

Corporate Governance statement 2008

Wärtsilä Corporation applies the guidelines and provisions of its Articles of Association, the Finnish Limited Liability Companies Act and the rules and regulations of NASDAQ OMX Helsinki Exchanges. Wärtsilä also complies with the Finnish Corporate Governance Code 2008 for listed companies. The Code is publicly available on www.cgfinland.fi.

■ Tasks and responsibilities of governing bodies

Management of the Wärtsilä Group is the responsibility of the General Meeting of Shareholders, the Board of Directors, and the President and CEO. Their duties are for the most part defined by the Finnish Companies Act.

■ General meetings of shareholders

The ultimate decision making body in the company is the General Meeting of shareholders. It resolves issues as defined for General Meetings in the Finnish Companies Act and the company's Articles of Association. These include approving the financial statements, deciding on the distribution of dividends, discharging the company's Board of Directors and CEO from liability for the financial year, appointing the company's Board of Directors and auditors, and deciding on their remuneration.

A General Meeting of Wärtsilä Corporation shareholders is held at least once a year. The Annual General Meeting (AGM) must be held no later than the end of June. Under the Articles of Association, an invitation to a General Meeting shall be published in at least two daily newspapers in common circulation in Finland, as decided by the Board of Directors, not earlier than two months prior to the meeting and not later than 17 days before the meeting. Wärtsilä also publishes its invitations to General Meetings as stock exchange announcements and on its internet website. Shareholders have, according to the law, the right to put items falling within the competence of the General Meeting on the agenda of the General Meeting, if the shareholder so notifies the Board of Directors in writing well in advance of the General Meeting so that the item can be added to the notice of the General Meeting.

■ Annual General Meeting 2008

Wärtsilä's Annual General Meeting on 19 March 2008 approved the financial statements and discharged the members of the

Board of Directors and the company's President & CEO from liability for the financial year 2007. All related documents can be found on our website www.wartsila.com.

■ The Board of Directors

Responsibility for the management of the company and the proper organisation of its operations is invested in the company's Board of Directors, which has between five and eight members. Board members serve for one year at a time and are elected by a General Meeting. The majority of the directors shall be independent of the company and at least two of the directors representing this majority shall be independent of significant shareholders of the company. Information on the Board composition, Board members and their independence can be found on page 39.

The proposal for board composition shall be included in the notice of the general meeting. The same applies to a proposal for the composition of the board 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 so that it may be included in the notice of the general meeting. The candidates proposed in corresponding order thereafter shall be disclosed separately.

The Board elects a chairman and deputy chairman 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 in its regular work are set out in the Rules of Procedure approved by the Board. The Board has also approved the rules of procedure applied by the Board's committees setting out the main tasks of the committees and their working principles.

In addition to matters requiring its decision, the Board is also given updates at its meetings on the Group's operations, financial position and risks.

The Board conducts an annual evaluation of its operations and working methods. The purpose of this evaluation is to establish how the Board has executed its tasks during the year and to act as a basis when assessing how the Board functions.

The Board of Directors convenes 7–10 times a year following a predetermined schedule. In addition to these meetings the Board convenes as necessary. All meetings are documented.

■ Board of Directors in 2008

In 2008 the Board of Directors consisted of 6 members; Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Kari Kauniskangas, Mr Antti Lagerroos (chairman), Mr Bertel Langenskiöld and Mr Matti Vuoria (deputy chairman).

During 2008 Wärtsilä's Board of Directors held 12 meetings. The average attendance of all directors was 93%.

■ The Board's committees

The Board of Directors annually appoints an Audit Committee, a Nomination and Remuneration Committee, and may also nominate any other committees if considered necessary at its constitutive meeting following the Annual General Meeting. The Board appoints the members of these committees and their chairmen. 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. 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.

■ The Audit Committee

The Board of Directors appoints an Audit Committee to assist it in the execution of its task of supervising the company's financial management. The Board appoints from among its members at least three members to the Committee. The members shall

have the qualifications necessary to perform the responsibilities of the Audit Committee.

The Board defines the duties of the Audit Committee in the charter confirmed for the committee. The Audit Committee monitors the reporting process of financial statements, supervises the financial reporting process, monitors the efficiency of the internal control, internal audit and risk management systems. Further more 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 of the financial statements and consolidated financial statements, evaluates the independence of the statutory audit firm and prepares the proposal for resolution on the election of the auditor.

■ Audit Committee in 2008

Chairman Antti Lagerroos, members Maarit Aarni-Sirviö, Matti Vuoria. Two members are independent of the company and all are independent of significant shareholders. The Audit Committee met 4 times in 2008.

■ The Nomination Committee

The Board of Directors appoints a Nomination Committee to assist it in its work. The Board appoints at least three of its members to serve on the Committee. The majority of the members of the Committee shall be independent of the company.

The Board defines the duties of the Nomination Committee in the charter confirmed for the Committee. The Nomination Committee prepares, as necessary, the nomination of the President and CEO, the Executive Vice President and the CEO's deputy. The Committee communicates, as necessary, with major shareholders in matters concerning the appointment of the Board of Directors.

