management and their areas of responsibility and holdings can be found in the Board of Management CVs.

### THE BOARD OF MANAGEMENT IN 2023

The Board of Management met 12 times during 2023. Major items on the agenda of the Board of Management were the business strategies and the status of their implementation, as well as the sustainability strategy and decarbonisation and continuous improvement process. The Board of Management focused on financial performance, market development, regulatory environment, and R & D and other technology development. Managing the consequences on the company of the increasing geopolitical tensions and global economic development were in strong focus. Also, the market demand development and the planning of production capacity were significant items of the agenda of the Board of Management. Furthermore, other areas of importance included human resources management, health and safety of personnel, risk management, as well as supplier and other stakeholder relationships.

### Corporate management

The company's corporate management consists of, in addition to the Board of Management, the directors in charge of corporate functions. These functions include Financial Controlling, Corporate Legal Affairs, Group Treasury, Compliance, Information Management, Marketing & Communications, HR, Corporate Internal Audit, Corporate Relations and Sustainability, and Investor Relations.

### Business management teams

Each business head is supported by a business management team. The business management teams comprise the heads of business units and business lines, as well as business specific support function heads. They are responsible for executing the respective business strategies and for ensuring that the business' performance is in line with agreed targets.

### Managing Directors of subsidiaries

The Managing Directors of the Group's subsidiaries are responsible for ensuring that the subsidiaries are in the position to meet the needs of the businesses, and that the development needs of the subsidiary's personnel are met. The Managing Directors are also responsible for ensuring that the subsidiary's operations fulfil the requirements stipulated in the Group processes, including the quality system, that these operations comply with the respective country's legal requirements and with good business practices, and that communication within the subsidiary is conducted in accordance with the practices of the Group.

## Members of the Board of Management

	Primary working experience	Positions of trust	Shares
 <p><b>Håkan Agnevall</b></p> <p>President &amp; CEO of Wärtsilä Corporation since 2021. Born 1966, M.Sc. (Tech.), MBA, Honorary Doctor of Technology. Joined the company in 2021.</p>	<ul style="list-style-type: none"> <li>• Volvo Bus Corporation, President, 2013-2020</li> <li>• Bombardier Transportation, Vice President, 2010-2013</li> <li>• ABB Robotics, Senior Vice President, 2007-2009</li> <li>• ABB High Voltage Cables, Vice President, 2003-2006</li> </ul>	<ul style="list-style-type: none"> <li>• Technology Industries of Finland, Member of the Board</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023: 167,300 shares</p>
 <p><b>Arjen Berends</b></p> <p>Executive Vice President and Chief Financial Officer since 2018. Born 1968, MBA. Joined the company in 1988.</p>	<ul style="list-style-type: none"> <li>• Wärtsilä Corporation, Vice President, Finance &amp; Business Control, Marine Solutions, 2012-2018</li> <li>• Wärtsilä Corporation, Vice President, Finance &amp; Business Control, Wärtsilä Industrial Operations, 2010-2012</li> <li>• Wärtsilä Corporation, Finance Director, Wärtsilä Industrial Operations, 2007-2010</li> <li>• Wärtsilä Propulsion Netherlands B.V., Finance Director, and Wärtsilä Corporation Propulsor Business Finance Director, 2002-2007</li> <li>• Wärtsilä Corporation, various roles, 1988-2002</li> </ul>		<p>Holdings in Wärtsilä Corporation on 31.12.2023: 5,000 shares</p>
 <p><b>Tamara de Gruyter</b></p> <p>President, Wärtsilä Marine Systems, Executive Vice President and Head of Portfolio Business since 2020. Born 1972, B.Sc. Shipbuilding Engineering. Joined the company in 1998.</p>	<ul style="list-style-type: none"> <li>• Wärtsilä Corporation, Chief Transformation Officer and Head of Portfolio Business, 2019-2020</li> <li>• Wärtsilä Corporation, Vice President, Marine Business Europe &amp; Africa, 2019</li> <li>• Wärtsilä Corporation, Vice President, Services North Europe, 2017-2018</li> <li>• Wärtsilä Corporation, Vice President, Propulsion System Services, 2015-2018</li> <li>• Wärtsilä Corporation, various roles, 1998-2015</li> </ul>	<ul style="list-style-type: none"> <li>• Combient AB, Member of the Board</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023: 4,700 shares</p>

