



WÄRTSILÄ
CORPORATION
ANNUAL REPORT 2012
GOVERNANCE



This document is an excerpt from the Wärtsilä Annual report. To view the report in full, please visit www.wartsilareports.com/en-US/2012/ar/

Table of contents

Governance

03	Corporate governance	22	Audit
04	Annual General Meeting	23	Internal control
05	Board of Directors	26	Values and control environment
07	Responsibilities	26	Control processes
08	Board of Directors CVs	26	Guidelines and communication
11	Board committees	27	Monitoring
12	Board of Management	27	Salary and remuneration report 2012
13	President and CEO and EVP	32	Risks and risk management
14	Board of Management CVs	34	Strategic risks
17	Other management	38	Operational risks
17	Management teams	41	Hazard risks
21	Managing Directors of the subsidiaries	42	Financial risks
21	Insider management	42	Risk profiles and responsibilities

Corporate governance

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 OMX Helsinki Stock Exchange. Wärtsilä also complies with the Corporate Governance Code 2010 issued by the Finnish Securities Market Association. The Code is publicly available on www.cgfinland.fi. Wärtsilä has not deviated from any of the Code's recommendations.

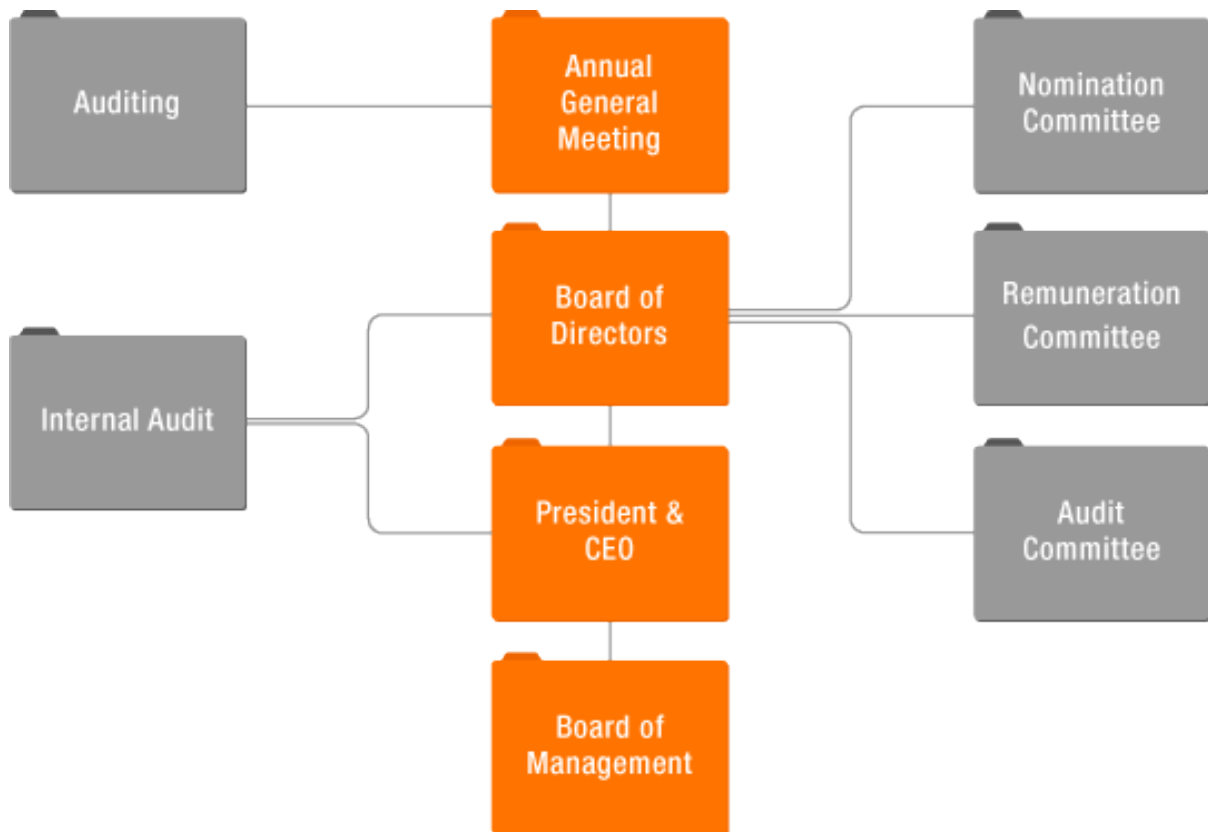
Wärtsilä's Corporate Governance Statement, prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code, is also published as a separate statement on Wärtsilä's website as well as in this Annual Report. The content of this Corporate Governance section corresponds fully to Wärtsilä's Corporate Governance Statement. Wärtsilä's Audit Committee has reviewed the Corporate Governance Statement, and the company's external auditor has monitored the issuing of the statement and verified that the description of the main features of the internal control and risk management section, as related to the financial reporting process included in the statement, matches the Financial Statements.

Governing bodies

Wärtsilä implements a single-tier governance model, in which the 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.

The General Meeting of shareholders elects the Board of Directors and auditors. The Board of Directors is responsible for the strategic management of the company. The Board appoints the President and CEO, who is in charge of the operative, day-to-day management of the company. He is assisted in his work by the Board of Management.

Governing bodies



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 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
- electing 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, at no later than the end of June. If needed, the company may also hold an Extraordinary General Meeting. An invitation to the General Meeting is published in at least two daily newspapers in common circulation 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, before the General Meeting. It shall, however, be published at least nine days prior to the shareholders' record date. Wärtsilä also publishes invitations to its General Meetings as stock exchange releases, as well as on its website, together with the documents and draft resolutions to be submitted to the General Meeting. The invitation to the General Meeting contains the proposed agenda for the meeting.

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 well in advance of the meeting so that the item can be added to the Notice of the General Meeting. Wärtsilä publishes well in advance the date by which a shareholder shall notify the Board of Directors of his or her demand, and the address or email address to which it shall be sent, on the company website. The demand is always deemed to have arrived in sufficient time, if the Board has been notified of the demand at the latest 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 holders to one vote. The General Meeting is organised in such a manner that shareholders can participate in the meeting as extensively as possible. The Chairman of the Board of Directors and a sufficient number of members of the Board attend the General Meeting. A person proposed for the first time as a Board member is to participate in the General Meeting that decides on his or her election unless there are well-founded reasons for absence. The President & CEO and members of the Board of Management are also in attendance.

Annual General Meeting 2012

Wärtsilä's Annual General Meeting was held on 8 March 2012. A total of 1,306 shareholders representing 89,207,008 votes participated in person or by proxy. The Annual General Meeting 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 2011. The Annual General Meeting authorised the Board of Directors to repurchase and distribute a maximum of 19,000,000 shares.

The minutes of the meeting and other related documents can be found on Wärtsilä's website www.wartsila.com > Investors > Governance > Shareholder meetings > Related material.

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 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 14, the majority of 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 proposal for board composition is 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 shall be disclosed separately in corresponding order. Wärtsilä publishes the biographical details of the candidates for the board on its website in connection with publication of the Notice of the General Meeting.

The Board elects a chairman and a 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 to 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 their main tasks and working principles.

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

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 7-10 times a year following a pre-determined schedule. In addition to these meetings, the Board convenes as necessary. All meetings are documented.

Board of Directors in 2012

As of 8 March 2012, the Board consisted of the following nine members: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Alexander Ehrnrooth, Mr Paul Ehrnrooth, Mr Lars Josefsson, Mr Mikael Lilius (chairman), Ms Gunilla Nordström, Mr Markus Rauramo and Mr Matti Vuoria (deputy chairman).

Until 8 March 2012, the Board consisted of the following nine members: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Alexander Ehrnrooth, Mr Paul Ehrnrooth, Mr Lars Josefsson, Mr Bertel Langenskiöld, Mr Mikael Lilius (chairman), Mr Markus Rauramo and Mr Matti Vuoria (deputy chairman).

During 2012, the strategic development of Wärtsilä was a major item on the Board's agenda. A central theme has been the acquisition of Hamworthy and the overseeing of the resultant integration process. Other matters on the agenda have been the monitoring of developments related to Wärtsilä's operational environment and financial position, in addition to all other Board responsibilities.

Independence of the Board of Directors

All nine Board members were determined to be independent of the company and six members were determined to be independent of significant shareholders. The three members determined to be dependent of significant shareholders are Mr Kaj-Gustaf Bergh, Mr Alexander Ehrnrooth and Mr Paul Ehrnrooth, due to their positions on the Board of Directors of Fiskars Corporation. Fiskars is a significant shareholder, owning directly or indirectly approximately 13% of Wärtsilä's shares.

Attendance of the Board of Directors

During 2012, Wärtsilä's Board of Directors held 9 meetings. The average attendance of all directors was 95%.