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

- the annual and interim financial statements,
- the matters to be put before General Meetings of shareholders,
- the appointment of the President and CEO,
- the appointment of the Executive Vice President and the CEO's deputy if any,
- and the organisation of financial supervision in 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 these matters are:

- approval of the Group's strategic plan and long-term goals,
- approval of the Group's annual business plan and budget,
- decisions concerning investments, acquisitions or divestments that are significant or that deviate from the Group's strategy,
- decisions to raise loans and the granting of security or similar collateral commitments when their size is significant,
- risk management principles,
- the Group's organisational structure,
- appointment of the company's Board of Management and approval of their remuneration and pension benefits,
- monitoring and assessing the performance of the President and CEO,
- approval of the company's management principles and steering systems,
- appointment of the Board of Directors' committees,
- the granting of minor donations to good causes.

The Chairman of the Nomination Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and, when necessary, on the Committee's meetings to the Board.

■ Nomination Committee in 2008

Chairman Antti Lagerroos, members Matti Vuoria, Kaj-Gustaf Bergh. Two members are independent of the company. The Nomination Committee met once in 2008.

■ The Remuneration Committee

The Board appoints a Remuneration Committee to assist it in its work. The Board appoints at least three of its members to sit on the Committee.

The Board defines the duties of the Remuneration Committee in the charter confirmed for the Committee. The Committee prepares proposals to be put before the Board of Directors concerning the incentive schemes and remuneration that apply to the President and CEO and the company's other senior executives. The chairman of the Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and, when necessary, on the Committee's meetings to the Board.

■ Remuneration Committee in 2008

Chairman Antti Lagerroos, members Matti Vuoria, Bertel Langenskiöld. Two members are independent of the company. The Remuneration Committee met once in 2008.

■ The President and CEO and the Executive Vice President

The Board of Directors appoints a President for the Group who is also its chief executive officer. The President and 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. He is assisted in this work by the Board of Management. The President and CEO of the company is Mr Ole Johansson. The Board of Directors appoints, if necessary, one or several executive vice presidents. The company's Executive Vice President is its Chief Financial Officer Raimo Lind. Mr Lind also acts as the deputy to President and CEO Ole Johansson.

■ The Board of Management

The company's Board of Management comprises the President and CEO, the Group Vice Presidents heading the Ship Power, Power Plants, Services businesses and Wärtsilä Industrial Operations, the Chief Financial Officer, the Group Vice President, Legal Affairs & Human Resources and as of 1 March 2008 the Group Vice President, Corporate Communications. Board of Management members 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 and CEO. It considers strategic issues related to the Group and its businesses, as well as investments, product policy, the Group's structure and corporate steering systems, and it supervises the company's operations.

The Group Vice Presidents, heading the businesses are each responsible for the sales volumes and profitability of their respective global businesses, employing the services of the Group's worldwide subsidiaries. Information on the members of the Board of Management, their areas of responsibility and holdings are given on pages 40 and 41.

■ The Board of Management in 2008

In 2008 the Board of Management met 14 times. The principal issues addressed by the Board of Management were related to market development, company growth and profitability, strong personnel growth, business strategy as well as issues relating to development of competitiveness. The further development of markets, volumes and capacity as well as key supplier relationships in a highly volatile global economic environment were also vital concerns addressed by the Board of Management. Other important matters considered by the Board of Management included the quantitative and qualitative development of the company's personnel and management resources worldwide as well as developing internal global processes and working practices.

■ The Corporate Management

The company's Corporate Management includes, in addition to the members of the Board of Management, the directors in charge of corporate functions. Information on the members of Corporate Management and their areas of responsibility is given on page 41.

■ Business management teams

Each business head is supported by a Business Management Team to consider issues, including the business's strategy and business operations. Information on the members of the Business Management Team is given on page 41.

■ Managing Directors of the subsidiaries

The Managing Directors of the Group's subsidiaries are responsible for ensuring that the local service, sales and manufacturing resources are correctly dimensioned to meet the needs of the businesses; that the subsidiary's personnel development needs are met; that the subsidiary's operations fulfil the requirements stipulated in the Group's quality system; that these operations comply with the respective country's legal requirements and with good business practice; and that communication in the subsidiary is conducted according to the targets of the Group.

■ Insider management

Wärtsilä applies the legal provisions applying to the management of insiders, as well as the Guidelines for Insiders approved by NASDAQ OMX Helsinki Exchange for public listed companies, and the stipulations and guidelines of the Finnish Financial Supervision Authority.

Wärtsilä's permanent insiders comprise the statutory insiders, i.e. the Board of Directors, the President and CEO, the Executive Vice President and the Principal Auditor, as well as the members of the Board of Management.

Certain members of the Corporate Management and other employees, as required by their duties, also belong to the company's own non-public insider register. When significant projects are at the preparation stage, the company also draws up insider registers for the projects concerned. Insiders are given written notification of their status as insiders as well as instructions on the obligations that apply to insiders.

The company's insiders are not permitted to trade in the company's shares for 14 (however Wärtsilä recommends 30 days) days prior to publication of the interim reports or the annual financial statements bulletin.

The company's insider register is maintained by the parent company's legal affairs department, which is responsible for keeping the information updated. Information on the interests and holdings of the company's permanent insiders and related

parties is available from the SIRE system of the Finnish Central Securities Depository Ltd. The same information is also posted on Wärtsilä's website.