	Primary working experience	Positions of trust	Shares
 <p><b>Kari Hietanen</b></p> <p>Executive Vice President, Corporate Relations and Legal Affairs since 2012. Born 1963, LL.M. Joined the company in 1989.</p>	<ul style="list-style-type: none"> <li>• Wärtsilä Corporation, Executive Vice President, Human Resources and Legal Affairs, 2002-2011</li> <li>• Wärtsilä Corporation, Power Divisions, Group General Counsel, 2000-2002</li> <li>• Wärtsilä Diesel Group, General Counsel, 1994-1999</li> <li>• Metra Corporation and Wärtsilä Diesel Group, Legal Counsel, 1989-1994</li> </ul>	<ul style="list-style-type: none"> <li>• European Engine Power Plants Association, EUGINE, President</li> <li>• German-Finnish Chamber of Commerce, Member of the Board</li> <li>• East Office of Finnish Industries Ltd, Deputy Member of the Board</li> <li>• Confederation of Finnish Industries (EK), Member of the Trade Policy Committee</li> <li>• International Trade Committee, Finland Chamber of Commerce / ICC Advisory Board, ICC Finland, Member</li> <li>• Industrial Forum of the European Commission, Member</li> <li>• China Office of Finnish Industries, Member of the Board</li> <li>• Disciplinary Committee of Nasdaq Helsinki Ltd, Member</li> <li>• Takeover Board of the Securities Market Association, Member</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023: 20,033 shares</p>
 <p><b>Roger Holm</b></p> <p>President, Wärtsilä Marine Power and Executive Vice President since 2020. Born 1972, M.Sc. (Econ.). Joined the company in 1997.</p>	<ul style="list-style-type: none"> <li>• Wärtsilä Corporation, President, Marine Business and Executive Vice President, 2019-2020</li> <li>• Wärtsilä Corporation, President, Marine Solutions and Executive Vice President, 2015-2019</li> <li>• Wärtsilä Corporation, Senior Vice President, Engines, 2013-2015</li> <li>• Wärtsilä Corporation, Vice President, Seals &amp; Bearings, 2011-2013</li> <li>• Wärtsilä Corporation, various roles, 1997-2011</li> </ul>	<ul style="list-style-type: none"> <li>• Hanken School of Economics, Member of the Board</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023: 15,196 shares</p>
 <p><b>Anders Lindberg</b></p> <p>President, Wärtsilä Energy. Born 1965, MBA, M.Sc. (Eng.). Joined the company in 2023.</p>	<ul style="list-style-type: none"> <li>• Dellner Couplers AB, CEO &amp; President, 2021-2023</li> <li>• Ørsted, Executive Vice President EPC and QHSE, 2015-2021</li> <li>• Bombardier Transportation, various roles, last position President Rolling Stock Division, 2001-2014</li> <li>• Adtranz, various roles, last position General Manager Propulsion &amp; Controls, 1997-2001</li> <li>• ABB Traction, various roles, last position Manager Converter Engineering Electrical Division, 1991-1996</li> </ul>	<ul style="list-style-type: none"> <li>• Windeed AB, Non-Executive Director</li> <li>• Climeon AB, Non-Executive Director</li> <li>• MT Højgaard A/S, Non-Executive Director</li> </ul>	<p>Holdings in Wärtsilä Corporation on 31.12.2023: no shares</p>

**Primary working experience**

**Positions of trust**

**Shares**



**Teija Sarajärvi**

Executive Vice President, Human Resources since 2022. Born 1969, MA. Joined the company in January 2022.

- Huhtamaki Oyj, various roles, last position as Executive Vice President, Human Resources and Safety, 2015-2021
- OP Financial Group, Executive Vice President, Human Resources, 2012-2015
- Metso Oyj, various roles, last position as Senior Vice President, Human Resources, 2009-2012
- Nokia Oyj, various roles, last position as Director, Human Resources, Nokia Markets, 1998-2009
- ABB Oyj, various roles, 1993-1998

Holdings in Wärtsilä Corporation on 31.12.2023: no shares



**Saara Tahvanainen**

Executive Vice President, Marketing and Communications. Born 1974, M.S.S. Joined the company in 2023.