Board member meeting participation in 2012

	Number of meetings	% of meetings
Mikael Lilius, Chairman	9/9	100
Matti Vuoria, Deputy Chairman	9/9	100
Maarit Aarni-Sirviö	9/9	100
Kaj-Gustaf Bergh	6/9	67
Alexander Ehrnrooth	9/9	100
Paul Ehrnrooth	9/9	100
Lars Josefsson	9/9	100
Gunilla Nordström	6/7	86
Markus Rauramo	9/9	100
Until 8 March 2012		
Bertel Langenskiöld	2/2	100

Responsibilities of the Board of Directors

The Board considers all the 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
- those matters to be put before General Meetings of shareholders
- the appointment of the President and CEO, the Executive Vice President 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 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
- approval of product development projects and development programmes with strategic importance
- decisions to raise loans and the granting of security or similar collateral commitments when their size is significant
- approval of 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 Director's committees
- the granting of donations to good causes

Board of Directors CVs



Mikael Lilius

Independent of the company and significant shareholders. Chairman of the Board of Wärtsilä Corporation. Born 1949, B.Sc. (Econ.). Chairman of the Board of Huhtamäki Oyj. Member of the Board of Wärtsilä Corporation since 2010, Chairman of the Board since 2011.

Primary working experience

Huhtamäki Oyj, President of the Packing Division, 1986-1989; KF Industri AB (Nordico), President & CEO, 1989-1991; Incentive AB, President and CEO, 1991-1998; Gambro AB, President and CEO, 1998-2000; Fortum Oyj, President and CEO, 2000-2009.

Other positions of trust

Huhtamäki Oyj, Hanken & SSE and Ambea AB, Chairman of the Boards; Aker Solutions A/S and Evli Bank Ltd., Member of the Boards; Ab Kelonia Oy, Member of the Supervisory Board, East Office of Finnish Industries, Deputy Member of the Board.



Matti Vuoria

Independent of the company and significant shareholders. Deputy Chairman of the Board of Wärtsilä Corporation. Born 1951, BA, LL.M. President & CEO of Varma Mutual Pension Insurance Company. Member of the Board of Wärtsilä Corporation since 2005, Deputy Chairman of the Board since 2008.

Primary working experience

Secretary General, Ministry of Trade and Industry 1992-1998; Full-time Chairman of the Board of Directors, Fortum Corporation 1998-2003.

Other positions of trust

Sampo plc, Deputy Chairman of the Board; Stora Enso Oyj, The Federation of Financial Services and The Finnish Pension Alliance TELA, Member of the Boards; The Securities Market Association, Chairman of the Board.

Relevant prior positions of trust

Board memberships: Nordic Investment Bank, Danisco A/S, Orion Corporation and Nokian Tyres plc.



Maarit Aarni-Sirviö

Independent of the company and significant shareholders. Born 1953, M.Sc. (Tech.), eMBA. Secretary General of Directors' Institute of Finland – Hallitusammattilaiset ry; Managing Director of Boardview Oy; Senior Adviser at Eera Oy; Member of the Board of Wärtsilä Corporation since 2007.

Primary working experience

Neste Oyj 1977-94; Borealis Group 1994-2008, several senior positions of which the most recent was as Vice President BU Phenol 2001-2008 and Vice President BU Olefins 1997-2001 in Copenhagen, Denmark; Mint of Finland Ltd., President and CEO 2008-2010.

Other positions of trust

Member of the Board of Directors' Institute of Finland – Hallitusammattilaiset ry.

Relevant prior positions of trust

Board memberships: Rautaruukki Oyj, 2005-2012; Ponsse Oyj, 2007-2010 and Vattenfall AB, Sweden, 2004-2007.



Kaj-Gustaf Bergh

Independent of the company, dependent of significant shareholders due to a position on the Board of Directors of Fiskars Corporation. 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, 1982-1983; Ane Gyllenberg Ab, Administrative manager, 1984-1985; Oy Bensow Ab, Director, Executive vice president, 1985-1986; Ane Gyllenberg Ab, Chief executive officer, 1986-1998; SEB Asset Management, Director; 1998-2000; Skandinaviska Enskilda Banken, Member of management, 2000-2001.

Other positions of trust

Finaref Group Ab, Fiskars Corporation, Ab Forum Capita Oy, KSF Media Holding Ab and Ålandsbanken Abp, Chairman of the Boards; Julius Tallberg Oy Ab, Ramirent Group and Stockmann Oyj Abp, Member of the Boards.

Relevant prior positions of trust

Board chairmanships: Aktia Abp 2005-2009. Board membership: Sponda Oyj 2004-2006.



Alexander Ehrnrooth

Independent of the company, dependent of significant shareholders due to a position on the Board of Directors of Fiskars Corporation. Born 1974, M.Sc. (Econ.), MBA. President & CEO of Virala Oy Ab. Member of the Board of Wärtsilä Corporation since 2010.

Primary working experience

President & CEO of Virala Oy Ab 1995-.

Other positions of trust

Fiskars Corporation, Deputy Chairman of the Board; Aleba Corporation and Belgrano Investments Oy, Chairman of the Board.

Relevant prior positions of trust

Board chairmanship: Oral Hammaslääkärit Oyj, 2006-2007; Tiimari Oyj Abp, 2006; Turvatiimi Oyj, 2008-2010.



Paul Ehrnrooth

Independent of the company, dependent of significant shareholders due to a position on the Board of Directors of Fiskars Corporation. Born 1965, M.Sc. (Econ.). President & Chairman of the Board of Turret Oy Ab. Member of the Board of Wärtsilä Corporation since 2010.

Primary working experience

Several management positions in Kone Corporation 1993-1994 and Wärtsilä Corporation 1994-1999; Savox Oy, President and CEO, 1999-2007.

Other positions of trust

Fiskars Corporation and Ixonos Oy, Deputy Chairman of the Board; Savox Group, Chairman of the Board.



Lars Josefsson

Independent of the company and significant shareholders. Born 1953, M.Sc. (Eng.). Member of the Board of Wärtsilä since 2011.

Primary working experience

Asea Brown Boveri AB, Senior Vice President 1998-1999; ALSTOM Power Sweden AB, President 1999-2003; Siemens Industrial Turbines AB, President 2003-2004; Sandvik Mining and Construction, President 2004-2012.

Other positions of trust

Vestas Wind Systems A/S, Vice Chairman of the Board.



Gunilla Nordström

Independent of the company and of significant shareholders. Born 1959, M.Sc. in Electronics, Industrial Marketing Management. President and CEO of Electrolux Major Appliances Asia/Pacific, based in Singapore, and Executive Vice President of Electrolux AB.

Primary working experience

Senior management positions with Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983-2007.

Other positions of trust

Member of the Board of Directors of Atlas Copco AB, Sweden.

Relevant prior positions of trust

Board memberships: Luleå University, Sweden 2007-2010 and Videocon Industries Limited, India 2009-2010.



Markus Rauramo

Independent of the company and significant shareholders. Born 1968, MSc. (Econ. and Pol. Hist.). Chief Financial Officer and the Member of the Management team of Fortum. Member of the Board of Wärtsilä since 2011.

Primary working experience

Enso Oyj Helsinki, several financial tasks 1993-1999; Stora Enso Financial Services Brussels, VP Head of Funding 1999-2001; Stora Enso Oyj Helsinki, VP Strategy and Investments 2001-2004; Stora Enso International London, SVP Group Treasurer 2004-2008; Stora Enso Oyj Helsinki, CFO and Member of the GET 2008-2012.

Other positions of trust

Oy Proselectum AB, Member of the Board. Varma Mutual Pension Insurance Company, Member of the Supervisory Board.

The Board's committees

The Board of Directors appoints annually an Audit Committee, a Nomination Committee and a Remuneration Committee, and may also nominate any other committees if considered necessary in 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. 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.

The Audit Committee

The Board of Directors appoints an Audit Committee to assist it in its work. The Board appoints 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 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, and monitors 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 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.

The Chairman of the Audit Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and regularly reports on the Committee's meetings to the Board.

Audit Committee in 2012

Chairman Markus Rauramo, members Maarit Aarni-Sirviö, Alexander Ehrnrooth and Lars Josefsson. All members are independent of the company and three members are independent of significant shareholders. The Audit Committee met 5 times in 2012. The average attendance of all committee members was 100%.

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 Committee communicates, as necessary, with major shareholders in matters concerning the appointment of the Board of Directors. The Nomination Committee can also, as necessary, prepare proposals to be put before the General Meeting concerning the appointment of board members. The Nomination Committee prepares matters concerning the remuneration that applies to board members.

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

Nomination Committee in 2012

Chairman Mikael Lilius, members Kaj-Gustaf Bergh and Matti Vuoria. All members are independent of the company and two are independent of significant shareholders. The Nomination Committee met 2 times in 2012. The average attendance of all committee members was 100%.

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 majority of the members of the Committee shall be independent of the company.

The Board defines the duties of the Remuneration Committee in the charter confirmed for the Committee. The Remuneration Committee prepares, as necessary, matters concerning the nomination of the President and CEO, the Executive Vice President, the CEO's deputy and other board of management members to be put before the Board. 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 Remuneration Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and regularly reports on the Committee's meetings to the Board.

