

tieto *EVRY*

Corporate Governance Statement 2019

**Joining forces
for digital
advantage**



Governance

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Corporate Governance Statement

TietoEVRY is committed to good corporate governance. In addition to the relevant legislation and rules of the Helsinki, Oslo and Stockholm stock exchanges, TietoEVRY complies with the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2020 with the exception of the appointment procedure for electing personnel representatives to the Board of Directors (Recommendation 5) as described in detail in **The Board of Directors** section.

This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code 2020. The code is available at www.cgfinland.fi. TietoEVRY will disclose the first new remuneration report for the financial year 2020 and the remuneration reporting in this Corporate Governance Statement follows the instructions for the Remuneration Statement contained in the earlier Corporate Governance Code 2015. This statement has been issued separately from the report by the Board of Directors and is included in the Financial Review 2019.

GOVERNANCE AT TIETOEVRVY



For the financial year 2019, EVERY's governance-related information is not consolidated in the annual report or in the Corporate Governance Statement. From the financial year 2020 and onwards, information will cover the combined company TietoEVERY.¹⁾

TietoEVERY's Audit and Risk Committee has reviewed this statement and our independent external auditor, Deloitte Oy, has checked that the statement has been prepared.

This document and previous statements have been published on the company's [website](#). Updated and additional information is also available on the website. The Governance section of the website provides further information on matters such as the Annual General Meeting, Articles of Association, Board of Directors, Group Leadership and auditors, as well as remuneration.

¹⁾ Cross-border merger between EVERY ASA and Tieto Corporation was implemented on 5 December 2019.

Annual General Meeting

TietoEVERY's supreme decision-making body is the Annual General Meeting (AGM). Every shareholder has a right to participate in the AGM and each share in TietoEVERY entitles its holder to one vote. However, no shareholder is allowed to vote at a General Meeting with more than one fifth (1/5) of the votes represented at the meeting.

The AGM elects the members of the Board of Directors (including the Chairperson) and appoints auditors, decides on their compensation and discharges the members of the Board and President and CEO from liability. The AGM's approval is required for option programmes as well as Board authorizations for share repurchases and share issues. The meeting also makes the decision on the Board's dividend proposal.

The following persons are present at TietoEVERY's AGM:

- Board of Directors: Chairperson, Board members and new Board member candidates
- Group Leadership: President and CEO, CFO
- Auditors
- For more information regarding the AGM 2020 and previous meetings, shareholders and participation possibilities, please visit www.tietoevery.com/agm.

AGM and EGM 2019

- In 2019, Tieto's AGM convened on 21 March at Tieto's headquarters in Espoo, Finland. Altogether 516 shareholders and 50,600,467 shares (68.3% of the total outstanding shares) were represented at the meeting.
- Due to the merger between EVERY ASA and Tieto Corporation, the companies held Extraordinary General Meetings on 2 (EVERY) and 3 September (Tieto) to approve the transaction.

Shareholders' Nomination Board

Tieto's AGM decided in 2010 to establish a Shareholders' Nomination Board (SNB), which is a body of shareholders responsible for preparing the proposals to the AGM for the election and remuneration of the members of the Board of Directors (incl. remuneration of employee representatives).

The SNB consists of five members. Four of the members represent the four major shareholders who on 31 August held the largest number of votes conferred by all shares in the company and who wished to participate in the nomination process. The fifth member is the Chairperson of the Board of Directors of TietoEVERY Corporation. The term of office of the SNB members expires when a new SNB has been appointed. The SNB itself is an organ that has been established for the time being. The charter of the SNB is available on the company's [website](#).

The SNB based on shareholdings 31 August 2019 consisted of the following representatives announced by Tieto's shareholders:

Nominated by Cevian Capital Partners Ltd:

Martin Oliw

Main occupation: Partner, Cevian Capital AB

Born: 1977

Nationality: Swedish

Education: MSc. (Econ.), MSc. (Eng.)

Nominated by Solidium Oy:

Petter Söderström

Main occupation: Investment Director, Solidium Oy

Born: 1976

Nationality: Finnish

Education: MSc. (Econ.)

Nominated by Ilmarinen Mutual Pension Insurance Company:

Mikko Mursula

Main occupation: Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company

Born: 1966

Nationality: Finnish

Education: MSc. (Econ.)

Nominated by Elo Mutual Pension Insurance Company:

Satu Huber

Main occupation: Chief Executive Officer, Elo Mutual Pension Insurance Company

Born: 1958

Nationality: Finnish

Education: MSc. (Econ.)

Representing the Board of Directors of Tieto Corporation:

Kurt Jofs

After the TietoEVERY merger was implemented, the composition of the SNB for the combined company was revised based on registered holdings in the Finnish, Norwegian and Swedish shareholders' registers on 9 December 2019. The largest shareholders appointed the following representatives announced by TietoEVERY's shareholders:

Nominated by Lyngen Holdco S.à.r.l. (Apax):

Gabriele Cipparrone

Main occupation: Partner, Apax Partners LLP

Born: 1975

Nationality: Italian

Education: MBA, MSc. (Mechanical Eng.), MSc. (Industrial Eng.)

Nominated by Cevian Capital Partners Ltd:

Martin Oliw

Main occupation: Partner, Cevian Capital AB

Born: 1977

Nationality: Swedish

Education: MSc. (Econ.), MSc. (Eng.)

Nominated by Solidium Oy:

Petter Söderström

Main occupation: Investment Director, Solidium Oy

Born: 1976

Nationality: Finnish

Education: MSc. (Econ.)

Nominated by Ilmarinen Mutual Pension Insurance Company:

Mikko Mursula

Main occupation: Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company

Born: 1966

Nationality: Finnish

Education: MSc. (Econ.)

Representing the Board of Directors of TietoEVERY Corporation:

Tomas Franzén

The SNB convened 6 times and provided TietoEVERY's Board of Directors on 13 February 2020 with its proposals for the AGM 2020. The SNB proposes to the AGM that the Board of Directors shall have ten members and that the current Board members Tomas Franzén, Salim Nathoo, Harri-Pekka Kaukonen, Timo Ahopelto, Rohan Haldea, Liselotte Hågertz Engstam, Niko Pakalén, Endre Rangnes and Leif Teksum be re-elected and in addition, Katharina Mosheim proposed to be elected as a new Board member. The Shareholders' Nomination Board proposes that Tomas Franzén shall be re-elected as the Chairperson of the Board of Directors.

The biographical details of the candidates and information on their holdings in TietoEVERY are available on the company's [website](#).

The Shareholders' Nomination Board proposes that the remuneration of the Board of Directors elected by the Annual General Meeting will be annual fees as follows, taking into consideration the recent merger between Tieto and EVERY: EUR 125 000 (current EUR 98 000) to the Chairperson, EUR 70 000 (current EUR 58 000) to the Deputy Chairperson and EUR 53 000 (current EUR 38 000) to the ordinary members of the Board of Directors. In addition to these fees it is proposed that the Chairperson of a permanent Board Committee receives an annual

fee of EUR 20 000 and a member of a permanent Board Committee receives an annual fee of EUR 10 000. It is also proposed that the Board members elected by the Annual General meeting will be paid EUR 800 for each Board meeting and for each permanent or temporary committee meeting. Further, it is proposed that the remuneration for employee representatives elected as ordinary members of the Board of Directors will be an annual fee of EUR 15 000.

The Shareholders' Nomination Board is of the opinion that increasing long-term shareholding of the Board members will benefit all the shareholders. Every Board member elected by the Annual General Meeting is expected to over a five-year period accumulate a shareholding in TietoEVERY that exceeds his/hers one-time annual remuneration.

The Shareholders' Nomination Board therefore proposes that part of the annual remuneration may be paid in TietoEVERY Corporation's shares purchased from the market. An elected member of the Board of Directors may, at his/her discretion, choose from the following five alternatives:

- No cash, 100% in shares
- 25% in cash, 75% in shares
- 50% in cash, 50% in shares
- 75% in cash, 25% in shares
- 100% in cash, no shares.

The shares will be acquired directly on behalf of the members of the Board within two weeks from the release of the interim report 1 January–31 March 2020 of TietoEVERY Corporation. If the remuneration cannot be delivered at that time due to insider regulation or other justified reason, the company shall deliver the shares later or pay the remuneration fully in cash.