- UPM, Vice President, Stakeholder Relations, 2018-2023
- HERE Technologies, Head of Executive Communications, 2017
- Outokumpu, various roles, last position as Executive Vice President, Communications, Marketing and Investor Relations, 2012-2017
- Nokia, Senior Communications Manager, 2006-2012
- Fazer, Communications Manager, 2004-2006

Holdings in Wärtsilä Corporation on 31.12.2023: 1,375 shares

## INTERNAL CONTROL

Wärtsilä has defined its objectives for internal control according to the international COSO framework. Wärtsilä defines internal control as a process implemented by Wärtsilä's Board of Directors, the management, the Boards of Directors of Group companies, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives.

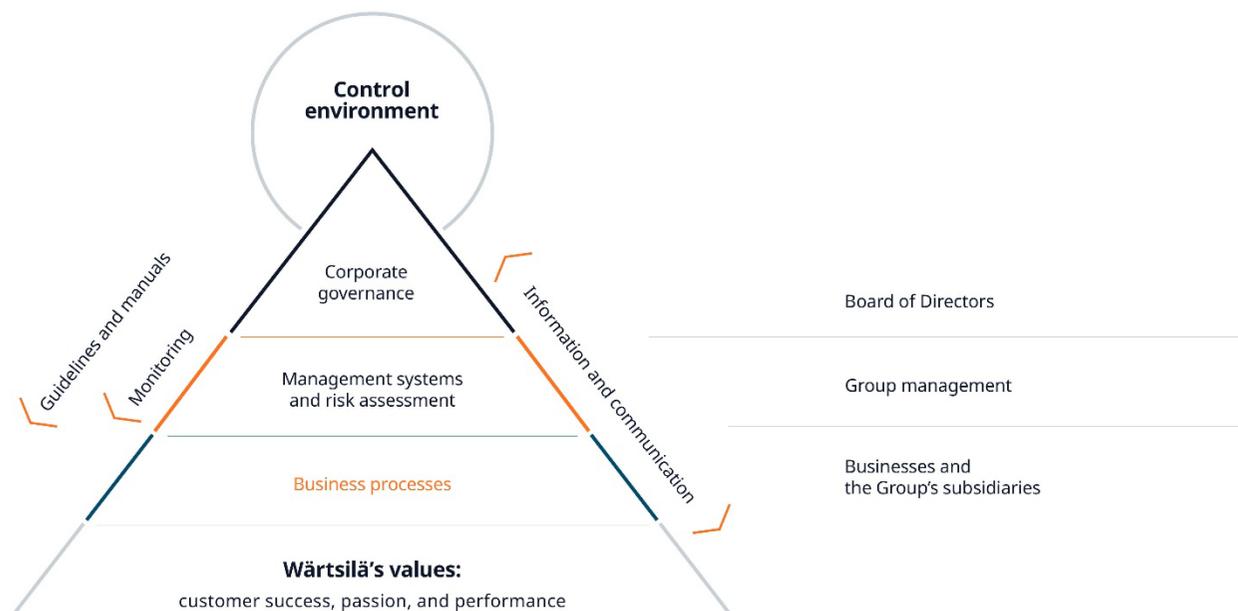
Internal control covers all the policies, processes, procedures and organisational structures within Wärtsilä that help the management, and ultimately the Board, to ensure that Wärtsilä is achieving its objectives, that the business conduct is ethical and in compliance with all applicable laws and regulations, that the company's assets, including its brand, are safeguarded, and that its financial reporting is correct. Internal control is not a separate process or set of activities but is embedded in Wärtsilä's operations.

The system of internal control operates at all levels of Wärtsilä. Wärtsilä maintains and develops its internal control system with the ultimate aim of improving its business performance and, at the same time, complying with laws and regulations in the countries where it operates.

### Management systems

The Board of Management is responsible for developing and implementing Wärtsilä's management systems, continuously improving their performance and ensuring that they operate effectively. Wärtsilä's management systems cover all global processes and management procedures within Wärtsilä related to fulfilling customer requirements. The proper functioning of the management systems ensures, for their part, the attainment of Wärtsilä's internal control objectives. Wärtsilä's main management systems are described in detail on the company website: [www.wartsila.com/investors/governance/internal-control-framework](http://www.wartsila.com/investors/governance/internal-control-framework).

