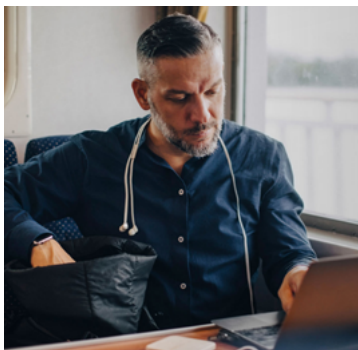


tieto *EVRY*

Corporate Governance and Remuneration 2020



Table of contents



Governance

Corporate Governance Statement	4
Annual General Meeting	5
Shareholders' Nomination Board	6
The Board of Directors	8
The President and CEO and operative management	14
Internal control and risk management	17
Related-party transactions	20
Insider administration	21
Auditors	22

Remuneration

Remuneration report	23
---------------------	----

Governance

Corporate Governance Statement	4
Annual General Meeting	5
Shareholders' Nomination Board	6
The Board of Directors	8
The President and CEO and operative management	14
Internal control and risk management	17
Related-party transactions	20
Insider administration	21
Auditors	22

Remuneration

Remuneration report	23
---------------------	----

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. This statement has been issued separately from the report by the Board of Directors and is included in the Financial Review 2020.

GOVERNANCE AT TIETOEVRVY



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 usually 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 2021 and previous meetings, shareholders and participation possibilities, please visit www.tietoevery.com/agm.

AGM 2020

- In 2020, TietoEVERY's AGM convened on 29 April at TietoEVERY's headquarters in Espoo, Finland. Precautionary measures were taken due to the Covid-19 pandemic. Altogether 461 shareholders and 80,549,313 shares (68.0% of the total outstanding shares) were represented at the meeting.

Shareholders' Nomination Board

The company'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 (including 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 TietoEVRY 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 as at 31 August 2020 consisted of the following representatives announced by TietoEVRY's shareholders:

Nominated by Solidium Oy:

Petter Söderström

Main occupation: Investment Director, Solidium Oy

Born: 1976

Nationality: Finnish

Education: MSc. (Econ.)

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:

Gustav Moss

Main occupation: Vice President, Cevian Capital AB

Born: 1988

Nationality: Swedish

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 TietoEVRY Corporation:

Tomas Franzén

The SNB convened eight times and provided TietoEVRY's Board of Directors on 18 December 2020 with its proposals for the AGM 2021. The SNB proposes to the AGM that the Board of Directors shall have eleven members and that the current Board members Tomas Franzén, Salim Nathoo, Harri-Pekka Kaukonen, Timo Ahopelto, Rohan Haldea, Liselotte Hägertz Engstam, Katharina Mosheim, Niko Pakalén, Endre Rangnes and Leif Teksum be re-elected; in addition, the SNB proposes that Angela Mazza Teufer 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 TietoEVRY 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 and employee representatives elected as ordinary members of the Board of Directors be kept at the same level as in 2020:

EUR 125 000 to the Chairperson, EUR 70 000 to the Deputy Chairperson and EUR 53 000 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 will receive an annual fee of EUR 20 000 and a member of a permanent Board Committee 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 of the 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 the long-term shareholdings of the Board members will benefit all the shareholders. Every Board member elected by the Annual General Meeting is expected to accumulate, over a five-year period, a shareholding in TietoEVERY that exceeds his/her one-time annual remuneration.

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

1. no cash, 100% in shares
2. 25% in cash, 75% in shares
3. 50% in cash, 50% in shares
4. 75% in cash, 25% in shares
5. 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 company's interim report 1 January–31 March 2021. If the remuneration cannot be delivered at that time due to insider regulations or another justified reason, the company shall deliver the shares later or pay the remuneration fully in cash.