Remuneration of the employee representatives elected as the ordinary members in the Board of Directors will be paid in cash only.

The Board of Directors

It is the general obligation of TietoEVERY's Board of Directors to safeguard the interests of the company and its shareholders.

Composition and election

According to TietoEVERY's Articles of Association, the Board of Directors elected by the shareholders shall consist of at least six and no more than twelve members. Board members have a term of office of one year, expiring at the closing of the first AGM following the election.

The company has defined as an objective that in addition to professional competence, TietoEVERY's Board members shall be diversified in terms of gender, occupational and professional background and that the Board as a group shall have sufficient knowledge of and competence in, inter alia, the company's field of business and markets.

The SNB, which consists of representatives nominated by the company's largest shareholders, prepares a proposal on the composition of the Board to be presented to the AGM for its decision. In addition to the Board of Directors having established the diversity principles and included them in the Board charter, the company has taken steps to ensure that the principles have been included in the charter of the SNB and taken into account in the candidate search. The ratio of gender diversity of the members elected by the AGM has remained stable since 2012 and been either 2:6 or 2:5. In the beginning of 2019, the ratio was 2:6, but currently, only one of the Board members elected by the shareholders is a female. This topic has been noted and addressed by the SNB.

In addition to the members proposed by the SNB and elected by the AGM, TietoEVERY's personnel elects four members and four deputy members to the Board of Directors. The term of office for the personnel representatives is two years. This special appointment procedure is a departure from Recommendation 5 "Election of the Board of Directors" of the Corporate Governance Code. Personnel representation is based on the Finnish Act on Personnel Representation in the Administration of Undertakings and was originally agreed between the

company and personnel of the Group by way of a Personnel Representation Cooperation Agreement in 2001. The number of personnel representatives was earlier two members and two deputy members and it was increased to the current number in December 2019 in connection with the TietoEVRY merger.

The objectives of personnel representation are, inter alia, to provide opportunities for the personnel to influence and affect the organization, to improve communication and decision making within the Group, to increase mutual trust and confidence between corporate management and the personnel as well as to increase and develop the feeling of security among the personnel. The personnel representatives, however, are not entitled to participate in the handling of matters that concern the appointment or dismissal of corporate management, the contractual terms of the management, the terms of employment of staff or matters related to industrial actions.

Board of Directors as at 31 December 2019

Name	Born	Nationality	Education	Main occupation
Tomas Franzén (Board and RC Chairperson)	1962	Swedish	MSc. (Eng.)	Professional Board member
Salim Nathoo (Deputy Chairperson)	1971	British	MBA, MA (Math.)	Partner, Apax Partners LLP
Harri-Pekka Kaukonen (ARC Chairperson)	1963	Finnish	DSc. (Tech.)	Professional Board member
Timo Ahopelto	1975	Finnish	MSc. (Tech.)	Entrepreneur, investor and professional Board member
Rohan Haldea	1978	British	MBA, BSc. (Civ. Eng.)	Partner, Apax Partners LLP
Liselotte Hågertz Engstam	1960	Swedish	MSc. (Civ. Eng.)	Expert advisor, professional Board member
Niko Pakalén	1986	Finnish and Swedish	MSc. (Econ.)	Partner, Cevian Capital AB
Endre Rangnes	1959	Norwegian	BBA (Econ.)	CEO, Axactor SE, professional Board member
Leif Teksum	1952	Norwegian	MSc. (Econ.)	Partner, Vest Corporate Advisor AS, professional Board member
Tommy Sander Aldrin (personnel representative)	1965	Norwegian	BSc. (Comp.)	Chief Consultant
Ola Hugo Jordhøy (personnel representative)	1956	Norwegian	MSc. (Eng.), PGCE	Chief Consultant
Anders Palkint (personnel representative)	1967	Swedish	MSc. (Eng.)	Senior Project Manager
Ilpo Waljus (personnel representative)	1974	Finnish	BBA	Test Manager

Independence and attendance at Board and its committees' meetings in 2019

Name	Member since	Independent of company	Independent of shareholder	Board	Audit and risk committee	Remuneration committee	Temporary committees
Kurt Jofs ¹⁾	2010	yes	yes	23/23		7/8	1/1
Tomas Franzén ²⁾	2019	yes	yes	17/18		7/7	3/3
Salim Nathoo ³⁾	2019	yes	no	2/2		1/1	
Harri-Pekka Kaukonen ⁴⁾	2016	yes	yes	21/25	7/7	0/1	3/3, 2/2
Timo Ahopelto	2017	yes	no	23/25	7/7		1/1, 3/3, 2/2
Rohan Haldea ⁵⁾	2019	yes	no	1/2			
Liselotte Hägertz Engstam	2018	yes	yes	25/25	7/7		2/2
Johanna Lamminen ⁶⁾	2016	yes	yes	23/23		7/8	3/3, 2/2
Niko Pakalén ⁷⁾	2019	yes	yes	18/18	5/5		3/3
Endre Rangnes	2014	yes	yes	24/25		9/9	1/1, 3/3, 3/3
Jonas Synnergren ⁸⁾	2012	yes	no	7/7	2/2		1/1
Leif Teksum ⁹⁾	2019	yes	yes	2/2	1/1		
Esa Koskinen ⁹⁾	2014	no	yes	21/22			
Ilpo Waljus ¹⁰⁾	2014	no	yes	2/2			
Anders Palkint ¹⁰⁾	2014	no	yes	2/2			
Robert Spinelli ¹¹⁾	2014	no	yes	22/22			
Tommy Sander Aldrin ¹²⁾	2019	no	yes	2/2			
Ola Hugo Jordhøy ¹²⁾	2019	no	yes	2/2			

¹⁾ Board Chairperson until 4 December 2019.

²⁾ Board member as from 21 March 2019 and Board Chairperson as from 5 December 2019.

³⁾ Board Deputy Chairperson as from 5 December 2019.

⁴⁾ Board Deputy Chairperson until 4 December 2019.

⁵⁾ Board member as from 5 December 2019.

⁶⁾ Board member until 4 December 2019.

⁷⁾ Board member as from 21 March 2019.

⁸⁾ Board member until 20 March 2019.

⁹⁾ Employee representative until 4 December 2019.

¹⁰⁾ Employee representative as from 5 December 2019. Prior that a deputy member.

¹¹⁾ Employee deputy representative as from 5 December 2019. Prior that an ordinary member.

¹²⁾ Employee representative as from 5 December 2019.

All Board members elected by the AGM of TietoEVERY are independent of the company and six out of nine members elected by the AGM are independent of the company's significant shareholders. The independence of the members is evaluated at the Board's constitutive meeting. The Board members shall inform the Board if any changes in these circumstances occur, in which case their independence will be re-evaluated.

More detailed background information regarding the Board members, such as working experience, past and present positions of trust and the Remuneration Statement, is presented on the company's [website](#).

Tasks

The main duties and working principles of the Board have been defined in a written charter. Additionally, the work of the Board is based on an annual action plan.

More specifically, the Board:

- approves the company's values, strategy and organizational structure
- defines the company's dividend policy
- approves the company's annual plan and budget and supervises their implementation
- monitors management succession issues, appoints and discharges the President and CEO
- decides on the President and CEO's compensation, sets annual targets and evaluates their accomplishment
- decides on the compensation of the President and CEO's immediate subordinates
- addresses the major risks and their management at least once a year
- reviews and approves interim reports, annual reports and consolidated financial statements
- reviews and approves the company's key policies
- is accountable for guiding the organization's strategy on environmental and social topics
- meets the company's auditors at least once a year without the company's management
- appoints the members and Chairpersons of the Board's committees and defines their charters
- reviews assessments of its committees as well as the President and CEO
- evaluates its own activities.

Work

The Board has scheduled meetings every one to two months. Besides the Board members, the meetings are attended by the President and CEO, Chief Financial Officer (CFO) and General Counsel, who acts as secretary of the meetings. In addition to the scheduled meetings, the Chairperson shall convene the Board whenever needed as well as at the request of any of its members or the President and CEO.