## Main components of Wärtsilä's internal control



## Risk assessment

Internal control within Wärtsilä is designed to support the company in achieving its targets. The risks related to the achievement of targets need to be identified and evaluated in order for them to be managed. Thus, the identification and assessment of risks is a pre-requisite for internal control within Wärtsilä. Wärtsilä's internal control mechanisms and procedures provide the management assurance that risk management actions are carried out as planned. Wärtsilä has defined and implemented entity level and process level control activities, as well as information system controls. Control activities at different levels are needed to directly mitigate risks at the respective levels.

Wärtsilä's financial reporting is carried out in a harmonised way in all major Group companies, using a single instance ERP system and a common chart of accounts. The International Financial Reporting Standards (IFRS) are applied in Wärtsilä consolidated financial statements. Wärtsilä's finance and control process is essential for the functioning of internal control. Adequate controls in the financial management and accounting processes are needed to ensure the reliability of financial reporting.

The Board of Directors regularly assesses the adequacy and effectiveness of Wärtsilä's internal controls and risk management. It is also responsible for ensuring that the internal control of accounting and financial administration is arranged appropriately. The Audit Committee of Wärtsilä's Board of Directors is responsible for overseeing the financial reporting process.

A more comprehensive description of Wärtsilä's risk management principles as well as of Wärtsilä's most important strategic, operational, and financial risks can be found in the [Risks and risk management](#) section of this report.

## Values and the control environment

The foundation of Wärtsilä's internal control system lies on the company's values: customer success, passion, and performance. Wärtsilä's values are reflected in its day-to-day relations with its

suppliers, customers, and investors, as well as in internal guidelines, policies, manuals, processes, and practices. The control environment sets the tone for internal control within Wärtsilä and influences the control awareness of its people. It provides discipline and structure for all the other components of internal control. The elements of Wärtsilä's control environment are included in the corporate culture; in the integrity, ethical values and competence of Wärtsilä's personnel; as well as in the attention and direction provided to the personnel by the Board of Directors.

Wärtsilä's values and control environment provide Wärtsilä's Board of Directors and management the basis for reasonable assurance regarding the achievement of the objectives of internal control. The President & CEO and the Board of Management define Wärtsilä's values and ethical principles, which are reflected in the Code of Conduct approved by the Board of Directors, and set an example for the corporate culture, which together create the basis for the control environment. They, together with the business management, are responsible for communicating Wärtsilä's values to the organisation.

## Business processes

The controls embedded in Wärtsilä's business processes play a key role in ensuring effective internal control within the company. Controls in the business processes help ensure the achievement of all the objectives of internal control within Wärtsilä, especially those related to the efficiency of operations and safeguarding the company's profitability and reputation. The business management is responsible for ensuring that, within its area of responsibility, the defined Group level processes and controls are implemented and complied with. Where no Group level processes and controls exist, the business management is responsible for ensuring that efficient business level processes with adequate controls have been defined and implemented.

## Guidelines and manuals

The components of Wärtsilä's internal control system, including for example corporate governance, management systems, the

performance management process, as well as business and other processes, are described in various guidelines and manuals. The essential Group level policies and guidelines are compiled in Wärtsilä's Corporate Manual. Wärtsilä's Group level Accounting Manual contains instructions and guidance on accounting and financial reporting to be applied in all Wärtsilä Group companies. The manual supports the achievement of objectives related to the reliability of Wärtsilä's financial reporting. Wärtsilä's Group level policies, and any changes to them, shall be approved by a member of the Board of Management. In addition to the Group level guidelines and manuals, the businesses have issued related guidelines and instructions for their own, specific purposes. The business level guidelines and manuals are aligned with, and do not contradict, the Group level guidelines and manuals.

## Information and communication

An effective internal control system needs sufficient, timely, and reliable information to enable the management to assess the achievement of the company's objectives. Both financial and non-financial information is needed, relating to both internal and external events and activities. Employees can provide feedback to the management and communicate suspected misconduct via a whistle-blower channel that secures anonymous reporting, or directly to the Compliance, Legal Affairs, or Internal Audit functions. All external communications are carried out in accordance with the Group Communications Policy.