■ The internal audit

The Group's internal audit is handled by the company's Internal Audit unit, which reports to the President and CEO. The purpose of the Internal Audit is to analyse the company's operations and processes, and the effectiveness and quality of its supervision mechanisms. The internal auditor also participates, if necessary, in audits undertaken in conjunction with acquisitions, and carries out special tasks assigned by the Board of Management.

The internal audit function covers all of the company's organisational levels and subsidiaries. An internal audit is undertaken in the main subsidiaries on an annual basis and in network companies with 3 year intervals. The internal auditors prepare an annual plan under which they independently audit different parts of the company, but he is also empowered to carry out special audits. The annual plan is approved by the Audit Committee, to which the internal audit also reports at regular intervals. If required, the auditors also have the possibility to take direct contact with the Audit Committee or members of the Board of Directors.

■ The external audit

The company has one auditor which shall be an auditing firm authorised by the Central Chamber of Commerce. The auditor is elected by the Annual General Meeting to audit the accounts for the ongoing financial year and its duties cease at the close of the subsequent Annual General Meeting. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting records, and the administration of the parent company.

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

■ Auditor in 2008

In 2008 the AGM appointed the firm of public accountants KPMG Oy Ab as Wärtsilä Corporation's auditor. Auditing fees paid to all the auditors of the Group companies amounted to EUR 1.9 million in 2008. Consultancy fees unrelated to auditing duties paid to the auditors totalled EUR 2.7 million. These latter fees concerned acquisitions and consultation on taxation matters.

■ Communications

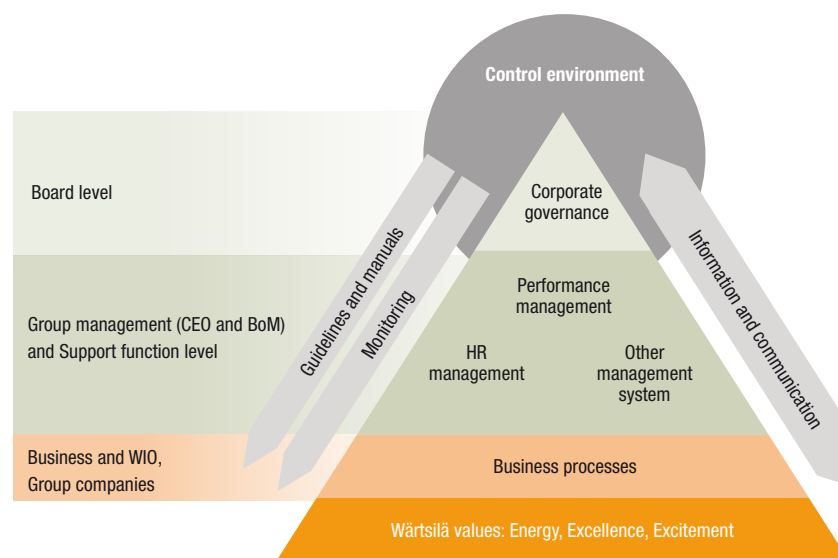
The principal information on Wärtsilä's administration and management is published on the company's website. All stock exchange releases and press releases, as well as significant presentation materials used by senior executives, are likewise published on the company's website as soon as they are made public.

The main features of the internal control and risk management systems pertaining to the financial reporting system

■ Objectives for internal control

Wärtsilä has defined its objectives for internal control based on the international COSO framework. According to Wärtsilä's definition, internal control is a process taken part by Wärtsilä's Board of Directors, management, the Boards of Directors of Group companies and other personnel, designed to provide reasonable assurance regarding the achievement of objectives.

Main components of Wärtsilä's internal control



Internal control covers all the policies, processes, procedures and organisational structures in Wärtsilä that help 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, and that the company's assets, including its brand, are safeguarded and that financial reporting is correct. Internal control is not a separate process or set of activities, but it is embedded in the operations of Wärtsilä. 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 to comply with laws and regulations in countries where it operates.

■ Values and control environment

The foundation of Wärtsilä's internal control system is its values, Energy, Excellence and Excitement. Wärtsilä's values are reflected in its day-to-day relations with its suppliers, customers and investors and also in Wärtsilä's internal guidelines, policies, manuals, processes and practices.

The control environment sets the tone of internal control in Wärtsilä, influencing 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 include the corporate culture; the integrity, ethical values and competence of Wärtsilä's personnel as well as the attention and direction provided to the personnel by the Board of Directors of Wärtsilä.

Wärtsilä's values and control environment provide Wärtsilä's Board of Directors and management the basis for the reasonable assurance regarding Wärtsilä achieving the objectives for internal control. The President & CEO and the Board of Management define Wärtsilä's values and ethical principles (reflected in the Code of Conduct) and set the example for the corporate culture, which create the basis for the control environment. The same parties, together with Ship Power, Power Plants and Services (hereafter Business) and Wärtsilä Industrial operations (hereafter WIO) management, are responsible for communicating Wärtsilä's values to the organisation.