Matters to be handled are prepared by the Board committees and the President and CEO. The Board receives information on the company's financial performance monthly and more detailed financial reports quarterly. Any material related to issues to be handled by the Board is provided four days prior to the meeting. Other case-specific materials are delivered at the management's initiative or the Board's request. Board members shall be informed about all significant company events immediately.

- The Board convened 25 times in 2019 and the average attendance was 95.1%.
- The Board met seven times during the year without the management present.
- The Board held one joint meeting with the auditors.
- The Board met the auditors once without the presence of the management.

Assessment

The performance of TietoEVERY's Board is assessed annually; the latest assessment was carried out by way of self-assessment in late 2019. Assessments review the Board's knowledge of the company's operations and management as well as its understanding of the field of business.

Additionally, the effectiveness of the Board work is evaluated. The SNB is informed of the results, which are also taken into consideration when the Board draws up its next annual plan.

Committees

TietoEVRY's Board is assisted by two permanent committees that prepare matters for which the Board is responsible. The Board defines the charters of the committees and decides on their composition. The Board establishes temporary committees whenever a subgroup is needed to prepare a specific topic. The entire Board remains responsible for the duties assigned to the committees.

Remuneration Committee

Composition

The Remuneration Committee (RC) comprises at least three non-executive directors elected by the Board. The majority of the members shall be independent of the company. The head of Human Resources (HR) acts as secretary of the meetings.

Based on the Board's decision, as from 1 January until 4 December, the RC was composed of the following non-executive directors who were independent of the company and of significant shareholders.

Based on the Board's decision, the RC was composed of:

- Kurt Jofs (Chairperson)
- Tomas Franzén
- Johanna Lamminen
- Endre Rangnes

As from 5 December until 31 December, the RC was composed of the following non-executive directors who were independent of the company and of significant shareholders, except for Salim Nathoo who is independent of the company and non-independent of a significant shareholder:

- Tomas Franzén (Chairperson)
- Harri-Pekka Kaukonen
- Salim Nathoo
- Endre Rangnes.

Tasks

The main tasks of the committee are to:

- monitor the targets of the compensation schemes, implementation of the compensation schemes, performance assessment and compensation determination
- ensure that the targets set for earning the bonuses defined in the compensation scheme are met
- prepare a proposal for the Deputy Chairperson of the Board
- prepare a proposal on the committees (members and Chairpersons, and the duties and responsibilities of the committees)
- monitor corporate governance
- prepare a compensation proposal concerning the President and CEO and his immediate subordinates, and the principles of personnel compensation
- prepare for the Board option schemes and other share-based incentive schemes
- evaluate the performance of the President and CEO
- prepare the assessment of the Group Leadership

Work

The committee meets regularly and at least twice a year. The Chairperson of the committee reports to the Board when applicable.

- The committee convened nine times in 2019 and the average attendance was 79.3%.
- In addition to its normal responsibilities within the scope of its charter, the committee concentrated on reviewing and developing the remuneration of the newly appointed Group Leadership.
- The committee also followed the functioning of short- and long-term incentive plans to ensure that they supported the achievement of the objectives.

Audit and Risk Committee

Composition

The Audit and Risk Committee (ARC) comprises at least three non-executive directors who are independent of the company and out of whom at least one member shall be independent of the significant shareholders. The Chairperson and the members are elected by the Board. At least one committee member must have expertise in accounting, bookkeeping or auditing. TietoEVERY's Deputy General Counsel acts as secretary of the meetings.

In 2019, all committee members were non-executive directors who were independent of the company and two of them independent of significant shareholders. All members have extensive experience in corporate management and financial issues and therefore have the required expertise.

Based on the Board's decision, as from 1 January until 4 December, the ARC was composed of

- Harri-Pekka Kaukonen (Chairperson)
- Timo Ahopelto
- Liselotte Hågertz Engstam
- Niko Pakalén

As from 5 December until 31 December, the ARC was composed of:

- Harri-Pekka Kaukonen (Chairperson)
- Timo Ahopelto
- Liselotte Hågertz Engstam
- Niko Pakalén
- Leif Teksum

Tasks

The main tasks of the committee are to:

- review and supervise internal control – particularly the financial reporting process – and risk management issues
- discuss and review the interim and annual reports and the consolidated financial statements
- assess compliance with legislation, official regulations and the company's Code of Conduct

- evaluate the sufficiency of internal control and the internal audit
- examine, assess and approve the internal audit plan
- assess the appropriate coverage of risk management and monitor the efficiency of risk management
- review significant risks and unusual business events
- prepare for the Board's decision a proposal for the AGM on the nomination of external auditors and their compensation
- evaluate the external auditors' independence, assess the audit plan and examine the audit reports
- monitor the statutory audit and consult with the auditors regarding matters that should be brought to the Board's attention.

Work

The committee convenes regularly at least four times a year and meets the company's auditors, also without the company's management present. The Chairperson of the committee reports to the Board when applicable.

- The committee convened seven times in 2019 and attendance was 100%.
- In addition to its regular agenda, the committee followed up progress in project and delivery management and quality issues as well as reviewed development in areas of privacy, cybersecurity and whistleblowing.

The President and CEO and operative management

As from 1 January and until 5 February, TietoEVERY Group's operative management consisted of the President and CEO, the Group Leadership and the Industry Group, Service Line and Product Development Services (PDS) organizations. The Industry Solutions Service Line includes the New Data-Driven Businesses unit organized independently of other businesses.

After the strategy renewal published on 6 February, the company reorganized its operations into four reportable segments: Digital Experience, Hybrid Infra, Industry Software and Product Development Services. The new organization entered into force on 1 April.

After the TietoEVERY merger was implemented on 5 December, the current organization came into effect. The President and CEO is assisted by the Group Leadership, which includes the country Managing Partners, heads of businesses and Head of Centers of Excellence as well as Head of HR and CFO.

The President and CEO is appointed by the Board and he is responsible for the Group's operative management, internal efficiency and quality.

TietoEVERY's operating model is designed to drive customer value across markets and technologies. The operating model consists of Country Teams, Service Lines and Support Functions. In addition, Product Development Services, providing advanced software R&D services, will operate as a separate unit, serving their customers globally.

The Country Teams comprise the full capability of TietoEVERY and drive customer experience,

quality and performance in that country. Service Lines are designed to bring competitive and scalable services to our customers and make all the capabilities available for each of the countries. TietoEVERY has four distinct Service Lines: Digital Consulting, Cloud & Infra, Industry Software and Financial Services Solutions.

Product Development Services is led independently of the Country Teams and Service Lines.

Members of the Group Leadership as at 31 December 2019

Kimmo Alkio

President and CEO
Born: 1963
Nationality: Finnish
Education: BBA and Executive MBA
Joined Tieto in 2011

Malin Fors-Skjæveland

Integration Officer
Born 1970
Nationality: Swedish
Education: MSc. (Tech.)
Joined EVERY in 2018

Kishore Ghadiyaram

Head of Strategy
Born: 1972
Nationality: Indian
Education: BSc. (Tech.)
Joined Tieto in 2008

Tomi Hyryläinen

Chief Financial Officer
Born: 1970
Nationality: Finnish
Education: MSc. (Econ.)
Joined Tieto in 2018

Ari Järvelä

Head of Operations
Born: 1969
Nationality: Finnish
Education: MSc. (Eng.)
Joined Tieto in 2001

Satu Kiiskinen

Managing Partner, Finland
Born: 1965
Nationality: Finnish
Education: MSc. (Econ.)
Joined Tieto in 2013

Tom Leskinen

Head of Product Development Services
Born: 1966
Nationality: Finnish
Education: LicSc. (Tech.)
Joined Tieto in 2013

Wiljar Nesse

Head of Financial Services
Born: 1964
Nationality: Norwegian
Education: MSc. (Econ.)
Joined EVRY in 2004

Thomas Nordås

Head of Digital Consulting
Born: 1971
Nationality: Norwegian
Education: MSc. (Math.)
Joined Tieto in 2019

Christian Pedersen

Managing Partner, Norway
Born: 1974
Nationality: Norwegian
Education: MSc. (Tech.)
Joined EVRY in 2014

Karin Schreil

Managing Partner, Sweden
Born: 1971
Nationality: Swedish
Education: MSc. (Eng.)
Joined EVRY in 2019

Christian Segersven

Head of Industry Software
Born: 1975
Nationality: Finnish
Education: MSc. (Tech.)
Joined Tieto in 2013

Johan Torstensson

Head of Cloud & Infra
Born: 1969
Nationality: Swedish
Education: MBA in Finance and Management
Joined EVRY in 2019

Trond Vinje

Head of HR

Born: 1968

Nationality: Norwegian

Education: MSc. (Pol. Sci.)