## Monitoring

Monitoring is a process that assesses the quality of Wärtsilä's internal control system and its performance over time. Monitoring is performed both on an ongoing basis and through separate evaluations that include internal, external, and quality audits.

The Audit Committee of the Board of Directors assesses and assures the adequacy and effectiveness of Wärtsilä's internal controls and risk management. The Internal Audit function assists the Audit Committee in this work by performing regular audits of Group legal entities, businesses, and support functions in

accordance with its annual plan. In addition, Wärtsilä's external auditor and other assurance providers, such as quality auditors, conduct their evaluations of Wärtsilä's internal controls.

Wärtsilä's management performs monitoring as part of its regular supervisory activities. Business management is responsible for ensuring that all relevant laws and regulations are complied with in their respective responsibility areas. The Legal and Compliance function monitors adherence to the compliance policies of the Group.

The Group Finance & Control function oversees the financial reporting processes and controls to ensure that they are being followed. It also monitors the correctness of all external and internal financial reporting. Wärtsilä's external auditor audits Wärtsilä's financial statements, which include the consolidated financial statements.

#### Internal audit

Wärtsilä has an independent and objective Corporate Internal Audit unit, which functionally reports to the Audit Committee and administratively to the Chief Financial Officer. The purpose of Internal Audit is to evaluate and verify the effectiveness and quality of Wärtsilä's supervision mechanisms, including risk management, internal control, and governance.

The Internal Audit scope covers all the company's organisational levels, processes, functions, legal entities, Businesses and other topics based on risk assessment. Internal audits are undertaken in the subsidiaries and Business Units at regular intervals, ranging from one to four years. Internal Audit may also undertake audits in conjunction with acquisitions or carry out special tasks when needed.

The Internal Audit function prepares a risk-based annual audit plan, under which it audits different parts of the company. The annual plan is approved by the Audit Committee regularly. The function reports regularly to the Audit Committee and if needed, it may also

be in direct contact with the Audit Committee or members of the Board of Directors. Reports are also shared with External Audit.

#### Related party transactions

Wärtsilä's related parties comprise the members of the Board of Directors, the President & CEO, the other members of the Board of Management and persons related to them as per IAS 24, as well as the associated companies and joint ventures. The Group Finance & Control function evaluates, and monitors transactions concluded between the company and its related parties to ensure that any conflicts of interest are considered appropriately in Wärtsilä's decision-making process.

#### Insider management

Wärtsilä manages inside information and insiders in accordance with all applicable laws and regulations regarding insiders and insider trading.

The most important statutory provisions are contained in the Market Abuse Regulation (EU) 596/2014 ("MAR"). Wärtsilä also follows the Insider Guidelines of Nasdaq Helsinki Ltd. and Wärtsilä's Insider Policy.

The company draws up insider lists for projects containing inside information. Insiders are given written notification of their status as insiders and instructions on the obligations that apply to insiders.

The members of Wärtsilä's Board of Directors and Board of Management and certain other Wärtsilä personnel are prohibited from trading Wärtsilä's financial instruments during the 30 days prior to the publication of a financial statements bulletin, a half-year report, or an interim report.

Wärtsilä publishes notifications on transactions conducted by persons discharging managerial responsibilities and persons closely associated with them in accordance with the provisions of the MAR. The term "persons discharging managerial responsibilities" refers exclusively to the members of the Board of

Directors and the Board of Management of Wärtsilä. These notifications are available on Wärtsilä's website.

#### EXTERNAL AUDIT

The company has one auditor, which shall be an audit firm. The auditor is elected by the Annual General Meeting to audit the accounts for the ongoing financial year. Its duties cease at the close of the subsequent Annual General Meeting.

Following the closing of annual accounts, the external auditor submits a statutory auditor's report to the company's shareholders. In addition, the auditor regularly reports its findings to the Board of Directors' Audit Committee. The auditor, in addition to fulfilling general competency requirements, must comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

#### AUDITOR IN 2023

The Annual General Meeting appointed the audit firm PricewaterhouseCoopers Oy (PwC) as Wärtsilä Corporation's auditor for the year 2023. The auditor-in-charge was Mr Lauri Kallaskari. Auditing fees paid to PwC amounted to EUR 3.7 million in 2023. Fees for non-audit services totalled EUR 0.3 million. The latter fees paid to the auditor concerned tax advisory and other services.