■ Performance management

Planning and target setting, an integral part of performance management in Wärtsilä, are a regular management activity and not part of Wärtsilä's internal control system. The estab-

lishment of objectives, however, is an important prerequisite for internal control. Through the performance management process, financial and non-financial targets are set for Wärtsilä annually on the Group level. Group level targets are then translated into targets for Businesses and WIO, Group Companies, and eventually individuals.

The achievement of the annual targets is followed up through monthly management reporting. The performance of the Businesses and WIO and achievement of the annual targets are reviewed on a monthly basis in the respective management team meetings. The performance and the achievement of the targets of the Group and of the different Businesses and WIO are reviewed on a monthly basis by the Board of Management. The respective Management Teams and the Board of Management also address the reliability of Wärtsilä's financial reporting.

Financial reporting in Wärtsilä is carried out in a harmonised way in all major Group Companies, using single instance ERP system and a common chart of accounts. The international financial reporting standards (IFRS) are applied in the whole Group. 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 internal control over accounting and financial administration is arranged appropriately. The Audit Committee of the Board of Directors of Wärtsilä Corporation is responsible for overseeing the financial reporting process. The Group Finance & Control function is responsible for notifying relevant levels of management of deviations from plans, for analysing the underlying reasons, and for suggesting corrective actions. The Group Finance and Control supports the Businesses and WIO in decision-making and analysis to ensure attaining financial targets. It is also responsible for maintaining and developing the company's performance management processes so that the management at different levels of the organisation is able to receive timely, reliable and adequate information regarding the achievement of the organisation's objectives, and also for developing the financial reporting processes and respective controls.

■ HR management

Human resource management practices and processes have a key role in Wärtsilä's system of internal control. Human resource management mechanisms are the primary way through which to influence the personnel's control attitudes, for example towards the controls designed to uphold reliable financial reporting, and control awareness, i.e. knowledge about all the controls in place in Wärtsilä.

Wärtsilä's key human resource management processes with respect to internal control are compensation and benefits, HR development, recruitment and resourcing management and individual performance management as well as processes for collecting feedback from the employees. These processes for their part help ensure the effectiveness of internal control in Wärtsilä. The HR function is responsible for maintaining and developing Wärtsilä's HR processes to enable effective internal control also on the individual level.

■ Other management systems

The Board of Management is responsible for developing and implementing Wärtsilä's management system, for continuously improving its performance and ensuring that it operates effectively. The Wärtsilä management system covers all global processes and management procedures in Wärtsilä related to fulfilling customer requirements. The proper functioning of the aspects of the management system highlighted below ensure for their part attaining Wärtsilä's internal control objectives.

Quality

The quality of Wärtsilä's solutions, and thus quality management, is a top priority in Wärtsilä. Compliance with Wärtsilä's Quality Management System ISO 9001:2000 is compulsory throughout the Group and compliance with the system is rigorously monitored.

Sustainability

Wärtsilä is strongly committed to sustainability. Wärtsilä's vision, mission and values together with a solid financial performance form the basis for sustainable development in Wärtsilä. Acting in compliance with all applicable laws and regulations in all countries in which it operates, also regarding financial reporting, is a central part in Wärtsilä's sustainability performance.

Risk management

Internal control in Wärtsilä is designed to support the company in achieving its targets. The risks related to the achievement of the targets need to be identified and evaluated in order to be able to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in Wärtsilä. Wärtsilä's internal control mechanisms and procedures provide management assurance that the risk management actions are carried out as planned.

Wärtsilä has defined and implemented entity level and process level control activities as well as information systems controls. Control activities at different levels are needed to directly mitigate risks at the respective levels. Wärtsilä's risk management processes consist of a Group-wide risk assessment and management processes as well as project-specific risk assessments and project risk management. The Group-wide risk assessment process results in the creation of action plans for the identified and prioritised risks.

Each Business and WIO reports its main risks to the Board of Management of Wärtsilä which also follows-up the execution of the defined risk management action plans on a regular basis. The Board of Directors of Wärtsilä Corporation is responsible for defining the Group's overall level of risk tolerance and for ensuring that Wärtsilä has adequate tools and resources for managing risks. The President & CEO, with the assistance of the Board of Management, is responsible for organising and ensuring risk management in all Wärtsilä's operations. Business and WIO management is responsible for defining action plans for managing the most important risks.

Wärtsilä's most important strategic, operative and financial risks can be found on page 42.

Information Management

Information management plays a key role in Wärtsilä's internal control system. Information systems are critical for effective internal control as many of the control activities are programmed controls.

■ Business processes

The controls embedded in Wärtsilä's business processes have a key role in ensuring effective internal control in Wärtsilä. Controls in the business processes help ensure the achievement of all the objectives of internal control in Wärtsilä, especially those

related to the efficiency of operations and safeguarding Wärtsilä's profitability and reputation. Business and WIO management is responsible for ensuring that in their area of responsibility the defined Group level processes and controls are implemented and complied with. Where no Group level processes and controls exist, Business and WIO management is responsible for ensuring that efficient Business and WIO level processes with adequate controls have been described and implemented.

■ Guidelines and manuals

The components of Wärtsilä's internal control system, for example corporate governance, management system, the performance management process as well as the business and other processes, are described in various guidelines and manuals. The key Group level policies and guidelines are collected 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 the objectives regarding the reliability of financial reporting in Wärtsilä. The Board of Management of Wärtsilä Corporation approves Wärtsilä's Group level policies and any changes to them.