Joined EVERY in 2015

The remuneration of the Group Leadership is presented in the tables of the **Remuneration Statement**. More detailed background information, such as full CVs of the Group Leadership, is presented on the company's **website**.

Internal control and risk management

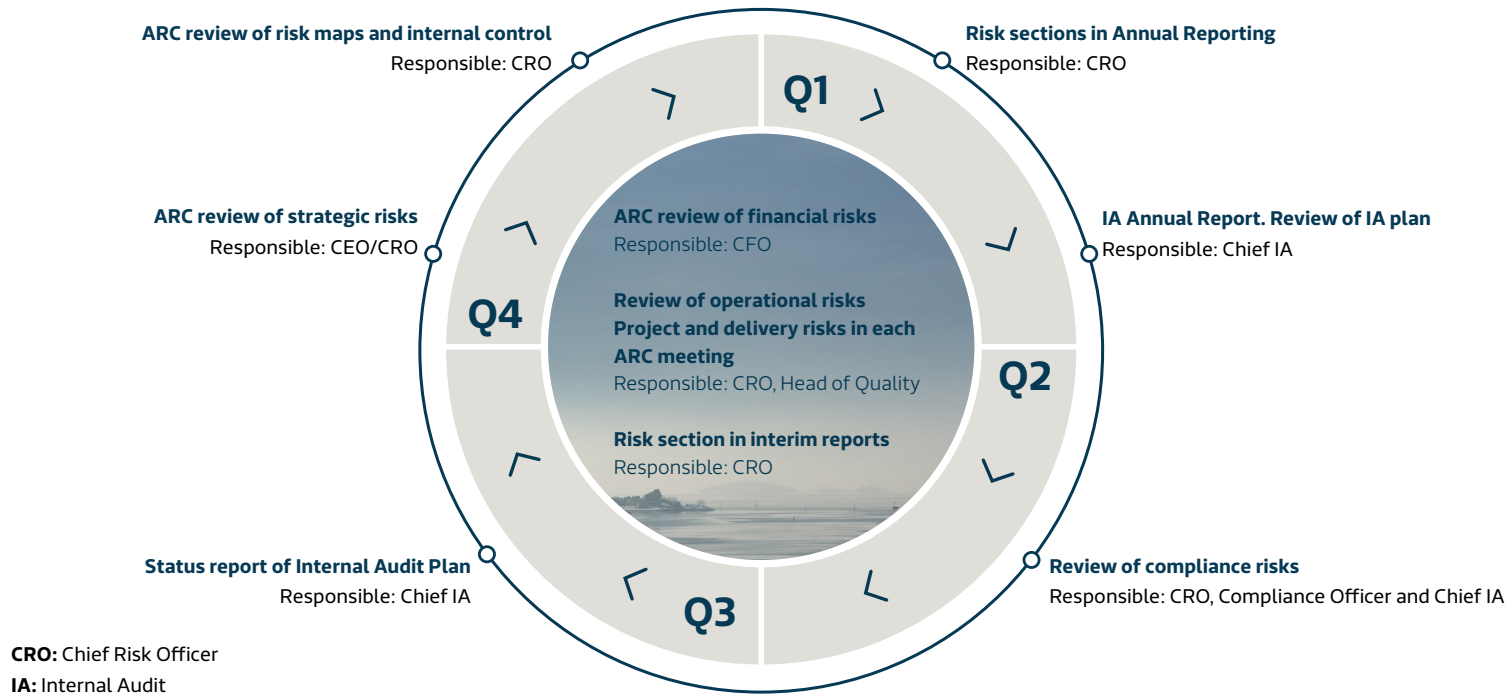
TietoEVRY's internal control framework supports the execution of the strategy and ensures regulatory compliance. The foundation for internal control is set by the risk management framework, financial control, internal audit and supporting policies.

The aim of TietoEVRY's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information.

The framework endorses ethical values, good corporate governance and risk management practices. The activities related to internal control and risk management are part of TietoEVRY's management practices and integrated into the business and planning processes.

Risk management framework

TietoEVRY uses systematic risk management to develop the efficiency and control of business operations as well as their profitability and continuity.



The risk management framework consists of the risk management organization, related policies, operating principles, processes and tools. The risk management organization develops and maintains the company's risk management framework, including risk reporting, risk management governance and follow-up of risk exposures consisting of strategic, financial, operational and compliance risks.

The risk management organization consists of a central group-wide unit and virtual team, whose members are located in the different units.

Each process owner is responsible for the continuous development and improvement of the established procedures, including controls and risk management. The Chief Risk Officer (CRO) has the responsibility to arrange and lead TietoEVRY's risk management. The Internal Audit (IA) assures the efficiency of the framework and risk management in business operations. The ARC monitors the adequacy of the company's risk management, financial control, and internal audit functions.

TietoEVRY has also specified its compliance management system, including the compliance organization, steering model and annual plan for compliance-related activities. The Group Compliance Officer is responsible for ensuring the effectiveness and functionality of the governance model and coordinating the compliance work. In order to steer and develop activities in this area, the company has a Compliance, Privacy and Security Board.

Governance of risk and compliance

At TietoEVRY, governance, risk, and compliance (GRC) are closely linked and consistently defined corporate policies and rules with proper controls. In the finance function, for example, financial reporting, compliance and risk monitoring are efficiently integrated into daily operations. Thanks to automated processes, TietoEVRY can readily adapt to changes in business conditions, regulations or corporate policy with the necessary risk management controls.

TietoEVRY has invested in process automation, which is seen as a way to improve quality and reduce costs. Well-drafted policies and rules are made available to assure that the implications of automation on risk and compliance are fully understood by all parties in the organization.

Continuous development of the risk framework

During 2019 the main improvements were the implementation of improvement opportunities and the business continuity module.

The Governance Risk and Compliance (GRC) platform now supports both registering risks and improvement opportunities to better cater to business needs. The business continuity module enables the tracking of business continuity plans, disaster recovery plans and the test plans, with automated notifications to the stakeholders.

In addition, improved quality control of the newly registered risks was implemented. The audit management module released in late 2018 has also been enhanced and is widely used to register all types of audits and audit findings.

The GRC platform gives online visibility to the following functionalities:

- Improvement opportunity and risk management
- Project risk management
- Privacy risk assessments
- Security incident management
- Audit management
- Business continuity management

The GRC platform enables automated notifications to stakeholders and systematic follow-up of actions.

The development of the risk management framework and the GRC platform is carried out in close cooperation with Risk Coaches, Security Managers, Quality Partners and Privacy Officers in the units and approved by the TietoEVRY Group Leadership and validated by the ARC.

Financial control

The purpose of internal control over financial reporting is to ensure the correctness of financial reporting, including interim and annual reports and the compliance of financial reporting with regulatory requirements.

The ARC has the oversight role in TietoEVRY's external financial reporting.

Financial reporting process and responsibilities

TietoEVRY has a common accounting and reporting platform. Group consolidation and reporting are based on the reporting system, which facilitates common control requirements for all legal entities reporting to the Group. TietoEVRY does continuous improvements to the common accounting and reporting platform to accommodate the internal needs and new regulatory requirements.

Financial reporting consists of monthly performance reports, including all the key performance indicators, rolling forecasts and interim financial reports.

Financial reports are regularly reviewed by Finance Partners in the units, the Group Leadership and the Board of Directors. The follow-up is based on a thorough comparison of the actual figures with the set objectives, forecasts and previous periods. If the figures deviate, the Group Leadership members are responsible for initiating corrective actions.

Internal audit

TietoEVRY's Internal Audit function carries out both business- and control-related audit activities.