Remuneration of the employee representatives elected as ordinary members of 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. The SNB has reviewed the diversity principles of the Board of Directors in 2020. The company has ensured that the principles have been included in the charter of the SNB and charter of the Board and taken into account in the candidate search. Two out of ten members elected by the AGM during 2020 were 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 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 2020

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.)	Part 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
Katharina Mosheim	1976	Austrian	Ph.D. (Econ.)	CEO, Alpha Pianos AS
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 Palklint (personnel representative)	1967	Swedish	MSc. (Eng.)	Senior Project Manager
Ilpo Waljus (personnel representative)	1974	Finnish	BBA	Test Manager

Independence and attendance in meetings of the Board and its committees in 2020

Name	Member since	Independent of company	Independent of shareholder	Board	Audit and risk committee	Remuneration committee	Temporary committees
Tomas Franzén	2019	yes	yes	18/18		6/6	
Salim Nathoo	2019	yes	no	14/18		5/6	
Harri-Pekka Kaukonen	2016	yes	yes	18/18	6/6	6/6	3/3
Timo Ahopelto	2017	yes	no	17/18	6/6		5/5
Rohan Haldea	2019	yes	no	16/18			5/5
Liselotte Hægertz Engstam	2018	yes	yes	18/18	6/6		3/3
Katharina Mosheim ¹⁾	2020	yes	yes	11/11			3/3
Niko Pakalén	2019	yes	yes	18/18	6/6		5/5
Endre Rangnes	2014	yes	yes	18/18		6/6	
Leif Teksum	2019	yes	yes	18/18	6/6		
Ilpo Waljus	2014	no	yes	18/18			
Anders Palklint	2014	no	yes	18/18			
Tommy Sander Aldrin	2019	no	yes	18/18			
Ola Hugo Jordhøy	2019	no	yes	18/18			

¹⁾ Board member as from 29 April 2020.

All Board members elected by the AGM of TietoEVRY are independent of the company and seven out of ten 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 remuneration, is presented on the company's website at www.tietoevry.com/investors.

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 Head of Legal, Risk and Corporate Security, 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.

2020

- The Board convened 18 times in 2020 and the average attendance was 97.2%.
- The Board met two 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 TietoEVRY's Board is assessed annually; the latest assessment was carried out by an external consultant during autumn 2020. 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 HR acts as secretary of the meetings.

Based on the Board's decision, 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.

Work

The committee meets regularly and at least twice a year. The Chairperson of the committee reports to the Board when applicable. 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
- prepare a proposal on the Board's charter.

2020

- The committee convened six times in 2020 and the average attendance was 95.8%
- 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 Leadership Team.
- 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. TietoEVRY's Head of Corporate Governance and IPR acts as secretary of the meetings.

In 2020, all committee members were non-executive directors who were independent of the company and of significant shareholders, except for Timo Ahopelto who is independent of the company and non-independent of a significant shareholder. All members have extensive experience in corporate management and financial issues and therefore have the required expertise.

Based on the Board's decision, the ARC was composed of

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

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 main tasks of the committee are to:

- review and supervise internal control – particularly the financial reporting process – and risk management
- 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.

2020

- The committee convened six times in 2020 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 development in areas of privacy and cybersecurity.

The President and CEO and operative management

The President and CEO is responsible for the Group's operative management, internal efficiency and quality. The President and CEO is assisted by the Group Leadership, which includes the country Managing Partners, heads of businesses, Head of Centers of Excellence as well as Head of HR and CFO.

TietoEVRY'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 its customers globally.

The Country Teams comprise the full capability of TietoEVRY 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. TietoEVRY 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 Leadership Team as at 31 December 2020

Kimmo Alkio

President and CEO

Born: 1963

Nationality: Finnish

Education: BBA and Executive MBA

Joined TietoEVRY in 2011

Malin Fors-Skjæveland

Integration Officer

Born: 1970

Nationality: Swedish

Education: MSc. (Tech.)

Joined TietoEVRY in 2018

Kishore Ghadiyaram

Head of Strategy

Born: 1972

Nationality: Indian

Education: BSc. (Tech.)

Joined TietoEVRY in 2008

Tomi Hyryläinen

Chief Financial Officer

Born: 1970

Nationality: Finnish

Education: MSc. (Econ.)

Joined TietoEVRY in 2018

Ari Järvelä

Head of Operations

Born: 1969

Nationality: Finnish

Education: MSc. (Eng.)