In addition to the Group level guidelines and manuals, the Businesses and WIO have issued related guidelines and instructions for their own, specific purposes. The Business and WIO 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 follow up the achievement of the company's objectives. Both financial and non-financial information is needed, relating to both internal and external events and activities. Informal ways for employees to give feedback to management and to communicate suspected misconducts (for example directly to the Internal Audit function) are used on an ongoing basis. All external communication is carried out in accordance with the Group Communications Policy.

■ Monitoring

Monitoring is a process that assesses the quality of Wärtsilä's system of internal control and its performance over time.

Monitoring in Wärtsilä is performed both on an ongoing basis, and through separate evaluations including internal, external and quality audits. The Business and WIO management is responsible for ensuring that relevant laws and regulations are complied in their respective responsibility areas. The management in Wärtsilä in turn performs monitoring as part of the regular supervisory activities. 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 assessing and assuring the adequacy and effectiveness of Wärtsilä's internal controls and risk management by performing regular audits in Group legal entities and support functions according to its Annual plan. Wärtsilä's external auditor and other assurance providers such as quality auditors conduct evaluations of Wärtsilä's internal controls. The Group Finance & Control function monitors that the financial reporting processes and controls are being followed. It also monitors the correctness of external and internal financial reporting. The External Auditors verify the correctness of external annual financial reports.

Salary and remuneration report 2008

■ Remuneration of the Board of Directors

The Annual General Meeting decides annually on the fees to be paid to the members of the Board of Directors for one term of office at a time.

The Annual General Meeting approved the following fees to the members of the Board of Directors for 2008:

- to the ordinary members EUR 55,000/year
- to the deputy chairman EUR 82,500/year
- to the chairman EUR 110,000/year
- In addition, each member will be paid EUR 400/meeting attended, the chairman's meeting fee being double this amount. Roughly 40% of the annual fee is paid in Wärtsilä shares. The fee for attendance at meetings is paid in money.

The six members of Wärtsilä's Board of Directors, none of whom are employees of the company, were paid altogether

442,180 euro for the financial period that ended 31 December 2008. The Board's members are not covered by the company's stock option scheme or bonus scheme.

■ Remuneration of the President and CEO and the Board of Management

The remuneration paid to the President and CEO and other members of the Board of Management, and the principles underlying it, are determined by the Board of Directors. The remuneration paid to the President and CEO and the other members of the Board of Management consists of a monthly salary and a bonus. The Board of Directors determines the terms for the bonus payment. More information about the salaries and bonuses can be found in the Financial review on page 125. The bonus payments for the President and CEO and the Board of Management are paid according to the achievement of the company's profit targets. Monthly updated information on shares held by the President and CEO and the other members of the Board of Management, can be found on the website at www.wartsila.com.

The President and CEO is eligible to take retirement on reaching the age of sixty and his retirement pension is 60% of his statutory (TyEL) earnings. Remuneration paid to the President and CEO if dismissed by the company, corresponds to 24 month's salary plus six months' period of notice salary. The retirement age of some of the members of the Board of Management is sixty years.

■ Management incentive schemes

The Board of Directors determines the incentive schemes for the President and CEO and other members of the Board of Management, and the principles underlying them. The Board of Directors also decides on other possible long-term incentive schemes for senior management, unless they are by law determined by the Annual General Meeting. The Board of Management decides on bonus schemes for other directors and managers.

The Group operates a bonus scheme, which is implemented globally in all businesses. The bonus is based on the Group's profitability and agreed personal targets. Approximately 1,400 directors and managers are covered by this bonus scheme.

The Board of Directors has decided on a long-term bonus scheme for senior management tied to the stock development of the company's share. The bonus scheme applies to approximately 50 directors. More information about the bonus scheme can be found in the notes to the Consolidated Financial Statements on page 114.

The Group's white- and blue-collar employees are covered by various bonus or profit-based incentive schemes. These are applied in each country according to that country's legislation, or to agreements concerning profit-sharing schemes. All in all, some 60% of the company's employees are covered by the Group's bonus scheme and various other profit-based incentive schemes. ■

Fees paid in Wärtsilä shares in 2008

Board of Directors	No. of shares
Chairman Antti Lagerroos	940
Deputy Chairman Matti Vuoria	705
Maarit Aarni-Sirviö	470
Kaj-Gustaf Bergh	470
Kari Kauniskangas	470
Bertel Langenskiöld	470

Board of Directors share ownership in Wärtsilä 31 December 2008

Board of Directors	Share
Antti Lagerroos	15 299
Change in 2008	+940
Matti Vuoria	2 062
Change in 2008	+705
Maarit Aarni-Sirviö	1 174
Change in 2008	+470
Kaj-Gustaf Bergh	470
Change in 2008	+470
Kari Kauniskangas	1,470
Change in 2008	+1 470
Bertel Langenskiöld	4 995
Change in 2008	+470

Board of Management share ownership in Wärtsilä 31 December 2008

Board of Management	Share
Ole Johansson	24 533
Change in 2008	+283
Raimo Lind	3 383
Change in 2008	+543
Tage Blomberg	2 250
Change in 2008	+225
Jaakko Eskola	5
Change in 2008	-
Lars Hellberg	0
Change in 2008	-
Kari Hietanen	72
Change in 2008	-
Atte Palomäki	300
Change in 2008	+300
Christoph Vitzthum	466
Change in 2008	+16



Antti Lagerroos



Matti Vuoria



Maarit Aarni-Sirviö



Kaj-Gustaf Bergh



Kari Kauniskangas



Bertel Langenskiöld

Board of Directors

Mr Antti Lagerroos

Independent of the company and significant shareholders. Chairman of the Board of Wärtsilä Corporation. Born 1945, LL.Lic. Member of the Board of Wärtsilä Corporation since 2002.