Business audit activities aim to ensure the efficiency and appropriateness of TietoEVRY's operations. Control-related audit activities are intended to assess and assure the adequacy and effectiveness of internal controls and the risk management framework within TietoEVRY. Internal audits are planned and carried out independently but in coordination with other control functions and the external auditors. Audits can also be initiated due to escalations/whistleblowing, fraud attempts, misconducts or other breaches of laws or the company's policies and rules. Internal Audit reports to the Chief Financial Officer (CFO), the President and CEO and the ARC. The annual audit plan and the annual internal audit report are approved by the ARC.

Major risks

TietoEVERY has four risk categories and they are: strategic, operational, financial and compliance risks.

Strategic risks are related to market volatility, IT market transformation to new technologies (including the rapid digitalization and automatization of society), change management, reskilling ability and speed, agility to respond to new entrants in the market, dependencies on few big customers in some business areas and ensuring delivery quality in the dynamic business environment.

Operational risks refer to changing the business model in business units, risk and continuity management, customer bidding and requirement analysis and maintaining a high professional standard in delivery management and quality assurance.

Financial risks mainly consist of credit risks, currency risks, interest rate risks and liquidity risks.

Compliance risks are connected to the organization failing to recognize or meet the requirements in the areas of legislation or other mandatory regulation (e.g. new General Data Protection Regulation, anti-corruption, anti-bribery, insider matters, sanctions and trade compliance), internal policies and rules or ethics and integrity.

Risks are aggregated by utilizing the corporate GRC platform, resulting in risk maps that are reviewed by leadership teams in the units and the ARC. TietoEVERY's major risks and the measures for their mitigation are described below.

Market volatility

Changes in the Nordic core markets have a direct effect on market conditions and result in volatility that might have a negative impact on Nordic market growth. Changes in the economic environment and customer demand can affect both business volumes and price levels, which might result in lower income or slower income growth than expected.

These potential impacts are partly mitigated through multi-year contracts for continuous services. TietoEVERY also aims to maintain long-term business relations and to be a preferred supplier to its key customers, including full stack IT deliveries. The company executes tight cost and investment control with continuous investment performance monitoring, accompanied with a clear structure for decision rights, which are defined in the Operative Decision Making and Authority Policy.

Global service capabilities, cross-selling and tough price competition are the main drivers in the IT sector for the development of the global delivery model. TietoEVERY's position as a leading enterprise cloud service provider in the Nordics is supported by existing and enhanced competencies, and by the choice of right partners.

Change and transformation

In large-scale adaptation to the market by organizational transformation and right-sizing, resistance to change can prolong the transition, which may affect operational efficiency.

The change management capacity is concentrated in a common Integration Management Office (IMO), which provides standard tools and systems for the change, including communication, target setting and training for the integration period.

Results Management Office (RMO) sets common standards in project management and it is used to ensure compliance in project financials management and follow-up.

Sudden changes in the market environment, customer demand and customer strategies or the competitive landscape in these areas might harm TietoEVERY's operations and profitability.

To diversify the business, TietoEVERY provides services to several different industries and markets. The company develops its business mix to provide new industry software solutions, digital consulting, new hybrid cloud solutions and broader R&D capabilities to strengthen its position amongst both current and new customers. An industrialized and standardized way of providing services and solutions, employing automated processes, serves to improve competitiveness and reduce risk.

Service continuity

Close to 100% availability is the basis of trust among customers, stakeholders and society.

A service continuity disruption can be caused for instance by hardware or software failures, power outages, natural disasters and different types of intentional or unintentional actions by people, such as human error, cybersecurity breaches, and other criminal activities.

Thus, business continuity planning is a high priority in TietoEVERY's operational management in order to ensure that redundancy and fault tolerance are at the appropriate level.

To reduce the service continuity risk and to better understand the interdependencies in solutions and data centres, TietoEVERY constantly reviews, maintains and improves its IT asset management, configuration management and monitoring systems. In addition to a comprehensive business interruption insurance portfolio, TietoEVERY has recovery procedures and backup systems in place to handle potential service interruptions. Root cause analysis, best practices and experiences from previous incidents help in preparing for and in mitigating service continuity risk.

Also, a comprehensive and robust Major Incident Management process and efficient cybersecurity defence with high-class detection and response capabilities reduce service interruptions.

Quality costs related to customer bidding and delivery management

Inability to appropriately understand and analyze customers' changing needs, their business processes and the exact requirements can lead to misjudgements in setting the scope of projects or services and, consequently, difficulties in meeting the specifications of customer agreements. This in turn can result in project overruns, operating losses or termination of customer contracts. In Industry Software, the ongoing technological renewal of SmartUtilities' packaged software development and the scope of customer implementation are larger than originally anticipated and will require increased investments.

TietoEVERY continuously gathers customer feedback to establish the requirement baselines and checklists for different business areas. Continuous improvement of the bid management

process, requirement analysis, delivery management and the quality assurance of the deliveries are carried out to mitigate the risk. Also, a specific process is used to achieve better understanding of customer bidding and end-to-end risks, from sales to the closure of the delivery. In case of changes in customers' business requirements, it is contractually agreed that the consequent changes in project deliveries are managed throughout the project organization in a standardized manner.

Retention of employees

Fresh competition and demand for new services require ability and speed to reskill, attract new and retain existing competences and business knowledge for new services, new service models and offerings. TietoEVERY's success builds on passion, innovation, attracting talent, skills renewal, business knowledge and the maturity of the organization. In addition, the performance of its employees and managers both locally and in the global delivery centers worldwide are key to its success.

Inability to retain key employees and to recruit new talent with the required competence might have a negative impact on the company's performance. High employee turnover might also cause delays in customer projects, leading to penalties or loss of customers.

To reduce these risks, TietoEVERY implements unified delivery models across sites and offers its employees challenging jobs, diverse development possibilities, social recognition and training opportunities as well as interesting career paths through job rotation. Furthermore, the company has competitive compensation packages, including a company-wide incentive system. Attractive recruitment tools, strategies, talent management and competence development have a high strategic priority at TietoEVERY. The company also focuses on Employer Branding to build and strengthen TietoEVERY's image as an attractive employer both internally and externally.

Credit risks

Changes in the general market environment and global economy can usher in additional financial risks. Credit risks might arise if customers or financial counterparties are not able to fulfil their commitments towards TietoEVERY.

Under TietoEVERY's Credit Policy, the finance department together with the business organization is responsible for assessing customers' creditworthiness, taking into account past experience, their financial position and other relevant factors. Credit risk regarding financial counterparties is managed by using counterparty limits, as set out in TietoEVERY's Treasury Policy.

A special focus has been put on raising awareness of credit risks with additional reporting and training processes. The collection process has been designed to better correspond to higher credit risks.

Currency risks

TietoEVERY's currency transaction exposure arises from foreign trade, cash management and internal funding in foreign currencies. Translating the balance sheets and income statements of Group companies into euros creates a translation exposure.

As a substantial proportion of the Group's consolidated revenues are generated in Sweden and Norway, fluctuations of the Swedish krona and Norwegian krona against the euro may have an impact on the consolidated financial statements.

TietoEVERY's Treasury Policy defines the principles and risk limits under which Group Treasury manages currency risks.

Interest rate risks

TietoEVERY's interest rate risk consists mainly of short- and long-term loans, cash positions and derivative contracts. Fluctuations in interest rates can impact to TietoEVERY's financial result or economic situation.

TietoEVERY's Treasury Policy defines the principles and risk limits under which Group Treasury manages interest rate risks.

Liquidity risks

Exceptional market conditions in the financial market might impose temporary limitations on raising new funding and lead to an increase in funding costs.

Group Treasury monitors and manages TietoEVERY's liquidity position by maintaining a sufficient loan and investment portfolio. Analyses of alternative financing sources for the company and their pricing are continuously updated. TietoEVERY's financial risks are described in full in the notes to the consolidated financial statements.

Legal, regulatory and compliance risks

TietoEVERY operates in multiple jurisdictions and is required to comply with a wide range of laws and regulations enacted both at the European and national level, e.g. data protection and privacy laws, public procurement, anti-corruption, anti-bribery, regulations restricting competitive trading conditions, health and safety regulations, environmental regulations, labour regulations, competition regulations as well as securities markets, corporate and tax laws. Failing to comply with the regulations may subject the company to regulatory interventions or penalties, or a slowing or even halting of the development of its activities.

