

TietoEVERY Remuneration Policy

Introduction

This Remuneration Policy (“the Policy”) describes remuneration principles and framework for the President and CEO and for the members of the Board of Directors of TietoEVERY. The Policy will also be applied to a deputy CEO should such deputy be appointed.

In accordance with the implementation of the amended European Shareholder Rights Directive (SHRD II) in Finland, TietoEVERY shall present the Remuneration Policy to the Annual General Meeting (AGM) 2020 for the shareholders to make resolution whether it supports the presented Policy. This Policy is intended to remain in place for four years until AGM 2024.

The Remuneration Committee of the Board of Directors of TietoEVERY has prepared the Remuneration Policy. The Policy has been developed in accordance with TietoEVERY’s remuneration principles, Finnish Corporate Governance Code 2020, and the requirements set forth by the amended EU Shareholders’ Rights Directive, which has been implemented in Finland mainly into the Limited Liability Companies Act, Securities Markets Act and Decree of the Ministry of Finance.

TietoEVERY’s remuneration principles and stakeholder considerations

Our remuneration principles aim to attract and retain the best talent, motivate key people and align the goals of the company’s shareholders, executives and other stakeholders 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.

We acknowledge that the long-term success of the company requires a business model that integrates sustainability and ethical business as natural parts of daily business operations. Therefore, our short-term incentive (STI) plan includes both financial and non-financial measures, where the non-financial measures are typically linked to our strategic projects, project success, customer and employee experience. Long-term incentive (LTI) plan in the form of company shares and through applicable performance criteria drives and rewards long-term shareholder value creation.

Total rewards principles defined in this policy and wider workforce approach described in HR policies valid from time to time aim to align rewarding with successful company strategy execution as well as for company and individual performance. The Remuneration Committee considers broader employee pay, conditions and engagement across TietoEVERY in its decision making and reviews any reward-relative feedback received from employee surveys or from other sources.

The remuneration principles and practices applied to the Board are described in the Board Remuneration Policy section.

All TietoEVERY’s shareholders are encouraged to attend the AGM to express their views on our Remuneration Policy and its implementation. We review and consider all the shareholder feedback received in relation to the AGM, and any other feedback received during investor meetings or from any correspondence as part of our annual review of the Policy.

Remuneration governance

Remuneration-related discussion and decision making at TietoEVERY involves the following parties:

- Annual General Meeting of Shareholders,
- Shareholders' Nomination Board,
- Board of Directors, and
- Remuneration Committee of the Board of Directors.

The Board of Directors upon the recommendation of the Remuneration Committee, prepares and submits the Remuneration Policy and Remuneration Report¹ to the AGM, and approves annually the compensation of the President and CEO within the confines of this Remuneration Policy.

In order to avoid any conflict of interest, the Remuneration Committee shall consist of non-executive Board members only. The Committee has also the power in its sole discretion to retain external advisors to assist the Committee in evaluating executive compensation.

The Chairperson of the Board of Directors, who acts as a member of the Shareholders' Nomination Board, does not take part in the preparation or decision making or otherwise participate in the handling of such matters in the Shareholders' Nomination Board that relate to remuneration to be paid to the Board of Directors.

Remuneration of Board of Directors

Under the regulations applicable to TietoEVERY, the AGM resolves annually on Board remuneration based on the proposal made by the Shareholders' Nomination Board.

Prior to making its proposal, the Shareholders' Nomination Board annually reviews the remuneration of the Chairperson and members of the Board against companies of similar size and complexity to TietoEVERY to ensure that TietoEVERY can attract and retain Board members with relevant skills, industry knowledge and international experience to oversee the company strategy. In addition, the Shareholders' Nomination Board annually reviews the remuneration of the employee elected Board members.

Board members may receive fixed remuneration only which can be paid in cash or shares, or a combination of cash and shares. The Board remuneration can also consist meeting fees and reimbursement of other actualized costs. Given the nature of the Board duties and responsibilities, 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 with an exception of employee elected Board members, who may be eligible to participate in TietoEVERY's incentive and pension plans as employees of TietoEVERY.

Details of the Board's actual annual remuneration, as resolved by the AGM or EGM, are reported each year in the Remuneration Report.

¹ Report based on this policy will be published annually starting in 2021.

Remuneration of the President and the CEO

The remuneration of the President and CEO may consist of fixed salary (base salary and fringe benefits in Finland), of variable elements such as short-term incentives (STI) and long-term incentives (LTI), pension and of other benefits and programs. When all defined performance targets are exceeded at the maximum performance level, the relative portion of fixed salary to performance-based variable pay (STI and LTI) is 20% fixed pay and 80% variable pay.

Actual pay mix based on the actual STI and LTI pay-outs as a percentage of fixed salary are reported each year in the Remuneration Report¹.