Joined TietoEVRY in 2001

Satu Kiiskinen

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

Thomas Nordås

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

Christian Pedersen

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

Harri Salomaa

Head of Product Development Services
Born: 1961
Nationality: Finnish
Education: BSc. (Eng.)
Joined TietoEVRY in 2020

Karin Schreil

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

Christian Segersven

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

Johan Torstensson

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

Trond Vinje

Head of HR
Born: 1968
Nationality: Norwegian
Education: MSc. (Pol. Sci.)
Joined TietoEVRY in 2015

The remuneration and more detailed background information, such as full CVs of the Group Leadership, are presented on the company's website.

Shareholdings of the Group Leadership

Name	Member since
Kimmo Alkio	60 683
Malin Fors-Skjæveland	1 776
Kishore Ghadiyaram	11 049
Tomi Hyryläinen	2 356
Ari Järvelä	18 488
Satu Kiiskinen	22 567
Thomas Nordås	1 063
Christian Pedersen	3 622
Harri Salomaa	0
Karin Schreil	0
Christian Segersven	4 000
Johan Torstensson	0
Trond Vinje	36 562
Former Leadership members	
Tom Leskinen ¹⁾	6 356
Wiljar Nesse ²⁾	0

¹⁾ Member until 15 August 2020

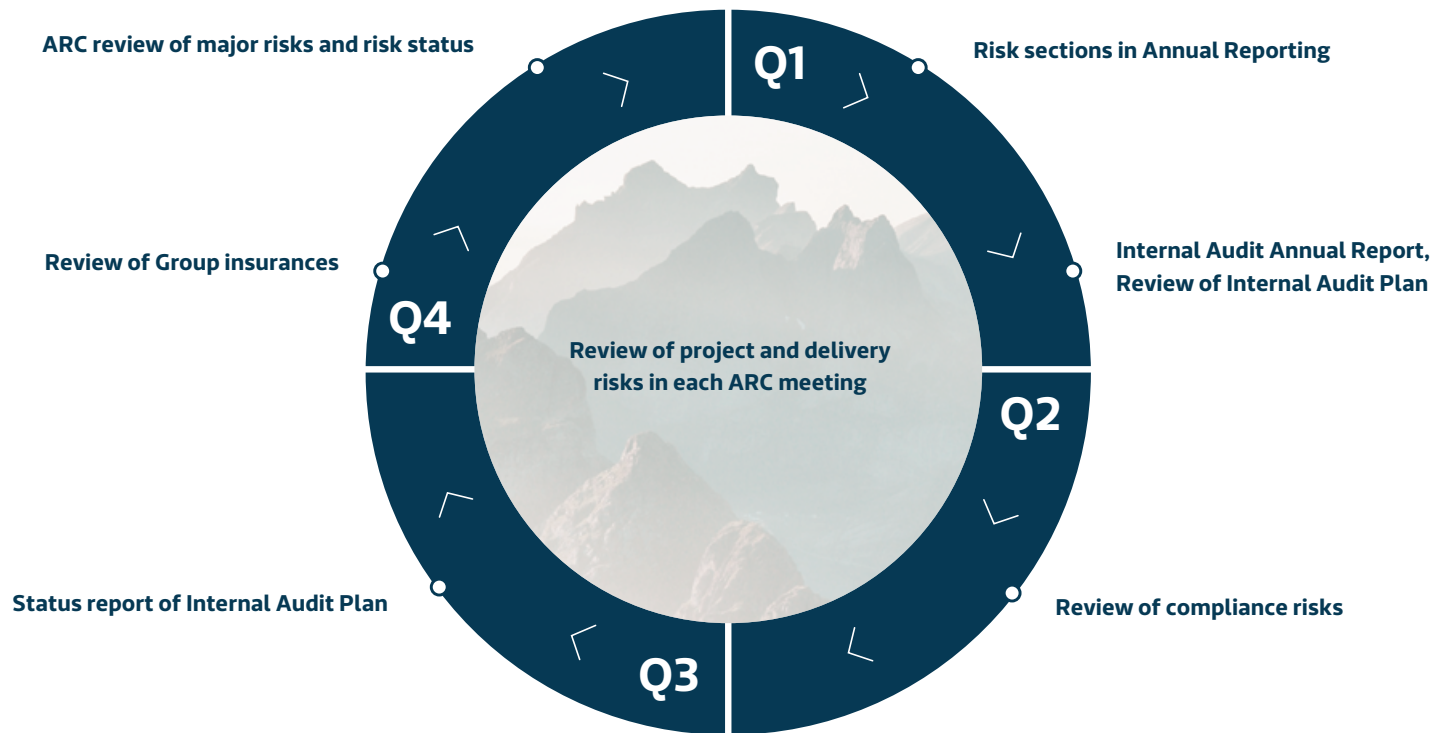
²⁾ Member until 1 February 2020

Internal control and risk management

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

The aim of TietoEVERY'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.



Risk management framework

TietoEVERY 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, processes, tools and common ways of working. 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 the Corporate Risk Management unit, nominated Risk Managers in the units and other stakeholders. A group-wide Risk Manager Forum has been established for information sharing, setting direction of risk management, collaboration between units and reviewing steering documents. In addition, the forum aligns group-wide Risk Management activities and ensures company-wide deployment of the Risk Management framework.

Each process owner is responsible for the continuous development and improvement of the established procedures, including implementation of controls and risk management. The Chief Risk Officer (CRO) has the responsibility to arrange and lead TietoEVERY'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.

TietoEVERY has also specified its compliance management system, including the compliance organization, steering model and annual plan for compliance-related activities. The Compliance Officer is responsible for maintaining the whistleblowing channel and coordinating the investigations as well as ensuring the effectiveness and functionality of the governance model for compliance work.

Governance of risk and compliance

At TietoEVERY, 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, TietoEVERY can readily adapt to changes in business conditions, regulations or corporate policy with the necessary risk management controls.

TietoEVERY 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 2020, the development of the risk management framework mainly consisted of integration work to define, implement and deploy the common TietoEVERY Governance Risk and Compliance (GRC) platform, with related frameworks.