Remuneration Committee in 2012

Chairman Mikael Lilius, members Paul Ehrnrooth and Matti Vuoria. All members are independent of the company and two are independent of significant shareholders. The Remuneration Committee met 4 times in 2012. The average attendance of all committee members was 92%.

Board member committee meeting participation in 2012

	Audit Committee	Nomination Committee	Remuneration Committee
Mikael Lilius, Chairman	-	2/2	4/4
Matti Vuoria, Deputy Chairman	-	2/2	3/4
Maarit Aarni-Sirviö	5/5	-	-
Kaj-Gustaf Bergh	-	2/2	-
Alexander Ehrnrooth	5/5	-	-
Paul Ehrnrooth	-	-	4/4
Lars Josefsson	4/4	1/1	-
Gunilla Nordström	-	-	-
Markus Rauramo	5/5	-	-
Until 8 March 2012			
Bertel Langenskiöld	1/1	-	-

Board of Management

The company's Board of Management comprises 9 members: the President and CEO, the Executive Vice Presidents heading the Ship Power, Power Plants and Services businesses and PowerTech, the Chief Financial Officer, and the Executive Vice Presidents heading the Communications & Branding, the Corporate Relations & Legal Affairs and Human Resources functions. 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 Chief Financial Officer's main areas of responsibility include group control, treasury (including project and customer financing), taxation and process development, corporate planning, corporate real estate, and the information management support functions. The Executive 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. The main areas of responsibility of the Executive Vice President, Corporate Relations & Legal are corporate relations and legal affairs, intellectual asset management and sustainability, as well as environmental and occupational health and safety. The Executive Vice President, Human Resources is responsible for people related processes. The main areas of responsibility of the Executive Vice President, Communications & Branding are external and internal communications, as well as branding.

Information on the members of the Board of Management, their areas of responsibility and holdings can be found in the section Board of Management CVs and in the full Governance statement.

The Board of Management in 2012

In 2012, the Board of Management met 13 times. The main issues addressed by the Board of Management included market development and business strategy, the growth and profitability of the company, as well as issues relating to developments regarding competitiveness and costs. Another focus area has been the development of Wärtsilä's organisational structure. The development of markets, the regulatory operating environment, order intake and production capacity, as well as supplier and other stakeholder relationships were also important matters addressed by the Board of Management. Other important considerations for the Board of Management included the development of the company's personnel and management resources worldwide, as well as the development of internal global processes and working practices. The Board of Management gave a considerable amount of attention to the acquisition of Hamworthy plc. and its integration.

The President & 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 & 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 & CEO's service terms and conditions are specified in writing in his service contract. The

President & CEO of the company is Mr Björn Rosengren. The deputy to the President & CEO is the company's chief financial officer Mr Raimo Lind.

Board of Management CVs



Björn Rosengren

President & CEO of Wartsilä Corporation since 1 September 2011. Born 1959, M.Sc. (Tech.). Joined the company in 2011.

Primary working experience

Various positions within ESAB Group 1985-1995; GM of Nordhydraulic, Nordwin AB, Sweden 1995-1998; President of the Atlas Copco Craelius division 1998-2001; President of Atlas Copco Rock Drilling Equipment division 2001-2002; Senior Executive Vice President Atlas Copco AB and Business Area President for Construction and Mining Technique 2002-2011.

Positions of trust

Danfoss A/S, Denmark; HTC AB, Sweden; Höganäs AB, Sweden; Member of the boards.



Raimo Lind

Deputy to the CEO since 2005. CFO and Senior Executive Vice President since 1998. Born 1953, M.Sc. (Econ.). Employed by the company 1976-1989 and rejoined in 1998.

Primary working experience

Wartsilä Group, positions within control and finance and in development and internationalisation 1976-1980; Wartsilä Diesel Group, Vice President & Controller 1980-1984; Wartsilä Singapore, Managing Director & Area Director 1984-1988; Wartsilä Service Division, Deputy Vice President 1988-1989; Scantrailer Ajoneuvoteollisuus Oy, President 1990-1992; Tamrock Oy, CFO 1992-1993; Tamrock Service Business, Vice President 1994-1996; Tamrock Coal Business, Vice President 1996-1997.

Positions of trust

Elisa Oyj, Chairman of the Board; Sato Oyj, Deputy Chairman of the Board; Wilhelm Wahlforss foundation and The Federation of Finnish Technology Industries, Member of the Boards; Confederation of Finnish Industries, Member of the Supervisory Board.

Prior positions of trust

Member of the Board: Polar Kiinteistöt.



Päivi Castrén

Executive Vice President, Human Resources as of 1 January 2012. Born 1958, M.Sc. (Soc. Sc.). Joined the company in 2005.

Primary working experience

Valmet Paper Machinery, HR manager 1988-1995; Nokia Networks, HR manager 1995-1998; Nokia Networks, Networks Systems division, HR Director 1999-2000; Nokia Networks, HR Director 2000-2002; Nokia Corporation, Director, Human Resources, Nokia Finland 2002-2005; Wartsilä Corporation, Vice President, Human Resources 2005-2011.

Positions of trust

Confederation of Finnish Industries, EK, Chairman of the Committee of Education, Work and Employment; Confederation of Technology Industries, Chairman of the Committee of Education and Employment; Wilhelm Wahlforss Foundation, Chairman of the Board; AinoActive Oy, Member of the Board.



Jaakko Eskola

President, Ship Power & Executive Vice President since 2006. Born 1958, M.Sc. (Eng.). Joined the company in 1998.

Primary working experience

VTT Technical Research Centre of Finland, Researcher 1983-1984; Industrialization Fund of Finland, Corporate Analyst 1984-1986; National Banking Group, various managerial positions in international project finance 1986-1997; PCA Corporate Finance, Executive Director 1997-1998; Wärtsilä Development & Financial Services Oy, President 1998-2005; Wärtsilä Corporation, Vice President, Power Plants Sales & Marketing 2005-2006.

Prior positions of trust

President of the European Marine Equipment Council (EMEC), 2008-2011.



Lars Hellberg

President, PowerTech & Executive Vice President 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; Volvo Car Operations BV, Vice President, Industrial Operations, Vice President of Global Business & Volume Optimization, General Manager 1979-2001; Saab Automotive AB, Executive Director for the Customer Satisfaction and Quality division and a Member of the Board of Management 2001-2004.

Positions of trust

Fortaco Group Oy and Lunab AB, Member of the Boards.



Kari Hietanen

Executive Vice President, Corporate Relations & Legal Affairs. Secretary of the Board of Directors. Born 1963, LL.M. Joined the company in 1989.

Primary working experience

Metra Corporation and Wärtsilä Diesel Group, Legal Counsel 1989-1994; Wärtsilä Diesel Group, General Counsel 1994-1999; Wärtsilä, Group General Counsel 2000-2002. Group Vice President, Human Resources and Legal Affairs 2002-2011.

Positions of trust

German-Finnish Chamber of Commerce and Finnish-Korean Trade Association, Deputy Chairman of the Boards; East Office of Finnish Industries Ltd, Member of the Board; Confederation of Finnish Industries, Chairman of the Trade Policy Committee.



Atte Palomäki

Executive Vice President, Communications & Branding since 2008. Born 1965, M.Sc. (Pol.). Joined the company in 2008.

Primary working experience

MTV3, News anchor 1993-1995; News producer 1995-2000; Senior economic correspondent 2000-2002; Kauppalehti, Senior business correspondent 2002-2005; Nordea Bank AB (publ.), Chief communications officer, Finland 2005-2006; Group chief press officer 2007-2008.

Positions of trust

Talentum Oyj, Member of the Board; Finnfacts, Member of the Advisory Board.



Vesa Riihimäki

President, Power Plants & Executive Vice President since 2009. Born 1966, M.Sc. (Eng.). Joined the company in 1992.

Primary working experience

Wärtsilä Diesel Oy, Design Engineer, Projects 1992-1993; and Chief Design Engineer, Projects 1993-1997; Wärtsilä NSD Finland Oy, Design Manager, Electrical Systems 1997-2000; Wärtsilä Finland Oy, Design Manager Power Generation Systems 2000-2002, General Manager, Electrical & Automation Systems 2002-2003 and Vice President, Power Plant Technology 2004-2009.



Christoph Vitzthum

President, Services & Executive Vice President since 2009. Born 1969, M.Sc. (Econ.). Joined the company in 1995.

Primary working experience

Metra Finance, Foreign Exchange Dealer 1995-1997; Wärtsilä NSD Corporation, Power Plants, Business Controller 1997-1999; Wärtsilä Corporation, Ship Power, Vice President, Finance & Control 1999-2002; Wärtsilä Propulsion, President 2002-2006; Group Vice President, Wärtsilä Power Plants 2006-2009.

Positions of trust

NCC Ab, Member of the Board.

Prior positions of trust

Board chairmanship: WADE (World Alliance for Decentralized Energy) 2008-2009.

Board membership: Tamfelt Oyj Abp 2009.