Primary working experience: *University of Turku*, Lecturer in Process, Criminal and Public law 1971–78; *Vaasa School of Economics*, acting Professor of Fiscal Law 1973–79; *Hollming Oy*, President of Legal Affairs and Finance 1979–81; *Salora Oy*, Chairman & CEO 1981–84; *Salora-Luxor Division*, President 1984–86; *Nokia Corporation*, Member of the Operating Board 1984–86; *Nokia Corporation*, Member of Board of Directors 1986–90; *Nokia Mobile Phones*, Executive President 1989–90; *Finnlines Plc*, President & CEO and Member of the Board 1990–2007.

Other positions of trust: *Cargotec Corporation*, Member of the Board; *Ilmarinen Mutual Pension Insurance Company*, Member of the Supervisory Board.

Mr Matti Vuoria

Dependent on the company, independent of significant shareholders. Deputy Chairman of the Board of Wärtsilä Corporation. Born 1951, BA, Master of Laws. President & CEO of Varma Mutual Pension Insurance Company. Member of the Board of Wärtsilä Corporation since 2005.

Primary working experience: *Ministry of Trade and Industry*, Secretary General 1992–98; *Fortum Corporation*, full-time Chairman of the Board of Directors 1998–2003.

Other positions of trust: *Sampo plc*, Deputy Chairman of the Board; *Danisco A/S* and *Stora Enso Oyj*, Member of the Boards; *The Federation of Financial Services*, Member of the Board and the *Finnish-Russian Chamber of Commerce*, Chairman of the Board.

Ms Maarit Aarni-Sirviö

Independent of the company and significant shareholders. Born 1953, MSc (Tech.), MBA. President & CEO of Mint of Finland Ltd. Member of the Board of Wärtsilä Corporation since 2007.

Primary working experience: *Borealis Group* 1994–2008, several senior leadership positions, latest Vice President, BU Phenol, and in *Neste Oyj* 1977–94.

Other positions of trust: : *Oy Nordic Moneta Ab* and *Det Norske Myntverket*, Chairman of the Boards; *Rautaruukki Oyj* and *Ponsse Oyj*, Member of the Boards.

Mr Kaj-Gustaf Bergh

Independent of the company, dependent on significant shareholder. Born 1955. B.Sc., LL.M. Managing Director of Föreningen Konstsamfundet r.f. Member of the Board of Wärtsilä Corporation since 2008.

Primary working experience: *Ky von Konow & Co*, Administrative manager, 1982–83; *Ane Gyllenberg Ab*, Administrative manager, 1984–85; *Oy Bensow Ab*, Director, Executive vice president, 1985–86; *Ane Gyllenberg Ab*, Chief executive officer, 1986–98; *SEB Asset Management*, Director, 1998–2000; *Skandinaviska Enskilda Banken*, Member of management, 2000–9/2001; *Föreningen Konstsamfundet r.f.*, Chief executive officer, 5/2006–.

Other positions of trust: Chairman of Boards: *Aktia Bank plc*; *Finaref Group Ab*; *Fiskars Corporation*; *Ab Forum Capita Oy* and *KSF Media Holding Ab*. Member of Boards: *Julius Tallberg Oy Ab*; *Ramirent Group* and *Stockmann Oyj Abp*.

Mr Kari Kauniskangas

Independent of the company, dependent on significant shareholder. Born 1962. MSc (Econ.). President & CEO of Fiskars Corporation. Member of the Board of Wärtsilä Corporation since 2008.

Primary working experience: Several different positions within *Amer Sports Corporation* since 1984; *Amer Sports Europe GmbH*, Germany, Managing Director, 1999–2004; Director, sales & distribution, 2004–07; Manager for the Winter & outdoor -business unit, 2007.

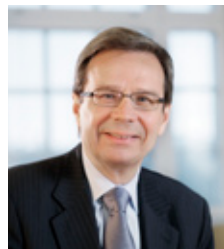
Mr Bertel Langenskiöld

Independent of the company and significant shareholders. Born 1950, MSc (Eng.). President of Metso Paper Inc. Member of the Board of Wärtsilä Corporation since 2002.

Primary working experience: *Tampella Power Kvaerner Pulping*, Power Division, President 1994–2000; *Fiskars Corporation*, President 2001–03; *Metso Minerals, Inc.*, President 2003–06; *Metso Paper, Inc.*, Fiber Business Line, President 8/2006–3/2007.

Other positions of trust: *Luvata Group*, Member of the Board.