The TietoEVERY GRC platform now comprises the following functionalities:

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

The GRC platform enables online visibility to the information, with automated notifications to stakeholders and systematic follow-up of actions.

The development of the GRC platform, risk management framework and other frameworks is carried out in close cooperation with the nominated Risk, Security and Privacy Managers and the Quality Partners in the units, and they are approved by the TietoEVERY 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 the Head of Business Finance 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

The purpose of TietoEVRY's Internal Audit function is to assure Quality and Trust all the way to the Customer. Internal Audit functionally reports to the Audit and Risk Committee (ARC) and administratively to the Chief Financial Officer (CFO).

Core services aim at assessing and assuring the adequacy and effectiveness of risk management and internal control within TietoEVRY's ecosystem. Assurance and Advice is delivered via data-driven business partnering, enabling digital end-to-end assurance and assurance by design.

Internal Audit applies quarterly planning and delivery cycles, approved by the ARC. This ensures that changes affecting the risk landscape can be addressed when needed. Main input sources for planning are Enterprise Risk Management, Legal and Compliance functions, Operational Excellence, external auditors as well as business management and the ARC. Services are delivered via co-sourcing with adjacent functions and area subject matter experts. This enables relevance and effectiveness, positively impacting behaviour across TietoEVRY's ecosystem.

Related-party transactions

TietoEVRY 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 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 at the meeting where the financial statements are approved. The related-party transactions are summarized in **note 29** of the consolidated financial statements.

Furthermore, the company has added controls into its processes and decision-making policies 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).

TietoEVERY's Head of Legal, Risk and Corporate Security is in charge of insider administration and the Corporate Governance and IPR team 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 2021 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 2021. 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 2020 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2020. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

In 2020, TietoEVERY Group paid the auditors a total of EUR 1.3 (0.9) million in audit fees, and a total of EUR 0.7 (0.9) million for other services.

Remuneration report

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. We reward our employees for high performance in achieving both individual and company objectives thus linking remuneration to successful execution of our strategy and to long-term shareholder value creation.

Principles on how the company shall compensate its employees are defined in TietoEVERY's Remuneration Policy and HR Policy. 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 Shareholders' Nomination Board. The Remuneration Committee 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 Remuneration Committee.