Corporate Management

The company's Corporate Management includes, in addition to the Board of Management, the following directors responsible for corporate functions:

Yngve Bårgård

Vice President, Wärtsilä Supply Management
Born 1958, B.Sc. (Eng.)

Riitta Hovi

Deputy General Counsel, Corporate Legal Affairs
Born 1960, LL.M. MBA

Anu Hämäläinen

Vice President, Group Control
Born 1965, M.Sc. (Econ.)

Osmo Härkönen

Vice President, Group Quality
Born 1949, M.Sc. (CE)

Johan Jägerroos

Vice President, Corporate Internal Audit
Born 1965, M.Sc. (Econ.)

Esa Kivineva

Chief Information Officer (CIO)
Born 1961, Ph.D. (Eng.)

Markus Pietikäinen

Vice President, Group Treasury & Financial Services
Born 1975, M.Sc. (Econ.)

Business Management teams

Each business head is supported by a Business Management team.

Power Plants

Vesa Riihimäki

President, Power Plants & Executive Vice President, Wärtsilä Corporation
Born 1966, M.Sc. (Eng.)

Tore Björkman

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

Minna Blomqvist

Vice President, Human Resources
Born 1969, M.Sc. (Eng.)

Frank Donnelly

Vice President, Sales, America
Born 1953, B.Sc. (Math.)

Jussi Heikkinen

Vice President, Marketing & Business Development
Born 1955, M.Sc. (Energy and Power Plant Technology)

Thomas Hägglund

Vice President, Power Plant Technology
Born 1962, M.Sc. (Eng.)

Antti Kämi

Vice President, Project Management
Born 1964, M.Sc. (Civil Eng.)

Caj Malmsten

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

Markus Pietikäinen

Vice President, Group Treasury & Financial Services
Born 1975, M.Sc. (Econ.)

Rakesh Sarin

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

Laura Susi-Gamba

Vice President, Legal Affairs
Born 1963, LL.M.

Niklas Åberg

Vice President, Quality Management
Born 1967, M.Sc. (Eng.)

Ship Power**Jaakko Eskola**

President, Ship Power & Executive Vice President, Wärtsilä Corporation
Born 1958, M.Sc. (Eng.)

Lars Anderson

Vice President, 4-stroke
Born 1968, B.Sc. (Mech. Eng.), MBA

Arjen Berends

Vice President, Finance & Control
Born 1968, MBA

Aaron Bresnahan

Vice President, Ship Power Sales
Born 1969, MBA & MA (Strategic Studies)

Per Hansson

Vice President, Strategy
Born 1967, M.Sc. (Eng.)

Sinikka Ilveskoski

Vice President, Legal & Contract Management
Born 1967, LL.M.

Timo Koponen

Vice President, Flow & Gas Solutions
Born 1969, M.Sc. (Econ.)

Juha Kytölä

Vice President, Environmental Solutions
Born 1964, M.Sc. (Eng.)

Arto Lehtinen

Vice President, Propulsion
Born 1971, M.Sc. (Eng.)

Magnus Miemois

Vice President, Solutions
Born 1970, M.Sc. (Eng.)

Helena Räihälä

Vice President, Human Resources
Born 1973, M.Sc. (Econ.)

Mikael Simelius

Vice President, Marketing
Born 1964, M.Sc. (Econ.)

Martin Wernli

Vice President, 2-stroke
Born 1960, J.D. Attorney at Law

Services**Christoph Vitzthum**

President, Services & Executive Vice President, Wärtsilä Corporation
Born 1969, M.Sc. (Econ.)

Pierpaolo Barbone

Vice President, Area Middle East & Asia until 1 January 2013

Vice President, Area South Europe & Africa as of 1 January 2013

Born 1957, M.Sc. (Min. Eng.)

Fred van Beers

Vice President, Area North Europe

Born 1962, B.Sc. (Merchant Eng.), B.Sc./BBA (BtB Marketing)

Peter Bjurs

Vice President, Finance

Born 1965, MSc (Econ)

Stefan Fant

Vice President, Area South Europe & Africa until 1 January 2013

Vice President, Contract and Project Management as of 1 January 2013

Born 1955, B.Sc. (Mech.)

Tomas Hakala

Vice President, Area Americas

Born 1968, B.Sc. (Mech.)

Roger Holm

Vice President, Seals & Bearings

Born 1972, M.Sc. (Econ.)

Christer Kantola

Vice President, Solutions Management

Born 1952, B.Sc. (Mech.)

Michel Kubbinga

Vice President, Area Middle East & Asia as of 1.1.2013

Born 1960, M.Sc (Eng.)

Ralf Lindbäck

Vice President, Legal Affairs

Born 1958, LL.M.

Stefan Nysjö

Vice President, Delivery Management

Born 1970, B.Sc. (Mech.)

Nelli Paasikivi

Vice President, Quality & Operational Development

Born 1968, M.Sc. (Energy)

Sini Spets

Vice President, Human Resources

Born 1974, M.Sc. (Psychology)

PowerTech

Lars Hellberg

President, PowerTech & Executive Vice President, Wärtsilä Corporation
Born 1959, B.Sc. (Eng.)

Osmo Härkönen

Vice President, Wärtsilä Quality
Born 1949, M.Sc. (CE)

Yngve Bårgård

Vice President, Wärtsilä Supply Management
Born 1958, B.Sc. (Eng.)

Hannu Mäntymaa

Vice President, Wärtsilä Operational Excellence
Born 1977, M.Sc. (Eng.)

Paolo Tonon

Vice President, Research & Development
Born 1970, M.Sc. (Eng.)

Sergio Razeto

Vice President, Product Centre 4-Stroke
Born 1950, M.Sc. (Eng.)

Stefan Damlin

Vice President, Finance & Business Development
Born 1968, M.Sc. (Econ.)

Kai Kamila

Vice President, Human Resources
Born 1960, M.Ed.

Managing Directors of the subsidiaries

The Managing Directors of the Group's subsidiaries are responsible for ensuring that the local 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 complies with 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 & CEO, the Deputy to the CEO, 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 days (however Wärtsilä recommends 30 days) prior to publication of the interim reports or the annual financial statements bulletin.

Wärtsilä's insider register is maintained by the parent company's legal affairs function, 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 on Wärtsilä's website.

Audit

Internal

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, as well as 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 when needed.

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 at 3-year intervals. The internal audit prepares an annual plan under which they independently audit different parts of the company, but it 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.

External

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 financial statements and accounting records, and the administration of the parent company.

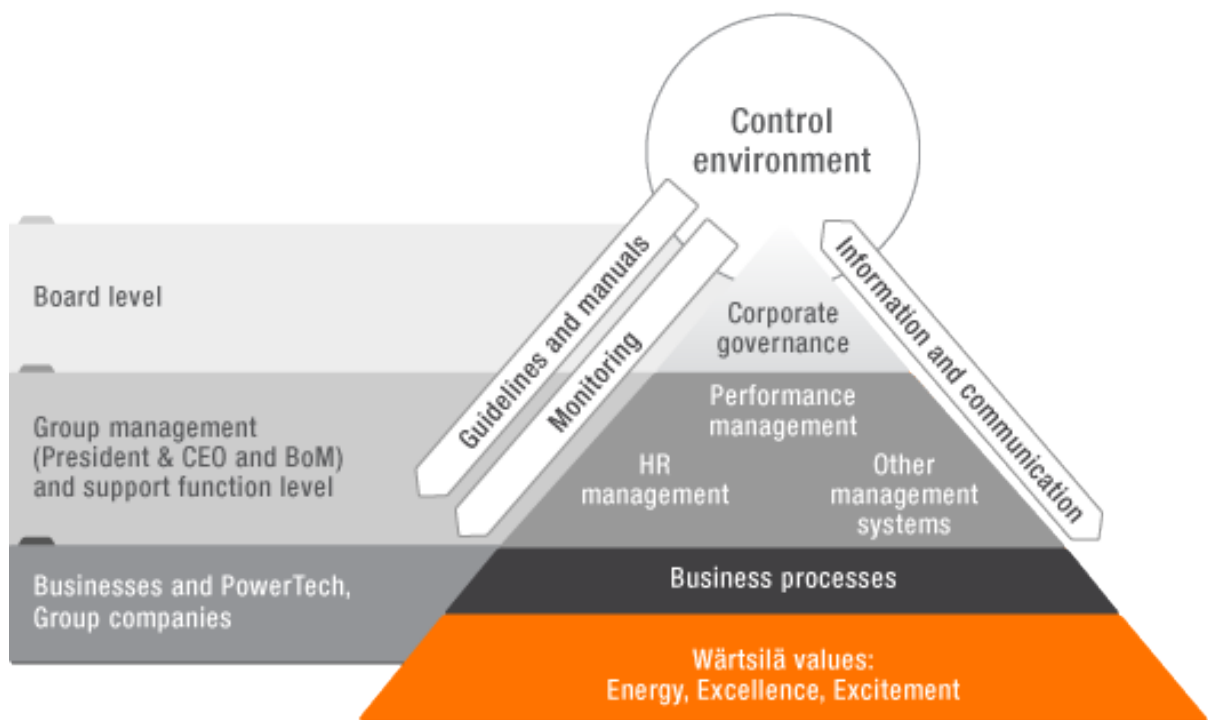
Following the closing of the annual accounts, the external auditor submits the statutory auditor's report to the company's shareholders and reports regularly also its findings to the Board of Directors' Audit Committee. An auditor, in addition to fulfilling general competency requirements, must also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

Auditor in 2012

The Annual General Meeting appointed the firm of public auditors, KPMG Oy Ab, as Wärtsilä Corporation's auditor for the year 2012. The lead partner during 2012 was Virpi Halonen. Auditing fees paid to all the auditors of the Group companies amounted to EUR 2.4 million in 2012. Consultancy fees unrelated to auditing duties paid to the auditors totalled EUR 1.6 million. These latter fees mainly concerned consultation on taxation matters.