Board of Management



Ole Johansson



Raimo Lind



Tage Blomberg



Jaakko Eskola



Lars Hellberg



Kari Hietanen

Mr Ole Johansson

President & CEO since 2000. Born 1951, BSc (Econ.). Employed by the company in 1975–79 and rejoined in 1981.

Primary working experience: *Wärtsilä Group* 1975–79 and rejoined in 1981; *Wärtsilä Diesel Inc.*, Vice President 1984–86; *Wärtsilä Diesel Group*, Vice President & Controller 1986–94; *Metra Corporation*, Senior Vice President & CFO 1994–96; *Metra Corporation*, Executive Vice President & CFO 1996–98; *Wärtsilä NSD Corporation*, President & CEO 1998–2000.

Positions of trust: *Technology Industries of Finland*, Chairman of the Board; *Outokumpu Oyj*, Chairman of the Board; *Varma Mutual Pension Insurance Company*, Deputy Chairman of the Board; *Confederation of Finnish Industries EK*, Deputy Chairman of the Board; *Finnish-American Chamber of Commerce*, Chairman; *Finnish Business and Policy Forum EVA*, Member of the Supervisory Board.

Mr Raimo Lind

Executive Vice President and Deputy to the President since 2005. Group Vice President, CFO since 1998. Born 1953, MSc (Econ.). Employed by the company 1976–89 and rejoined in 1998.

Primary working experience: *Wärtsilä Group*, positions within control and finance and in development and internationalisation 1976–80; *Wärtsilä Diesel Group*, Vice President & Controller 1980–84; *Wärtsilä Singapore*, Managing Director & Area Director 1984–88; *Wärtsilä Service Division*, Deputy Vice President 1988–89; *Scantrailer Ajoneuvoteollisuus Oy*, President 1990–92; *Tamrock Oy*, CFO 1992–93; *Tamrock Service Business*, Vice President 1994–96; *Tamrock Coal Business*, Vice President 1996–97.

Positions of trust: *Sato Oyj*, Deputy Chairman of the Board.

Mr Tage Blomberg

Group Vice President, Services since 1999. Born 1949, BSc (Eng.). Joined the company in 1975.

Primary working experience: *Wärtsilä Oy*, Research Engineer 1975–82; *Wärtsilä Power Inc.*, Sales Manager 1982–84; *Wärtsilä Diesel Oy*, Project Manager 1984–89; *Wärtsilä Diesel Oy*, Vice President 1989–96; *Wärtsilä Diesel Group, Marine*, Senior Vice President 1996–97; *Wärtsilä NSD Corporation, Marine*, Senior Vice President 1997–99.

Mr Jaakko Eskola

Group Vice President, Ship Power since 2006. Born 1958, MSc (Eng.). Joined the company in 1998.

Primary working experience: *VTT Technical Research Centre of Finland*, Researcher 1983–84; *Industrialisation Fund of Finland*, Corporate Analyst 1984–86; *National Banking Group*, various managerial positions in international project finance 1986–97; *PCA Corporate Finance*, Executive Director 1997–98; *Wärtsilä Development & Financial Services Oy*, President 1998–2005; *Wärtsilä Corporation*, Power Plants, Vice President, Sales & Marketing 2005–06.

Positions of trust: *Finpro ry*, Member of the Supervisory Board.

Mr Lars Hellberg

Group Vice President, Industrial Operations since 2004. Born 1959, B.Sc. (Eng.). Joined the company in 2004.

Primary working experience: *Volvo Cars AB*, Research Engine Engineer and Project Manager in vehicle development programmes; Vice President, Industrial Operations; Vice President of Global Business & Volume Optimisation; General Manager in *Volvo Car Operations BV* 1979–2001; *Saab Automotive AB*, Executive Director for the Customer Satisfaction and Quality division and a Member of the Board of Management 2001–04.

Mr Kari Hietanen

Group Vice President, Legal Affairs and HR, Company Secretary since 2002. Born 1963, LL.M. Joined the company in 1989.

Primary working experience: *Metra Corporation* and *Wärtsilä Diesel Group*, Legal Counsel 1989–94; *Wärtsilä Diesel Group*, General Counsel 1994–99; *Wärtsilä Power Divisions*, Group General Counsel 2000–01; *Wärtsilä Corporation*, Vice President, Legal Affairs and Group General Counsel 2002–.



Atte Palomäki

Atte Palomäki

Group Vice President, Corporate Communications since 2008. Born 1965, MSc (Pol.). Joined the company in 2008.

Primary working experience: *MTV3*, News anchor 1993–95; News producer 1995–2000; Senior economic correspondent 2000–02; *Kauppalehti*, Senior business correspondent 2002–05; *Nordea Bank AB* (publ.), Chief communication officer, Finland 2005–06; Group chief press officer 2007–08.

Positions of trust: *Talentum Oyj*, Member of the Board.

Mr Christoph Vitzthum

Group Vice President, Power Plants since 2006. Born 1969, MSc (Econ.). Joined the company in 1995.

Primary working experience: *Metra Finance*, Foreign Exchange Dealer 1995–97; *Wärtsilä NSD Corporation*, Power Plants, Business Controller 1997–99; *Wärtsilä Corporation*, *Ship Power*, Vice President, Finance & Control 1999–2002; *Wärtsilä Propulsion*, President 2002–06.