Summary of Remuneration of the TietoEVRY President and CEO

Element	Purpose	Description	Execution 2020
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 is described in a separate table. The reward targets are set annually by the Board of Directors.	The base salary was reviewed in 2020. Management proposed a temporary reduction to their salaries due to the pandemic. The Board approved a voluntary 15% reduction the base pay of the CEO for 3 months, from May to July 2020.
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% of the annual base salary when the performance is at expected level; the maximum bonus for the President and CEO is 150% ¹⁾ . The amount of bonuses is decided by the Board of Directors after the consolidated financial statements have been prepared.	Short-term incentive was paid in 2020 based on the 2019 performance. CEO short-term incentive is connected to the company total performance by plan KPI's and the achievement of these was 117,4%. Payment was done in March after Board approval.
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 TietoEVRY's share plans such as the basis and size of rewards, are described on the company's website	In 2020 spring the 2017-2019 LTI plan share delivery was conducted based on the plan KPI's achievement. The achievement % was 105%. Shares were delivered after Board approval.
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.	Company paid the agreed contribution to the pension plan.
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 TietoEVRY, ensuring alignment with shareholders.	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.	The amount of shares owned by the CEO at the end of year 2020 is 60 683.
Service contracts and severance pay	Provides for clear contractual terms	President and CEO: if the agreement is terminated by TietoEVRY, 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.	

¹⁾ Short-term incentive target and maximum value valid as of 5 Dec 2019

President and CEO

Kimmo Alkio	
Salary 2020	EUR 777 026
Benefits 2020	EUR 29 190
Special payments 2020	EUR 702 000 merger success bonus
Bonus 2020	EUR 412 078, paid in 2020 based on performance in 2019
Basis of bonus 2020	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 <ul style="list-style-type: none"> • Group revenue 20% • Group adjusted profit 20% • Synergy targets 20% • Adjusted free cash flow 20% • Strategic and operational goals 20%
Long-Term Incentive Plan 2017–2019	In March 2020, a total of 13 947 shares were transferred to the CEO based on criteria attainment. In addition, a cash portion corresponding to a value of 12 053 shares was paid. The total value of paid gross reward was EUR 595 057.
Pension expenditure, voluntary defined contribution (DC) plan	EUR 121 095 ²⁾
Share ownership in TietoEVRY on 31 December	60 683

¹⁾ The fair market value for the Long-term Incentive Plans is calculated using the latest performance estimates and the value of the TietoEVRY share on 31 December 2020, EUR 26.86

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.

Plan period	Unvested Long-Term Incentives
Long-Term Incentive Plan 2018–2020	Entitled to 22 881 Performance Shares if the target levels of the performance metrics are met, and to 45 762 shares at maximum. The performance period of the plan is 2018-2020. The share allocation at target level equalled to 100% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 387 188 ¹⁾ .
Long-Term Incentive Plan 2019–2021	Entitled to 29 433 Performance Shares if the target levels of the performance metrics are met, and to 58 866 shares at maximum. The performance period of the plan is 2019-2021. The share allocation at target level equalled to 100% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 505 965 ¹⁾ .
Long-Term Incentive Plan 2020–2022	Entitled to 40 600 Performance Shares if the target levels of the performance metrics are met, and to 101 500 shares at maximum. The performance period of the plan is 2020-2022. The share allocation at target level equalled to 125% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 959 654 ¹⁾ .

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

Remuneration of the Board

According to the decision of TietoEVRY's AGM 2020, the annual remuneration of the Board of Directors is the following:

- EUR 125 000 to the Chairperson,
- EUR 70 000 to the Deputy Chairperson and
- EUR 53 000 to the ordinary members of the Board of Directors.

In addition to these fees, 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. In addition, remuneration of EUR 800 is paid to the Board members elected by the Annual General Meeting for each permanent or temporary committee meeting. Further, remuneration for employee representatives elected as ordinary members of the Board of Directors will be an annual fee of EUR 15 000, which is paid in cash only.

Further, the AGM 2020 decided that part of the fixed annual remuneration may be paid in TietoEVRY 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:

1. No cash, 100% in shares
2. 25% in cash, 75% in shares
3. 50% in cash, 50% in shares
4. 75% in cash, 25% in shares
5. 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 TietoEVRY's Board.