Internal control

Main components of Wärtsilä's 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, which is 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 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

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

Performance management

Planning and target setting, an integral part of performance management in Wäertsilä, is a regular management activity and not part of Wäertsilä's internal control system. The establishment of objectives, however, is an important pre-requisite for internal control. Through the performance management process, financial and non-financial targets are set for Wäertsilä annually at the Group level. These group level targets are then translated into targets for the Businesses and PowerTech, Group Companies, and eventually individuals.

The achievement of the annual targets is followed up through monthly management reporting. The performance of the Businesses and PowerTech, 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 PowerTech 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 Wäertsilä's financial reporting.

Wäertsilä'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 throughout the entire Group. Wäertsilä'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 Wäertsilä'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 the Board of Directors of Wäertsilä Corporation is responsible for overseeing the financial reporting process. The Group Finance & Control function is responsible for notifying relevant levels of management regarding deviations from plans, analysing the underlying reasons, and suggesting corrective actions. Group Finance & Control supports the Businesses and PowerTech in decision-making and analysis to ensure the attainment of 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. In addition, it is responsible for developing the financial reporting processes and respective controls.

Legal and compliance management

Legal and compliance management practices and processes occupy a central role in Wäertsilä's system of internal control. It is Wäertsilä's policy to act in accordance with the applicable laws and regulations in all countries where it operates.

Legal and compliance management acts predominantly in a proactive manner. Legal Affairs supports the President & CEO and the divisions in analysing and making decisions on matters involving contract policy, risk management and regulatory considerations. Another key activity is to lead compliance management and strengthen and ensure the culture of appropriate conduct and behaviour, both

internally and in external business transactions. Company-wide control mechanisms and processes are a part of the overall internal control system.

Wärtsilä's compliance management is based on the Code of Conduct and relevant group level policies and directives. In 2012, compliance was strengthened to become a dedicated function in order to support the compliance objectives.

HR management

Human resource management practices and processes play an active role in Wärtsilä's system of internal control. Wärtsilä's key human resource management processes with respect to internal control are compensation and benefits, HR development, recruitment and resourcing management, individual performance management, as well as processes for collecting employee feedback. The HR function is responsible for maintaining and developing Wärtsilä's HR processes to enable effective internal control, including at the individual level.

Other management systems

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

Quality

The quality of Wärtsilä's solutions, and thus also quality management, is a top priority for 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 within Wärtsilä. Furthermore, significant attention is paid to the social and environmental sustainability of Wärtsilä's operations. Environmental, and occupational health and safety management systems, are in use globally to further develop performance.

Risk management

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 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 system controls. Control activities at different levels are needed to directly mitigate risks at the respective levels. Wärtsilä's risk management processes consist of 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 PowerTech 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 of Wärtsilä's operations. Business and PowerTech 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 in the Risks and risk management section.

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.

Values and the 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 for 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 are included in 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 reasonable assurance regarding the achievement of 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 an example for the corporate culture, which together create the basis for the control environment. They are, together with Ship Power, Power Plants, Services and PowerTech management, responsible for communicating Wärtsilä's values to the organisation.

Business processes

The controls embedded in Wärtsilä's business processes have a key role in ensuring effective internal control in 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. Business and PowerTech 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 PowerTech management is responsible for ensuring that efficient Business and PowerTech level processes with adequate controls have been described and implemented.

Guidelines and communication

Guidelines and manuals

The components of Wärtsilä's internal control system, including for example, corporate governance, the 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 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 the objectives regarding 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 and PowerTech have issued related guidelines and instructions for their own, specific purposes. The Business and PowerTech 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 achievement of the company's objectives. Both financial and non-financial information is needed, relating to both internal and external events and activities. Informal means by which employees can provide feedback to management, and to communicate suspected misconduct (e.g. directly to the Compliance, Legal Affairs or Internal Audit function) are used. 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 system of internal control and its performance over time. Monitoring within Wärtsilä is performed both on an ongoing basis, and through separate evaluations that include internal, external and quality audits. The Business and PowerTech management is responsible for ensuring that relevant laws and regulations are complied with in their respective responsibility areas. Wärtsilä's management in turn performs monitoring as part of its 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 of 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 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. The Legal and compliance function monitors the adherence to the compliance policies of the group. The external auditors verify the correctness of the external annual financial reports.

Salary and remuneration report 2012

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 2012:

- to the ordinary members EUR 60,000/year
- to the deputy chairman EUR 90,000/year
- to the chairman EUR 120,000/year

Roughly 40% of the annual fee is paid in Wärtsilä shares. In addition, each member will be paid EUR 400/board meeting attended, the chairman's meeting fee being double this amount. Each member of the Nomination Committee and the Remuneration Committee will be paid EUR 500/committee meeting attended and each member of the Audit Committee will be paid EUR 1,000/committee meeting attended, the chairman's meeting fee being double these amounts.

The nine members of Wärtsilä's Board of Directors were paid altogether EUR 728,900.00 for the financial period that ended on 31 December 2012. The Board's members were not covered by the company's incentive schemes.

Fees paid to the Board of Directors in 2012 (thousands of euros)

Board of Directors	Attendance fees		Yearly fees		Total	
	2012	2011	2012	2011	2012	2011
Mikael Lilius, Chairman	18	15	120	120	138	135
Matti Vuoria, Deputy Chairman	8	10	90	90	98	100
Maarit Aarni-Sirviö	11	8	60	60	71	68
Kaj-Gustaf Bergh	8	10	60	60	68	70
Alexander Ehrnrooth	11	8	60	60	71	68
Paul Ehrnrooth	8	7	60	60	68	67
Lars Josefsson	10	5	60	60	70	65
Gunilla Nordström	2	0	60	0	62	0
Markus Rauramo	17	8	60	60	77	68
Until 8 March 2012						
Bertel Langenskiöld	4	7	0	60	4	67

Fees paid in Wärtsilä shares in 2012

Board of Directors	No. of shares
Mikael Lilius, Chairman	1 607
Matti Vuoria, Deputy Chairman	1 205
Maarit Aarni-Sirviö	803
Kaj-Gustaf Bergh	803
Alexander Ehrnrooth	803
Paul Ehrnrooth	803
Lars Josefsson	803
Gunilla Nordström	803
Markus Rauramo	803

Board of Directors' share ownership in Wärtsilä on 31 December 2012

Board of Directors	No. of shares
Mikael Lilius, Chairman	13 170
Change in 2012	1 607
Matti Vuoria, Deputy Chairman	11 386
Change in 2012	1 205
Maarit Aarni-Sirviö	7 190
Change in 2012	803
Kaj-Gustaf Bergh	5 782
Change in 2012	803
Alexander Ehrnrooth	3 214
Change in 2012	803
Paul Ehrnrooth	3 188
Change in 2012	803
Paul Ehrnrooth, through controlled corporations	730 000
Change in 2012	-
Lars Josefsson	2 000
Change in 2012	889
Gunilla Nordström	803
Change in 2012	803
Markus Rauramo	1 914
Change in 2012	803

Remuneration of the President & CEO and the Board of Management

The remuneration paid to the President & 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 & CEO and to the other members of the Board of Management consists of a monthly salary and a bonus. The Board of Directors determines on a yearly basis the terms for the bonus payment. The bonus payments for the President & CEO and the Board of Management are paid based on the achievement of the company's profitability targets for the financial year. The variable salary can be at most one third of the maximum total salary. Additionally, the group has a long-term incentive scheme for senior management tied to the development of the company's share price.

The President & CEO is eligible to take retirement upon reaching the age of sixty. His pension scheme is determined according to a defined contribution based system. The retirement pension contribution is a relative part of his annual salary. Remuneration paid to the President & CEO if dismissed by the company corresponds to 18 months' salary plus a six months' period of notice salary.

The optional retirement age of certain Board of Management members is sixty years. For these members, additional pension schemes are based on the retirement scheme of the national social security system to which the person in question belongs. The pension scheme is determined according to a defined benefit based system. The retirement pension is 60% of statutory earnings.

Financial benefits of President & CEO Björn Rosengren:

- Salary 2012: EUR 614 thousand
- Bonuses 2012: EUR 75 thousand
- Bonus schemes based on share price development: -*
- Optional retirement age: 60
- Period of notice: 6 months
- Compensation paid if dismissed by the company: 18 months' salary + 6 months' period of notice salary.