Christoph Vitzthum

Corporate Management

Corporate Management comprises the Board of Management along with the following directors responsible for various corporate functions:

Mr Yngve Bärghård

Vice President, Corporate Supply Management. Born 1958, BSc (Eng.).

Ms Päivi Castrén

Vice President, Human Resources. Born 1958, MSc (Soc. Sc.).

Ms Maj-Len Ek

Vice President, Group Control. Born 1948, BSc (Econ.).

Mr Per Hansson

Vice President, Corporate Planning. Born 1967, MSc (Eng.).

Mr Heikki Horstia

Vice President, Group Treasury. Born 1950, BSc (Econ.).

Mr Johan Jägerroos

Vice President, Corporate Internal Audit. Born 1965, MSc (Eng.).

Ms Eeva Kainulainen

Vice President, Global Communications. Born 1948, MSc (Soc.Sc.).

Mr Esa Kivineva

Chief Information Officer (CIO). Born 1961, PhD (Eng.).

Mr Mikael Simelius

Vice President, Branding. Born 1964, MSc (Econ.).

Management Teams

■ Ship Power

Mr Jaakko Eskola

Group Vice President, Ship Power. Born 1958, MSc (Eng.).

Mr Lars Anderson

Vice President, Merchant. Born 1968, BSc (Mech. Eng.).

Mr Fred van Beers

Vice President, Special Vessels. Born 1962, Bachelor's degree, Merchant Engineer & Bachelor degree BtB Marketing.

Mr Arne Birkeland

Vice President, Ship Design. Born 1966, MSc (Business).

Mr Carl-Henrik Björk

Vice President, Cruise & Ferry. Born 1947, Marine Engineer.

Mr Aaron Bresnahan

Vice President, Navy. Born 1969, MBA & MA (Strategic Studies).

Mr Juhani Hupli

Vice President, Technology. Born 1966, MSc (Mech. Eng.).

Mr Timo Koponen

Vice President, Finance & Control. Born 1969, MSc (Econ.).

Mr Magnus Miemois

Vice President, Offshore. Born 1970, MSc (Eng.).

Mr Henrik Wilhelms

Vice President, Sales. Born 1965, BSc (Mech. Eng.).

■ Services

Mr Tage Blomberg

Group Vice President, Services. Born 1949, BSc (Eng.).

Mr Pierpaolo Barbone

Vice President, Field Service. Born 1957, MSc (Min. Eng.).

Mr Stefan Fant

Vice President, Project & Contract Management.

Born 1955, BSc (Mech.).

Mr Roger Holm

Vice President, Business Development. Born 1972, MSc (Econ.).

Mr Christer Kantola

Vice President, Service Sales. Born 1952, BSc (Mech.).

Mr Donal Lynch

Vice President, Parts. Born 1956, Business Management Diploma.

Mr Stefan Nysjö

Vice President, Customer Assistance. Born 1970, BSc (Mech.).

Mr Mikko Ruohisto

Director, Human Resources. Born 1954, MSc. (Mech. Eng.).

Ms Eva-Stina Rönnholm

Vice President, Finance & Control. Born 1967, MSc (Econ.).

Mr Rolf Vestergren

Vice President, Technical Service. Born 1948, BSc (Eng.).

■ Power Plants

Mr Christoph Vitzthum

Group Vice President, Power Plants. Born 1969, MSc (Econ.).

Mr Markus Pietikäinen

Vice President, Development & Financial Services. Born 1975, MSc (Econ.).

Mr Tore Björkman

Vice President, Sales, Europe and Africa. Born 1957, BSc (Mech. Eng.).

Mr Frank Donnelly

Vice President, Sales, America. Born 1953, Bsc (Math.).

Mr Osmo Härkönen

Vice President, Delivery Management. Born 1949, MSc (CE).

Mr Caj Malmsten

Vice President, Finance & Business Control. Born 1972, MSc (Econ.).

Mr Vesa Riihimäki

Vice President, Power Plant Technology. Born 1966, MSc (Eng.).

Mr Rakesh Sarin

Vice President, Sales, Middle East and Asia. Born 1955, BSc (Chemical Eng.).

■ Industrial Operations

Mr Lars Hellberg

Group Vice President, Industrial Operations. Born 1959, BSc (Eng.).

Mr Stefan Damin

Vice President, Business & Finance Centre. Born 1968, MSc (Econ.).

Mr Klaus Heim

Vice President, Global Research & Development. Born 1962, MSc (Eng.).

Mr Juha Kytölä

Vice President, Delivery Centre Vaasa, President of Wärtsilä Finland Oy. Born 1964, MSc (Eng.).

Mr Erik Pettersson

Vice President, Delivery Development Centre. Born 1953, BSc (Eng.).

Mr Sergio Razeto

Vice President, Delivery Centre Trieste, President of Wärtsilä Italia S.p.A. Born 1950, MSc (Eng.).

Mr Jari Salo

Vice President, Delivery Centre Propulsion. Born 1963, MSc (Eng.).

Mr Martin Wernli

Vice President, Delivery Centre 2-stroke. President of Wärtsilä Switzerland Ltd. Born 1960, JD Attorney at Law.