TietoEVERY functions as a data processor for customers and as a data controller for its internal personal data. Failing to comply with the EU General Data Protection Regulation (GDPR) might result in negative reputation, significant fines or other expenses if a solution or service needs to be redesigned or redeveloped.

The risk is mitigated by company-wide privacy work. TietoEVERY has a privacy governance model, which ensures that a privacy organization and resources, continuous follow up and reporting, proactive privacy development and active employee communication and training are in place. Privacy governance also ensures that the GDPR requirements as practical rules and instructions are appropriately embedded into corporate core business processes such as offering and software development, sales and marketing, program and project delivery, continuous service delivery and TietoEVERY's internal service.

Supply chain risk

TietoEVERY's ability to perform its obligations to customers can be affected by a failure by any significant supplier or partner to fulfil its obligations. Such failure may expose TietoEVERY to liabilities and impact the profitability of the company. The company has, for example, outsourced certain infrastructure operations to IBM, and a potential failure in deliveries by IBM under this agreement could lead to such consequences.

In June 2019, IBM submitted a brief notice of arbitration to TietoEVERY, stating that the agreement is unbalanced and should be revised by the arbitrators. In October 2019, TietoEVERY submitted notices of arbitration against IBM in relation to a claim for reimbursement of disputed payments made by the company to IBM, as well as general failure by IBM to deliver its services in accordance with the terms of the Master Services Agreement. There is contact between the parties in respect of potential solutions to the challenges.

Related party transactions

TietoEVERY maintains a list of its related parties in accordance with IAS24 and discloses the required information concerning related-party transactions in the report by the Board of Directors and notes of the consolidated financial statements.

Further, the company evaluates and monitors transactions concluded between the company and its related parties and seeks to ensure that any conflicts of interest shall be taken into account in the decision making. The Board of Directors has the overall responsibility to monitor the company's measures and evaluate that related party transactions are entered into the ordinary course of business and concluded on normal market terms.

Reporting to the Board of Directors takes place in the meeting where the financial statements are approved. The related-party transactions are summarized in **note 28** of the consolidated financial statements.

Furthermore, the company has added controls into its sales and purchasing processes and decision-making policy to identify and duly handle any transactions with related parties. Testing of customer and supplier transactions is carried out by both the company and its external auditors.

Insider administration

TietoEVERY follows the EU Market Abuse Regulation (MAR) and rules of Nasdaq Helsinki and Oslo Børs. In addition, TietoEVERY's Board of Directors has adopted an internal TietoEVERY Insider Rule.

TietoEVERY has specified that the Board of Directors and the President and CEO of the parent company TietoEVERY Corporation are subject to the requirement to notify their transactions. In addition, TietoEVERY has set restrictions on trading for the members of the Group Leadership, persons participating in the preparation of interim reports and consolidated financial statements as well as other persons who are considered to receive information of a confidential and sensitive nature in their position or service.

The managers and other persons subject to trading restrictions are prohibited from dealing in TietoEVERY's shares or other financial instruments during the closed period. The closed period covers 30 calendar days before the disclosure of an interim financial report or a financial statement release including the date of disclosure (= 30 + 1 days).

The General Counsel is in charge of insider administration and TietoEVERY's Legal Department monitors compliance with the insider regulation and takes care of necessary guidance and training.

Auditors

The ARC prepares a proposal on the appointment of TietoEVERY's auditors, which is then presented to the Board of Directors and finally to the AGM for its decision. The compensation paid to the auditors is decided by the AGM and assessed annually by the ARC.

The Board of Directors proposes to the AGM, in accordance with the recommendation of the ARC, that the auditor to be elected at the AGM 2020 be reimbursed according to the auditor's invoice and in compliance with the purchase principles approved by the Committee.

The Board of Directors proposes to the AGM, in accordance with the recommendation of the ARC, that the firm of authorized public accountants Deloitte Oy be elected as the company's auditor for the financial year 2020. The firm of authorized public accountants Deloitte Oy has notified that APA Jukka Vattulainen will act as the auditor with principal responsibility.

Auditing

The AGM 2019 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2019. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

In 2019, TietoEVERY Group paid the auditors a total of EUR 0.9 (1.1) million in audit fees, and a total of EUR 0.9 (0.8) million for other services.

Remuneration Statement

The aim of TietoEVERY's remuneration principles is to attract and retain talent, motivate key people and align the goals of the company's shareholders and executives in order to enhance the value of the company.

Rules on how the company shall compensate its employees are defined in TietoEVERY's HR Policy and related rules. The policy is globally applied to all TietoEVERY entities and units to support the company's strategy, objectives and values.

Remuneration of the Board of Directors is decided by the AGM based on a proposal by the SNB. The RC is responsible for planning the remuneration of the Group Leadership members and preparing the principles underlying the remuneration of TietoEVERY personnel. The Board of Directors decides on the remuneration of the President and CEO and other members of the Group Leadership based on a proposal by the RC.

Remuneration of the Board

According to the decision of Tieto's AGM 2019, the annual remuneration of the Board of Directors is the following:

- EUR 98 000 to the Chairperson,
- EUR 58 000 to the Deputy Chairperson and
- EUR 38 000 to the ordinary members of the Board of Directors.

The same fee as to the Board Deputy Chairperson will be paid to the Chairperson of the Board Committee unless the same individual is also the Chairperson or Deputy Chairperson of the Board. In addition, remuneration of EUR 800 is paid for each Board meeting and each permanent or temporary committee meeting.

Further, the AGM 2019 decided that part of the fixed annual remuneration may be paid in Tieto Corporation's shares purchased from the market. An elected member of the Board of Directors may, at his/her discretion, choose to receive the fee from the following alternatives:

No cash, 100% in shares

25% in cash, 75% in shares

50% in cash, 50% in shares

75% in cash, 25% in shares

100% in cash, no shares

No restrictions have been set on Board members concerning how they may assign these shares, but the company recommends that Board members should retain ownership of all the shares they have received as remuneration for as long as they serve on TietoEVERY's Board.

In addition to the aforementioned share remuneration, the Board members do not belong to or are not compensated with other share-based arrangements, nor do the members have any pension plans at TietoEVERY. TietoEVERY executives or employees are not entitled to compensation for their Board positions or meeting attendance in the Group companies, excluding however the employee representatives elected as ordinary members to the parent company's Board of Directors. None of the Board members, except the personnel representatives, have an employment relationship or service contract with TietoEVERY.

Compensation of individual Board members in 2019¹⁾

Name	Annual remuneration		Meeting based, EUR
	EUR ²⁾	Shares ³⁾	
Tomas Franzén, Chairperson Board and RC	—	1 649	18 400
Salim Nathoo, Deputy Chairperson	19 333	—	2 400
Harri-Pekka Kaukonen, Chairperson ARC	—	2 517	21 600
Timo Ahopelto	—	1 649	22 400
Rohan Haldea	12 677	—	800
Liselotte Hägertz Engstam	—	1 649	22 400
Niko Pakalén ⁴⁾	19 015	824	17 600
Endre Rangnes	—	1 649	27 200
Leif Teksum	12 677	—	2 400
Former Board members			
Kurt Jofs ^{4) 6)}	49 017	2 126	20 000
Johanna Lamminen ^{5) 7)}	9 523	1 236	23 200
Jonas Synnergren ⁸⁾	N/A	N/A	6 400
In total	EUR 122 242	11 650 shares	EUR 184 800

Board of Directors' shareholdings in TietoEVRY⁹⁾

Name	At 31 Dec 2019	At 31 Dec 2018
Tomas Franzén, Chairperson Board and RC	1 649	N/A
Salim Nathoo, Deputy Chairperson	—	N/A
Harri-Pekka Kaukonen Chairperson ARC	4 596	2 079
Timo Ahopelto	2 631	982
Rohan Haldea	—	N/A
Liselotte Hägertz Engstam	2 131	482
Niko Pakalén	824	N/A
Endre Rangnes	4 484	2 835
Leif Teksum (partly via Teklei Consulting AS)	7 198	N/A
Former Board members		
Kurt Jofs ¹⁰⁾	N/A	14 930
Johanna Lamminen ¹¹⁾	N/A	1 560
Jonas Synnergren ¹²⁾	N/A	4 578

¹⁾ The Board members have not received any other benefits.