* EUR 424 thousand has been reserved for long-term bonus schemes based on the share price development.

Further information on Board of Management remuneration can be found in the Consolidated Financial Statements, Note 28 Related party disclosures

Board of Management's share ownership in Wäertsilä on 31 December 2012

Board of Management	No. of shares
Björn Rosengren	6 000
Change in 2012	2 000
Raimo Lind	6 766
Change in 2012	0
Päivi Castrén	0
Change in 2012	0
Jaakko Eskola	0
Change in 2012	-10
Lars Hellberg	0
Change in 2012	0
Kari Hietanen	144
Change in 2012	0
Atte Palomäki	600
Change in 2012	0
Vesa Riihimäki	0
Change in 2012	0
Christoph Vitzthum	932
Change in 2012	0

Monthly updated information on shares held by the President and CEO and other members of the Board of Management can be found on Wäertsilä's website at www.wartsila.com.

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.

Short-term management incentive schemes

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. Close to 1,800 directors and managers are covered by this bonus scheme.

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 schemes and various other profit-related incentive schemes.

Long-term incentive scheme

The Board of Directors has decided on a long-term bonus scheme for senior management tied to the development of the company's share. The yearly bonus scheme applies to approximately 100 directors. The size of the bonus is based on the share price development during a pre-determined

timeframe, and an upper limit is set for the bonus. The bonus scheme takes into account 50% of the dividends paid.

The 2009 bonus scheme came to a close at the end of 2011 and was paid in April 2012.

The 2010 bonus scheme comprises 1,606,000 bonus rights. The bonus payment is based on the share price development during a two-year period on the basis of a share price of EUR 30.01. The bonus cannot exceed EUR 7.50 per bonus right and takes into account 50% of dividends paid. The 2010 bonus scheme will be due for payment in April 2013.

The 2011 bonus scheme comprises 1,967,000 bonus rights. The bonus payment is based on the share price development during a three-year period on the basis of a share price of EUR 23.34. The bonus cannot exceed EUR 10.00 per bonus right and takes into account 50% of dividends paid. The 2011 bonus scheme will be due for payment in February 2015. Members of the Board of Management are obliged to use one third of the possible bonus payment to acquire Wäertsilä shares.

Risks and risk management

Wäertsilä is exposed to various risks through the normal course of its activities. No business can be conducted without accepting a certain level of risk, and any expected gain from a business activity is to be assessed against the risk that activity involves.

The purpose of risk management is to ensure that Wäertsilä is able to effectively execute its strategy so as to reach both short and long term targets. The key is to identify those risks having the potential to keep us from reaching our goals, and to determine whether such risks are within the limits of our risk acceptance. Actions need to be taken to avoid, mitigate, transfer, or to purely monitor the risk. For this purpose our structured risk management process offers a set of reactive, proactive, protective and preventive tools, which are used not only to protect us against threats, but to also turn certain risks into opportunities.

Risks can only be managed if they are identified and understood in advance, and plans have been made to manage the risks. Therefore, risk management is a central part of both Wäertsilä's strategic and operational management.

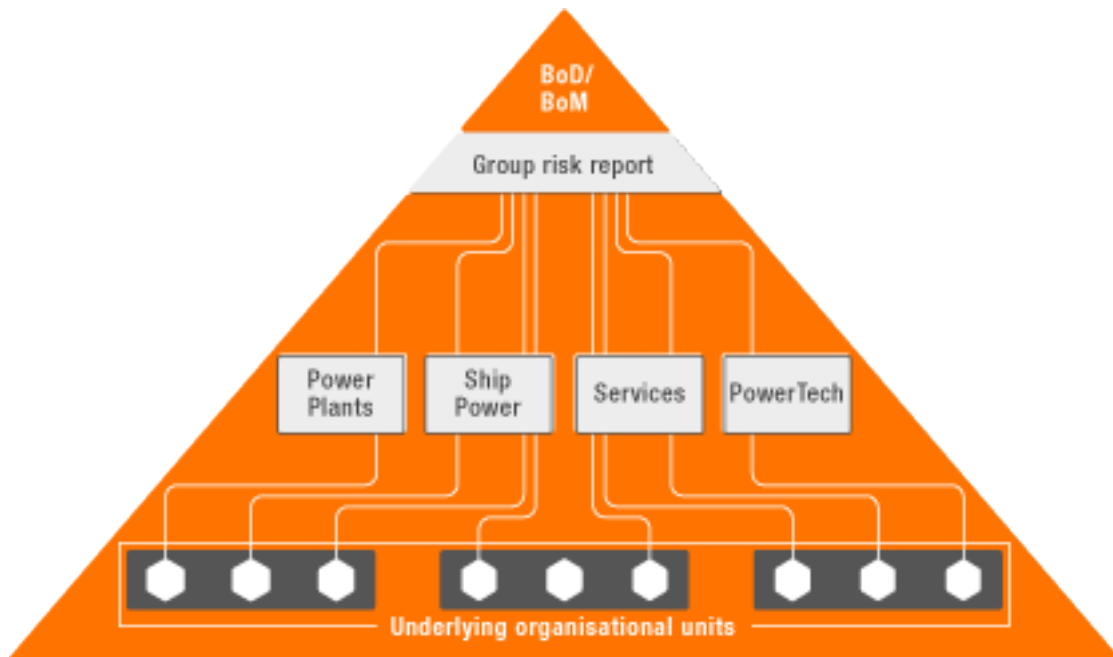
Risk management principles

Risk management at Wäertsilä is a continuous process of analysing and managing the opportunities and threats faced by the company in its efforts to achieve its goals, and to ensure the continuity of the business. The basis for risk management is the lifecycle quality of Wäertsilä's operations and products and the continuous, systematic loss-prevention work at all levels of the Group based on the principle "everybody is responsible". In the long-term this is the only way to reduce the total risk costs.

The Board of Directors and the Board of Management decide and provide guidelines on strategic matters. The Businesses are responsible for achieving their set strategic goals and for mitigating and managing their risks. The risk management function is part of Group Treasury, which reports to the CFO. It reviews the risk profile of the businesses, prepares the risk management policy, co-operates with the businesses in the implementation of risk mitigation work, and develops global and local insurance schemes with insurance companies and brokers. The Audit Committee reviews and assesses the adequacy of the risk management.

Risk reporting

Risk reporting



Risk mitigation actions are decided in the normal course of business. The Board of Management conducts annual Management Reviews for each Business, including their risks and risk mitigation. The risk map of the Group, and those of all Businesses, is then presented within the Financial Management Review prior to the budgeting round in the autumn.

The risks are identified as being either internal or external, they are quantified in euro, and their probabilities are estimated. The Group risk report is then prepared and presented to the Board of Directors.

Risk management is one of the Businesses' management processes and risk management has been integrated into the Business Management Teams' agenda. The Businesses are accountable for organising and reporting on risk management from their underlying geographical business areas, product lines and product centres. The Businesses are also responsible for all follow-up actions.

The Corporate Risk Management function co-ordinates risk management activities and reporting within the Group. Internal Auditing is responsible for reviewing the risk management process on an annual basis.

Risk categories

We define risk as the effect of uncertainty on our objectives. A failure to capitalize upon an opportunity is also recognized as a potential risk. The magnitude of a risk is determined based on the combination of the probability and the loss exposure of the occurrence. The relevant risks for Wärtsilä have been classified under four categories: strategic, operational, hazard, and financial risks. The outcome or potential loss expectancy is highest with strategic and operational risks and lowest with hazard and financial risks.

A risk radar is used to map our primary risks within the risk categories. Through annual risk assessment workshops between the Businesses and the Corporate Risk Management, Business specific risk radars are generated for the use and evaluation of the Business Management teams. The Business specific radars are then consolidated into a single Group Risk Radar, which is presented to the Board of Directors. The purpose is to facilitate the discussion on risk and to give a quick overview of where our priorities should lie in terms of risk management.

Risk radar

- ⊖ Static risk
 - ↑ Increased risk
 - ↓ Decreased risk
 - ★ New risk
- 



Strategic risks

Strategic risk assessment is part of the strategic planning process within the Group. At Wäertsilä, strategic risks are defined as potentially having a long-term impact on the business.

Business environment risks

The business cycles in the global economy and in our customer's industries influence the demand for our products, as well as our financial position and operating result. The flexible multi-product manufacturing model based on capacity outsourcing, together with a stable business mix with a large

share of sales deriving from Services, brings Wärtsilä certain stability in a cyclical market. Important economic matters that indirectly affect Wärtsilä, its clients, and suppliers include inter alia, the liquidity and solvency of the financial institutions - and thus not only their capability but also their willingness to extend credit, the counter cyclical stimulus programmes adopted by governments - especially in the power and infrastructure sectors, the enhanced activities of multilateral institutions such as the IFC, the availability of export credit schemes and guarantees, and other such factors. However, the relatively large order book gives Wärtsilä time to adapt to market conditions.