In addition to the 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 TietoEVRY. TietoEVRY 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 TietoEVRY.

Compensation of individual Board members and Board in 2020¹⁾

Name	Plan period		Meeting based, EUR
	EUR ²⁾	Shares ³⁾	
Tomas Franzén, Chairperson Board and RC ⁴⁾	72 520	3 275	15 200
Salim Nathoo, Deputy Chairperson ⁵⁾	99 333	—	12 000
Harri-Pekka Kaukonen, Chairperson ARC ⁴⁾	—	1 875	22 400
Timo Ahopelto ⁴⁾	31 507	1 423	18 400
Rohan Haldea ⁵⁾	65 677	—	12 800
Liselotte Hägertz Engstam ⁶⁾	47 265	711	14 400
Katharina Mosheim ^{6) 7)}	39 766	598	9 600
Niko Pakalén ⁴⁾	31 507	1 423	19 200
Endre Rangnes ⁶⁾	47 265	711	15 200
Leif Teksum ⁴⁾	59 942	711	15 200
Tommy Sander Aldrin, personnel rep. ⁸⁾	26 245		
Ola Hugo Jordhoy, personnel rep. ⁸⁾	26 245		
Anders Palklint, personnel rep. ⁸⁾	26 245		
Ilpo Waljus, personnel rep. ⁸⁾	26 245		
In total	641 265	10 727	154 000

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

²⁾ Gross compensation before taxes.

³⁾ Shares were purchased and delivered in May 2020.

⁴⁾ 50% in cash, 50% in shares.

⁵⁾ 100% in cash.

⁶⁾ 25% in cash, 75% in shares.

⁷⁾ Board member as of 29 April 2020.

⁸⁾ One-time fee of EUR 11 245.12 was paid to employee representatives for the period of 5 December 2019 and 29 April 2020.

Board of Directors' shareholdings in TietoEVRY⁹⁾

Name	At 31 Dec 2020	At 31 Dec 2019
Tomas Franzén, Chairperson Board and RC	3 275	1 649
Salim Nathoo, Deputy Chairperson	0	N/A
Harri-Pekka Kaukonen, Chairperson ARC	6 471	4 596
Timo Ahopelto	4 054	2 631
Rohan Haldea	0	N/A
Liselotte Hågertz Engstam	2 842	2 131
Katharina Mosheim	598	N/A
Niko Pakalén	2 247	824
Endre Rangnes	5 195	4 484
Leif Teksum (partly via Teklei Consulting AS)	7 909	7 198

⁹⁾ Corporations over which the Board members exercise control did not have shares or share-based rights on 31 December 2020, except Teklei Consulting AS of Leif Teksum.

Comparative remuneration data

Information in the table below is based on Tieto's data for 2016–2018. Years 2019 and 2020 include combined data for Tieto and EVRY¹⁰⁾. The demographics of the workforce changed and number of employees increased significantly following the merger of Tieto and EVRY on the 5 December 2019. CEO remuneration are gross rewards paid during the reported year. 2019 and 2020 include a merger success bonus related to the merger of Tieto and EVRY. Furthermore, in some geographies the annual salary review was delayed due to the local collective agreement negotiations and related increases are not included in the table below. Where applicable 2020 salaries will be backdated retroactively. Employee average compensation is personnel expenses divided by the average number of employees.

	2016	2017	2018	2019 ¹⁰⁾	2020 ¹⁰⁾
Revenue, EUR million	1 492.6	1 543.4	1 599.5	1 734.0	2 786.4
Operating profit (EBIT), EUR million	140.8	139.1	154.7	124.2	146.7
Board remuneration, EUR	448 900	518 000	450 800	613 500	641 300
CEO remuneration, EUR	1 030 094	1 160 985	1 788 302	2 589 032	2 636 446
Employee remuneration, EUR, average per employee	64 808	59 551	60 710	62 155	62 452

Contact Us
TietoEVRY Corporation
Keilalahdentie 2-4
P.O.Box 2, 02101
FI-02150 Espoo
www.tietoevry.com