²⁾ Gross compensation before taxes.

³⁾ Shares were purchased and delivered in July 2019.

⁴⁾ 50% in cash, 50% in shares.

⁵⁾ 25% in cash, 75% in shares.

⁶⁾ Board Chairman until 4 December.

⁷⁾ Board member until 4 December.

⁸⁾ Board member until 21 March.

⁹⁾ Corporations over which the Board members exercise control did not have shares or share-based rights on 31 December 2019, except Teklei Consulting AS of Leif Teksum.

¹⁰⁾ Board Chairman until 4 December.

¹¹⁾ Board member until 4 December.

¹²⁾ Board member until 21 March.

Summary of Remuneration of the TietoEVERY Group Leadership

Element	Purpose	Description
Salary	Recognition for continuous daily contribution and provides core remuneration for the role.	Fixed compensation for performing defined job responsibilities. In addition to monthly salary, car and mobile phone benefits can be paid as per company policy. Salary is reviewed annually based on the individual's performance and salary market conditions. Weighting of the reward factors for the President and CEO and other Group Leadership members is described in a separate table. The reward targets are set annually by the Board of Directors.
Short-term incentives	Incentivizes delivery of our annual financial and operational goals.	Cash-based plan that rewards the short-term (12-month) success of the company and the individual. The bonus for the President and CEO is 75% and for other Group Leadership members 50% of the annual base salary when the performance is at expected level; the maximum bonus for the President and CEO is 150% and for the other Group Leadership members 100% ¹⁾ . The amount of bonuses is decided by the Board of Directors after the consolidated financial statements have been prepared.
Long-term incentives	Rewards for sustained increase in shareholder value and encourages ownership culture.	Share-based plans reward leadership and key employees for company growth and achievement of defined strategic goals. LTI plans are annually commencing plans with a three-year performance period. Key principles of TietoEVERY's share plans, such as the basis and size of rewards, are described on the company's website .
Additional pension	Provides appropriate retirement benefits	President and CEO: defined contribution (DC) plan where the expenditure is 23% of the annual base salary. Retirement age is 63. Other Group Leadership members based in Finland have a DC plan where the expenditure is 15% of the annual base salary. Group Leadership members based outside Finland are provided with individual pension plans according to local practices. Retirement ages are according to applicable local regulations. For Group Leadership members who joined from EVERY during 2019, the annual pension entitlement is calculated as 25% of salaries exceeding 12 G (grunnpension).
Claw back	Protects company interests in case of misconduct, restatement or misstatement of results.	Claw back provisions apply to STI and LTI plan rewards in exceptional circumstances such as misconduct or misstatement of financial results.
Share ownership	Encourages building a meaningful shareholding in TietoEVERY, ensuring alignment with shareholders.	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.
Service contracts and severance pay	Provides for clear contractual terms	President and CEO: if the agreement is terminated by TietoEVERY, the notice period is twelve months. In the event of termination, the company shall pay a severance payment equivalent to the base salary and the short-term target incentive for six months in addition to the salary for the notice period. If the agreement is terminated by the President and CEO, the notice period is six months. Change of control terms are the same as in termination except for the monetary value of the maximum amount of shares granted to him in the most recent long-term incentive plan in addition to the salary for the notice period. For other Group Leadership members, the termination terms vary and the amounts correspond to the periods of notice.

¹⁾The Short Term incentive target and maximum value valid as of 5 Dec 2019

Share-based long-term incentives

The terms and conditions of all share-based plans are approved by the Board of Directors.

Long-Term Incentive Plan (LTI) 2016–2018 covered Group Leadership members and 102 key employees. The plan consisted of Performance Shares and Restricted Shares. The performance period was three years from 1 January 2016 to 31 December 2018. Share delivery took place in spring 2019.

Long-Term Incentive Plan (LTI) 2017-2019 covers Group Leadership members and 136 key employees. The plan consists of Performance Shares and Restricted Shares. The performance period is three years from 1 January 2017 to 31 December 2019. If the set performance metrics and other requirements are met the shares will be delivered to the participants in spring 2020.

Long-Term Incentive Plan (LTI) 2018-2020 covers Group Leadership members and 216 key employees. The plan consists of Performance Shares and Restricted Shares. The performance period is three years from 1 January 2018 to 31 December 2020. If the set performance metrics and other requirements are met the shares will be delivered to the participants in spring 2021.

Long-Term Incentive Plan (LTI) 2019-2021 covers Group Leadership members and 223 key employees. The plan consists of Performance Shares and Restricted Shares. The performance period is three years from 1 January 2019 to 31 December 2021. If the set performance metrics and other requirements are met the shares will be delivered to the participants in spring 2022.

In the merger plan, the Board of Directors of Tieto and EVERY approved the treatment of the non-vested options under the EVERY long-term incentive plans (LTIP) 2017, 2018 and short-

term one-off, restricted stock unit programme (STIP). The plans have been continued and transformed in a value neutral way into restricted stock units in the combined company, with equivalency in all material respects with regards to economic value, taking into account the strike price of the options and by applying an option conversion ratio of 1:0.1423.

The authorizations required by the Board to repurchase the company's own shares and to issue shares shall be proposed to be approved at the AGM on an annual basis. In connection with authorizing the Board to issue shares, the AGM 2019 decided that no more than 700 000 shares, corresponding to less than 1% of all of the shares in the company, may be issued as part of share-based incentive programmes.

TietoEVERY has not established new option plans since AGM 2009. The last option programme 2009 expired when the subscription period for the 2009C series ended on 31 March 2016.

Pension plans

TietoEVERY operates a number of different pension plans in accordance with national requirements and practices. In addition to statutory pension plans, the Group Leadership members are provided with additional pension schemes.

Currently, all additional schemes are classified as defined contribution plans. In contribution-based plans, the payments to the plans are recognized as expenses for the period to which they relate. After the payment of the contribution, the company has no further obligations in respect of such plans.

President and CEO

Kimmo Alkio	
Salary 2019 (2018)	EUR 702 000 (EUR 637 500)
Benefits 2019 (2018)	EUR 11 195 (EUR 3 366)
Special payments 2019 (2018)	EUR 702 000 Integration award (EUR 0)
Bonus 2019 (2018)	EUR 412 078 (EUR 440 194 paid in 2019 for performance in 2018)
Basis of bonus 2019	<p>Target 50% of base salary based on the Group's external revenue and profit, PDS external revenue and profit and strategy implementation when achievements meet the targets. Maximum 100% of base salary based on the Group's external revenue and profit and strategy implementation when achievements exceed the targets. Weighting of the reward factors</p> <ul style="list-style-type: none"> • Profit of the company 30% • External revenue of the company 40% • Strategy implementation 30%
Additional success-based incentive	<p>An additional success-based incentive can be paid to the President and CEO in 2020. The incentive is subject to the company reaching in 2019 challenging profitability targets (EBIT) set by the Board of Directors in accordance with the company's renewed strategy and financial objectives. The maximum gross number of shares to be earned is 50 000, however not exceeding EUR 3 million. The payable incentive includes TietoEVRY's shares and a cash proportion for covering taxes and tax-related costs arising from the reward.</p>
Long-Term Incentive Plan 2016–2018	<p>In March 2019 based on criteria attainment a total of 12 236 shares were transferred to the President and CEO. In addition, a cash portion was paid corresponding to a value of 10 146 shares. The total value of paid gross reward was EUR 629 243.</p>
Long-Term Incentive Plan 2017–2019	<p>Entitled to 20 000 Performance Shares if the target levels of the performance metrics are met, 40 000 shares at maximum and 5 000 Restricted Shares. The performance period of the plan is 2017-2019. The fair value of these allocations amounts to EUR 532 224.¹⁾</p>
Long-Term Incentive Plan 2018–2020	<p>Entitled to 22 881 Performance Shares if the target levels of the performance metrics are met, 45 762 shares at maximum. The performance period of the plan is 2018-2020. The share allocation equalled to 100% of annual base salary at the time of grant. The fair value of these allocations amounts to EUR 348 844.</p>
Long-term Incentive Plan 2019-2021	<p>Entitled to 29 433 Performance Shares if the target levels of the performance metrics are met, 58 866 shares at maximum. The performance period of the plan is 2019-2021. The share allocation equalled to 100% of annual base salary at the time of grant. The fair value of these allocations amounts to EUR 652 706.</p>
Expenditures related to share-based incentives	EUR 309 583 (EUR 660 246)
Pension expenditure	EUR 238 086 (EUR 314 530) ²⁾

¹⁾ The fair market value for the Long-term Incentive Plans is calculated using the latest performance estimates and the value of the Tieto share on 31 December 2019, EUR 27.72.