The implementation of environmental regulations is important for the future growth potential in specific business segments. In 2012 it had still a limited effect on Wärtsilä. However, the acquisition of Hamworthy in early 2012 has expanded Wärtsilä's offering of environmental solutions. This supports Wärtsilä's growth objectives. Wärtsilä actively monitors possible changes in the legislation timeline and scope.

Market and customer risks

In the Power Plants business, there was positive development in large power plant orders, and we received orders for our two largest projects ever during the year. In general, the non-OECD markets remained very active, but in the OECD countries slow growth has delayed investments in power generation. Wärtsilä's installed base is evenly spread geographically with power plants delivered to 169 different countries. This mitigates both the market and customer risk faced by the power plant business.

The business environment for the shipping and shipbuilding industry is challenging, and concerns over the global economy continue to cause uncertainty. The uneven development between various Ship Power customer segments continued throughout the year 2012. The merchant shipping sector in general still suffers from overcapacity, whereas various areas of specialised tonnage, and especially the offshore industry, continue to make investments. The shipbuilding market is dominated by Asian yards in South Korea, China and Japan. Wärtsilä is well represented in all the major shipbuilding areas and is active in all the main vessel segments. This mitigates both single customer related and geography related risks.

The Services business increased by 5% during 2012, and its long-term business is expected to grow in line with the development of the existing installed base, as well as with general economic development. However, the prevailing conditions of the marine merchant market segment impose a challenge for the Service business. Wärtsilä has more than ten thousand individual customers engaging in service and spare part sales annually, and the current active engine base is approximately 181,000 MW. Due to this the dependency on any single customer or customer segment is minor.

During the last few years, Wärtsilä has increased its focus on credit management processes to better manage the increasing risks resulting from higher leverage and decreasing profitability in certain customer segments. Exposure to individual customers is limited, but an industry-wide impact might also affect the profitability of Wärtsilä's Services business.

Competitive situation and price risk

In the liquid fuels based power plant market, Wärtsilä's main competitors are MAN Diesel, Caterpillar (MAK), and Rolls-Royce. In natural gas based power generation, the main competitors are gas turbine manufacturers, such as GE and Siemens. In the first half of 2012, the overall market size for natural gas and liquid fuel based power plants was significantly reduced. In this challenging market environment, Wärtsilä's overall market size is expected to increase. Wärtsilä's success in the market

can be attributed to the flexible power generation solution, which can be used in a wide range of different applications and sizes of power plant.

For Ship Power, price competition has continued to be intense. For main engines, the most significant competitors are MAN Diesel, Caterpillar (MAK), and Hyundai Heavy Industries (HiMSEN). The competitive situation and market shares remained largely unchanged during 2012. In propulsion equipment, the competition is more fragmented and varies by product category. One of the main competitors for these products is Rolls-Royce. In environmental solutions, as well as in flow and gas products, the markets are very fragmented. Alfa Laval is one of the competitors in these product areas. The concept of selling packaged solutions rather than only single products reduces price volatility. The strategic move to become a systems integrator with automation and ship design capability has proven to be very important in the competition for new projects with larger and more value-added scopes. However, larger projects may increase variations in business volume depending on the timing of the projects.

In the Services business, Wärtsilä has no direct competitors that would offer a similar portfolio of services from a single source. Excluding the service networks of other engine manufacturers, there are few global players in the service market. Increased pressure on profitability, especially in the marine merchant sector, can lead to a further increase in competition for service in that particular customer segment. There has always been price competition, especially among certain customer groups and application types. The size of this group has, however, not changed to any larger degree.

Political and legislative risks

Wärtsilä is present in nearly 200 locations in nearly 70 countries and has delivered power plants to 169 countries. Political developments and changes in legislation can have a significant impact on Wärtsilä's business. Wärtsilä actively monitors political and legal developments in its markets and engages in dialogue with various official bodies on projects of importance to Wärtsilä's operations. Much of this engagement takes place through interest groups and trade organisations. The company monitors political and legislative changes at both corporate and subsidiary levels.

Climate change and sustainability risks

Wärtsilä has assessed its sustainability risks, including climate change risks, in both strategic and operative risk assessments. However, the risks were not found to be significant. The potential business risks related to sustainability, climate change, and Wärtsilä's products are in the areas of regulatory emission restrictions and changes in customer attitudes to using combustion engines and fossil fuels. The risks in environmental legislation changes are related to the complexity of the overall field of different emissions, the balance between commercially available fuels and resulting emissions, available abatement technologies, the impact on overall energy efficiency, and the resulting financial feasibility of the various alternative ways to meet regulatory demands.

Being at the forefront of technological developments mitigates sustainability risks and gives Wärtsilä many opportunities arising from tightening environmental regulations. Over the years, Wärtsilä has worked continuously to improve the efficiency of its products while at the same time seeking ways to reduce emissions. The fuel flexibility of Wärtsilä's products enables the utilisation of various fuels, including gas and those from renewable sources, while their operational flexibility enables the installation of large capacity based wind and solar energy systems without hampering the reliability of the electricity grid. Wärtsilä's technology also enables energy to be generated with a minimum use of water. The lack of fresh water is expected to be one of the major challenges facing the world in the future. In shipping, Wärtsilä can reduce the carbon footprint of ships through optimised ship design,

and optimal propulsion solutions. Environmental Solutions offer alternative technologies to reduce SO_x emissions and to treat waste and ballast water. In Power Plants, Wärtsilä's Smart Power Generation concept supports the increase in low carbon power generation, including wind, solar and natural gas fired plants. Wärtsilä offers several retrofit solutions for the after-sales market to reduce emissions and to increase fuel efficiency.

For more information, please see the separate Sustainability report included in this annual report.

Risk of non-compliance, corruption and fraud

Wärtsilä is in compliance with the law and Wärtsilä's own internal regulations everywhere Wärtsilä does business. Wärtsilä's Code of Conduct is the key guideline for all Wärtsilä employees globally. Wärtsilä is committed to high ethical standards and integrity in its businesses, preventing corruption and violations of the principles set forth in the Code of Conduct, Wärtsilä's Anti-Corruption Policy, and Wärtsilä's Compliance Reporting Policy. Wärtsilä's compliance processes are embedded in all of the businesses, and the responsibility for compliance and awareness of ethics and integrity is that of all Wärtsilä employees.

Wärtsilä is fully committed to compliance with the anti-corruption laws and statutes. Wärtsilä's Anti-Corruption Policy absolutely forbids any kind of corruption and bribery, and the top-management of the company has zero-tolerance regarding corruption and fraud.

In 2012, compliance was strengthened to become a dedicated function in order to support the compliance objectives. The Compliance function promotes group wide compliance and continuously strives to raise awareness of the risk of corruption and bribery. It is also primarily responsible for group level policies and procedures, training, compliance investigations, managing the consequences of non-compliance, and reporting. Further developing Wärtsilä's compliance programme and nurturing Wärtsilä's commendable ethical culture are integral parts of the Compliance function's task. Moreover, Compliance supports and co-operates with other corporate functions in their risk management efforts.

While Wärtsilä is aware of the risk of being subject to fraud by external business parties, and that the risk of corruption and fraud is heightened in many markets where Wärtsilä operates, Wärtsilä maintains its highly ethical practices at all times. Full compliance with its stringent anti-corruption regime, including policies to prevent the corruption and bribery risk of third parties, is demanded by Wärtsilä.

Technology risks

Wärtsilä aims to increase the competitiveness of its solutions, and therefore limit its technological risks, through solid R&D work and innovation. New products are developed based on Wärtsilä's strategic view of offering lifecycle solutions, and with a focus on efficiency through, for example, ship design, electrical & automation, and environmental technologies. As a technology leader, Wärtsilä needs also to maintain the cost competitiveness of its products, and consequently places high emphasis on product efficiency and emissions control.

Operations, risks and opportunities



Operational risks

Operational risk management is part of the daily work of the Businesses. Opportunities and risks are identified, assessed and managed on a daily basis and reported to, and managed by, the appropriate management level. On a periodic basis (weekly or monthly) the status of the opportunities and risks are reviewed and further actions are then taken.

Risk management process



Manufacturing risk

Risk assessments have been made for all the main delivery centres, and significant safety and risk mitigation investments have been completed. Wärtsilä utilises management systems for quality, environmental, occupational health and safety, and other systems to improve productivity and safety. Wärtsilä has implemented business continuity plans for its key delivery centres. Wärtsilä constantly analyses its manufacturing footprint and capacity costs, including the supply chain.

Supplier and subcontractor risk

The centralised Wärtsilä Supply Management (WSM) function is responsible for all strategic sourcing activities. Within that responsibility, WSM manages and controls Wärtsilä's supplier network to make sure that the suppliers' performance meets Wärtsilä's expectations. Supplier performance is, therefore, also continuously measured. A key activity in managing business continuity planning is the continuous assessment of business interruption risks, which is made in co-operation with our suppliers. Several supplier risk audits have been completed jointly with the insurer as one means of mitigating risk. These audits are now part of the regular work for the WSM and Risk Management functions. To further mitigate risks, a comprehensive follow-up of suppliers' credit worthiness has been established.

Wärtsilä Supply Management has developed its activities by creating close collaboration and long-term relationships with its main suppliers. By having these close relationships, WSM secures a common view with its suppliers on values and goals. These shared values and goals support Wärtsilä's management of strategic risks. In addition, WSM continues its supplier structuring programme in order to create and maintain a sustainable supplier base. As part of that programme, WSM is further developing its global sourcing activities. Furthermore, supplier related risks are also addressed by having double sourcing of key components.

Lifecycle quality of products and product liability risk

Launching new products always involves risks. In the R&D process, several risk management techniques are applied, including FMEA (Failure Modes and Effects Analysis), a risk elimination tool, and in-house validation testing. Wärtsilä seeks to control quality risks by monitoring the incoming quality from the supply chain, and by designing and manufacturing products with all due care. Wärtsilä applies a GATE model in order to control the product development process. First, only a limited release of new products is allowed, and via the gate approach, only after testing and further validation has been completed, full release authority is given to the sales organisations. The 5S (meaning sort, shine, set, standardise and sustain) philosophy is implemented in all production sites to increase quality and to support lean operations. The Services business is responsible for all warranty issues, and offers a feedback loop from the field to production and R&D while taking care of customer installations throughout their lifecycle. The company makes warranty provisions to cover any warranty costs that may arise after product delivery. The product liability insurance covers unexpected damages.

Contractual risks

Wärtsilä's non-Service sales consist of project deliveries of various sizes. The most substantial orders concern turnkey power plants. However, in relation to the total volume of business, the risks from individual projects do not reach significant levels. The lifecycle quality of the products and work, from the initial design, throughout all stages of the production process, to the eventual field service work, plus the use of standard sales contracts, including the establishment of a contract review process, together reduce the risk of product liability claims.

Commodity price risk

Oil

The direct effect of oil price changes on Wärtsilä's production is limited, with their impact being mainly demand related. Higher oil prices represent a risk for global economic growth and increase operating

costs, especially in the shipping markets. However, they also stimulate investments in exploration and production for oil and gas, both on land and offshore. Furthermore, high oil prices increase investments in gas carriers, gas based power plants and increasingly also in gas fuelled vessels. Low oil prices can delay investment decisions in oil producing countries and regions. Wärtsilä is a global company involved in different shipping and power plant segments where oil price changes can have an opposite impact on demand drivers. This position is further diversified by the increasing importance of natural gas in Wärtsilä's business.

Metals

Metal prices have an indirect effect on the component costs of our products. Furthermore, some key components are sourced with long-term contracts, and thus raw material price volatility is limited.

Electricity

Electricity prices do not have a substantial impact on Wärtsilä's production costs. In the Power Plants business, high electricity prices support investments in new capacity from utility customers. Lower grid electricity prices do not favour industrial investments in their own generating capacity.

Hazard risks

Occupational health and safety systems, travel safety instructions, and crises management guidelines are aimed at protecting Wärtsilä employees. Appropriate insurances are in place for the personnel, and to emphasise the importance of employee safety, Wärtsilä's Board of Management has decided on a corporate level target of zero lost time injuries. A specific project has been established for this purpose, and the target is a part of the company's sustainability programme.

Environmental management systems are in place to mitigate environmental hazard risks.

Wärtsilä's Real Estate unit maintains a register of all properties used and gives guidelines for the purchase, sale, rental and security of premises, and uses external advisors for environmental audits.

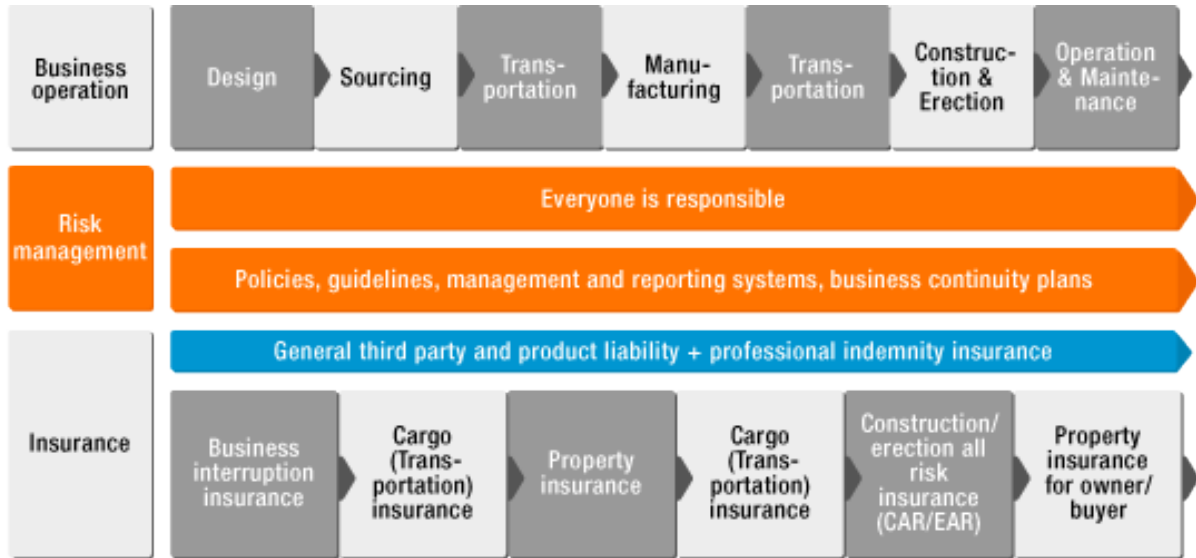
None of Wärtsilä's major production plants are situated in natural disaster areas. Catastrophic peril related scenarios are identified, and where necessary, exposures are mitigated by, for example, elevating sites above the flood risk level or by constructing flood dikes.

For Wärtsilä's main production sites, business impact analyses have been conducted and continuity plans created to cover both property and business interruption risks.

The risks that Wärtsilä is unable to influence through its own efforts are transferred when possible to insurance companies. Wärtsilä uses appropriate insurance policies to cover indemnity risks related to its personnel, assets, business interruption, and third-party and product liability.

Wärtsilä has established its own captive insurance company, Vulcan Insurance PCC Ltd, as a risk management tool.

Which insurances cover our business?



Both risk management work and property & casualty insurance cover Wärtsilä's products over their entire lifecycle.

Financial risks

Wärtsilä's financial risks are presented in the notes to the financial statements, note 32.

Wärtsilä's risk profiles & responsibilities

Risks	Risk profile	Policy or other guideline	Responsible body
Strategic risks		Wärtsilä's strategy and business plan	Wärtsilä Board of Directors (BoD), Board of Management (BoM) and Wärtsilä's Businesses (Businesses)
Business environment risk	■ ■ ■ ■ ■	Wärtsilä's strategy and business plan	BoM and Businesses
Market and customer risk	■ ■ ■ ■ ■	Wärtsilä's strategy and business plan	BoM and Businesses
Competitive situation and price risk	■ ■ ■ ■ ■	Wärtsilä's strategy and business plan	BoM and Businesses
Political and legislative risk	■ ■ ■	Various guidelines and risk management policy	Businesses, R&D, Risk management (RM) and Legal functions
Climate change and sustainability risk	■ ■ ■	QHSE policy, Code of conduct, management systems (ISO 14001 & OHSAS 18001)	Businesses, R&D and Sustainability management function

Technology risk		Patents and industrial rights, product guarantees	Businesses and R&D function
Operational risks		Wärtsilä's strategy and business plans	BoM and Businesses
Manufacturing risk		Production systems, Business Continuity Plan (BCP)	PowerTech and Businesses
Supplier and subcontractor risk		Supplier requirement and supplier management system, Business Continuity Plan (BCP)	Businesses and Corporate Supply Management (CSM)
Lifecycle quality of products and product liability risk		Management systems (ISO 9001), safety instruction and manuals, risk management policy, R&D risk elimination instructions	PowerTech, R&D function, Businesses and RM and Legal functions
Contractual risks		Standard contracts	Legal function and Businesses
Commodity price risk		Production cost control	Businesses and Treasury function
Data security risk		Data security principles	Businesses and IM function
Hazard risks		Risk management policy and guidelines	Businesses and RM function
Personnel risk		Management system (OHSAS 18001), travel safety instructions, crises management guidelines and premises safety plans	Businesses, Human Resources (HR) and RM functions
Natural catastrophes		Crises management guidelines, Business Continuity Plan (BCP)	Businesses and RM function
Fire, Cargo and other accidents		Management systems (ISO 14001 & OHSAS 18001), premises safety plan	Businesses, RM and Real Estate (RE) functions
Financial risks		Wärtsilä's strategy and business plans	Businesses and Treasury function
Foreign exchange risk		Treasury policy	Businesses and Treasury function
Interest rate risk		Treasury policy	Businesses and Treasury function
Liquidity and refinancing risk		Treasury policy	Businesses and Treasury function
Credit risk		Credit and Treasury policy	Businesses and Treasury function

Low        High