²⁾ Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

Updated information on the shares and options held by the President and CEO is available on the company's website at www.tieto.com/investors under the insider register.

Remuneration of Group Leadership members

The table below summarizes the remuneration of the Group Leadership members.

Group Leadership (excluding the President and CEO)

Total salaries 2019 (2018)	EUR 3 005 470 (EUR 2 312 039)
Total benefits 2019 (2018)	EUR 188 055 (EUR 115 178)
Special payments 2019 (2018)	EUR 1 412 032 (Integration award) (EUR 0)
Total bonuses 2019 (2018)	EUR 1 141 394 (EUR 822 650 paid in 2019 for performance in 2018)
Basis of bonus 2019	<p>Target 40% of base salary, maximum 75% of the base salary. The purpose of the bonus is to reward for company performance and individual performance. These two form the overall performance evaluation (OPE). OPE for each LT member is confirmed by the Board.</p> <p>CFO: in addition to individual performance measurement, the bonus is based on company performance, measured by the following criteria, namely profit of the company and external revenue</p> <p>Other LT members: in addition to individual performance measurement, the bonus is based on</p> <ul style="list-style-type: none"> • company and/or • own Industry Group- or Service Line-related performance criteria profit and external revenue) <p>For LT members joining from EVERY, bonus schemes for the executive management are linked to the company's financial, operational and organizational targets and were partly determined by the discretion of EVERY's Board of Directors. The bonus arrangement for the executive management is at target from 50-100% and at maximum 75-150% of the regular annual salary for the relevant persons.</p>
Long-Term Incentive Plan 2016–2018	In March 2019 based on criteria attainment a total of 26 817 shares were transferred to the Group Leadership members. In addition, a cash portion was paid corresponding to a value of 25 863 shares. The total value of paid gross reward was EUR 1 479 844.
Long-Term Incentive Plan 2017–2019	Group Leadership members are entitled to 58 000 Performance Shares if the maximum levels of the performance metrics are met and to 8 000 Restricted Shares. The performance period of the plan is 2017–2019. The fair value of these allocations is EUR 792 515. ¹⁾
Long-Term Incentive Plan 2018–2020	Group Leadership members are entitled to 74 000 Performance Shares if the maximum levels of the performance metrics are met and to 1 000 Restricted Shares. The performance period of the plan is 2018–2020. The fair value of these allocations is EUR 591 822. ¹⁾
Long-Term Incentive Plan 2019-2021	Group Leadership members are entitled to 90 000 Performance Shares if the maximum levels of the performance metrics are met. The performance period of the plan is 2019–2021. The fair value of these allocations is EUR 997 920. ¹⁾
Long-Term Incentive Plans EVERY	Group Leadership members with former EVERY LTIP and STIP option arrangements have been converted to TietoEVERY interim Restricted share plans. The Group Leadership members are entitled to total of 113 609 Restricted Shares vesting annually during 2019-2022. The fair value of these allocations is EUR 3 149 241.
Expenditures related to share-based incentives	EUR 629 931 (EUR 1 727 068)
Pension expenditure	EUR 834 469 (EUR 772 335). ²⁾

¹⁾The fair market value for Long-term Incentive Plan 2017-2019, Long-term Incentive Plan 2018-2020, Long-term Incentive Plan 2019-2021 and Long-Term Incentive Plans EVERY is calculated using the latest performance estimates and the value of the Tieto share on 31 December 2019, EUR 27.72.

²⁾ Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

Shareholdings of the Group Leadership¹⁾

Name	Shares at 31 Dec 2019	Shares at 31 Dec 2018
Kimmo Alkio	46 736	30 000
Malin Fors-Skjæveland	—	N/A
Kishore Ghadiyaram	8 721	N/A
Tomi Hyryläinen	—	N/A
Ari Järvelä	14 644	10 427
Satu Kiiskinen	18 033	11 992
Tom Leskinen	3 617	1 085
Wiljar Nesse	147 738 ³⁾	N/A
Thomas Nordås	—	N/A
Christian Pedersen	—	N/A
Karin Schreil	—	N/A
Christian Segersven	1 300	200
Johan Torstensson	—	N/A
Trond Vinje	25 800	N/A
Former Leadership members²⁾		
Håkan Dahlström	N/A	7 308
Katariina Kravi	N/A	8 368
Julius Manni	N/A	N/A
Markus Suomi	N/A	—
Petteri Uljas	N/A	N/A

The compensation of the whole Group Leadership in 2019 is also summarized in **note 8** of the consolidated financial statements. The remuneration statement is available on the company's [website](#).

¹⁾ Corporations over which the CEO exercises control did not have shares or share-based rights on 31 December 2019.

Tieto does not have any active option programmes.

²⁾ Until 4 December.

³⁾ Via Wilcat AS.

Letter from the Chairman of the Remuneration Committee

Dear Shareholder,

We have ended 2019 with the approval of the merger of EVRY and Tieto. Our future stands for more business opportunities, increased societal impact, best talent and exciting technologies to work with - together as one team.

Our rewarding approach for the new Group Leadership

The aim of TietoEVRY's reward practices is to ensure we can hire and retain top talent and offer market competitive total compensation. The same principle has been followed in connection with nominating the Group Leadership for the new company. Their total compensation packages have been revised based on thorough market benchmark. We continue to emphasize pay-for-performance culture and focus on longer-term shareholder value creation. The short-term incentive structure ensures that special attention is given to realizing the benefits of the merger and building a single integrated company.

Focus areas and remuneration activities in 2019

At the beginning of 2019, the Remuneration Committee approved the incentive payouts for the financial year 2018. Tieto paid out a total of EUR 20.3 million to the management and employees as short-term incentives and bonuses. The CEO and Group Leadership members received total of EUR 1.2 million in paid incentives.

We have provided strong value to all our key stakeholders. This is also reflected in the result of our Long-Term Incentive Program (LTI) 2016-2018. Share delivery to plan participants took place in March 2019. The President and CEO received 12 236 net shares and other Group Leadership members in total 26 518 net shares.

A new Long-Term Incentive Plan for 2019-2021 was approved by the Board of Directors in early 2019, based on the recommendation from the Remuneration Committee. The purpose of the Long-Term Incentive Plan is to ensure that the company will meet the long-term targets, to align the interests of the management and shareholders, and reward selected employees who role model our values. It is also a key element in the total compensation of Tieto management, which directly links the paid compensation to the company's success.

Plan participation continues to be directed to selected senior managers and key employees who demonstrate first-rate technical skills, thus being critical in ensuring successful execution of the next phase of our strategy. For the 2019-2021 plan, the performance metrics were agreed to be earnings per share (30%), total shareholder return (20%) and growth (50%).

Remuneration for financial year 2019

The President and CEO's short-term incentive plan for 2019 was based on both the agreed financial goals and success in strategy execution. Based on performance against the targets set, bonuses earned in 2019 (payable in spring 2020) ranged from 33% to 59% of salary for the President and CEO and Group Leadership members.

During 2019 we increased the use of immediate recognition in the form of spot awards to all personnel. Spot awards are intended to show appreciation for exceptional contribution in a fast and agile manner. About 27% of total personnel, which equals over 4000 employees, were rewarded with spot awards. During 2019, the average spot award payment size was EUR 550.

Remuneration for 2020

During fall 2019, the Remuneration Committee started preparations for adopting the Shareholders' Rights Directive by creating a new Remuneration Policy, which will be subject to AGM vote in spring 2020.

During 2020, efforts will be directed to building common compensation structures for TietoEVYR to ensure that company integration and harmonization will be successful.

Tomas Franzén

Chairperson of the Board of Directors

Chairperson of the Remuneration Committee

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