Remuneration Element	Purpose and link to long-term strategy	Description and operation
<p>Fixed salary Definition of fixed salary varies per country based on local legislation and market practice.</p> <p>In Finland, it normally includes base salary inclusive of fringe benefits.</p>	<p>To recognize continuous daily contribution and provide core remuneration for the role.</p> <p>Sufficient level to recruit and retain individuals of the necessary calibre to execute Company's strategy.</p>	<p>Fixed salary is normally reviewed annually.</p> <p>The Board may consider various factors when determining any fixed salary changes, including the level of salary increases for TietoEVERY's wider workforce, external market benchmark data, business performance, role scope and individual performance.</p> <p>The actual fixed salary and annual increases will be reported in the annual Remuneration Report.</p>
<p>Short-term incentive (STI)</p>	<p>To incentivize delivery of our annual and strategic goals.</p> <p>Rewards the achievement of annual financial and operational goals.</p>	<p>The short-term incentive can range from 0%-150% of fixed annual salary.</p> <p>Performance measures, weightings and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support TietoEVERY's short-term business strategy.</p> <p>These can vary from year to year to reflect business priorities and typically include a balance of Group's financial performance measures (for example but not limited to revenue, profit or cash flow) and non-financial measures (for example but not limited to key operational, strategic, environmental, social, governance or other sustainability related measures) provided that in any given year majority of weighting will be on financial performance measures.</p> <p>Details of actual performance measures applied for each year and how they support the business strategy will be disclosed in the annual Remuneration Report.</p> <p>Following the end of the year the Board of Directors reviews the performance and determines the extent</p>

Remuneration Element	Purpose and link to long-term strategy	Description and operation
Long-term incentive (LTI)	<p>Rewards for sustained increase in shareholder value.</p> <p>To encourage ownership culture and incentivize business strategy execution over the longer term.</p>	<p>to which each of the targets have been achieved, to determine the final pay-out level.</p> <p>The Board has discretion to adjust the formulaic STI outcome in changed circumstances to improve the alignment of pay with value creation for shareholders, and to ensure the outcome is a fair reflection of the company and individual performance.</p> <p>The long-term incentive can range from 0%-250% of fixed annual salary at grant date.</p> <p>Long-term incentive reward is typically paid in the form of performance shares and/or restricted shares with a three-year performance period.</p> <p>Performance measures, weightings and targets for these selected measures are set for the full performance period by the Board of Directors to ensure they continue to support TietoEVRY's long-term strategy. Performance measures may include, but are not limited to, financial and share-price related measures. Details of performance measures for each performance period and how they support the long-term strategy and shareholder value creation will be disclosed in the annual Remuneration Report.</p> <p>Following the end of the performance period, the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.</p> <p>The Board has discretion to adjust the formulaic LTI outcome in changed circumstances to improve the alignment of pay with value creation for shareholders, and to ensure the outcome is a fair reflection of the company performance.</p>
Pension	To provide appropriate retirement benefits	<p>Pension arrangements reflect the relevant market practice and may evolve year on year. The President and CEO may participate in the pension programs reflecting the market practice in the country of employment.</p> <p>The current President and CEO is entitled to participate in a supplementary defined contribution pension plan. The supplementary pension contribution is equivalent to 23% of the fixed salary.</p> <p>The retirement age for the current President and CEO is 63 years.</p>

Remuneration Element	Purpose and link to long-term strategy	Description and operation
Other benefits and programs	To support recruitment and retention by providing benefits corresponding to market standards.	Benefits will be provided in line with appropriate levels indicated by market practice and may evolve year on year. Other benefits may include phone, company car, health insurance, private accident, life and disability insurance, business travel and director's and officers' liability insurance. The President and CEO is eligible to participate in programs which may be offered to TietoEVRY's other employees at any given point.
Clawback and malus provision	To protect company interests in case of misconduct, restatement or misstatement of results, and miscalculation.	All incentive awards are subject to malus (adjustment before pay-out) and clawback (reclaimed after pay-out) provisions, which can be applied in case of material misstatement of financial results and misconduct.
Shareholding recommendation	To ensure alignment between the interests of shareholders and the President and CEO.	The President and CEO is recommended to accumulate and maintain a minimum shareholding which is equivalent to one-time annual gross fixed salary.

Managing director service contract and severance pay

The terms of managing director service agreement of the President and CEO shall be specified in writing and approved by the Board of Directors. The terms specify the remuneration elements as well as the payments upon termination of employment.

The managing director contract of the President and CEO is typically in force for indefinite period, but it may be in force for a certain fixed period as well. The current President and CEO has a contract with indefinite period.

The notice period of the managing director contract is determined so that it is in line with the market practices existing at the time of entering into the contract. The notice period for the current President and CEO is 12 months if the contract is terminated by the company, and 6 months if the contract is terminated by the President and CEO.

Severance pay is determined so that it is in line with the market practices existing at the time of entering into the managing director contract. The current President and CEO, if the company terminates the contract, is entitled to a separate severance pay equivalent to 6 months of fixed salary and target short-term incentive in addition to the fixed salary during the notice period. Change of control terms for the current President and CEO are the same as in termination by the company except for the monetary value of the maximum number of shares granted during the most recent LTI plan.

The treatment of incentive awards will depend on the circumstances of departure. For resignation and involuntary termination, unvested award will be forfeited. For other reasons, awards typically will continue to vest on their normal vesting date, subject to the achievement of performance measures. These awards will be pro-rated based on the length of time served between the start of the performance period and the date of cessation.

Deviations

No material changes can be made to this Remuneration Policy without presenting the changed Policy to the Annual General Meeting. However, technical, terminology or legislative changes shall typically not be considered as material.

The Board of Directors upon recommendation of the Remuneration Committee may temporarily deviate from any sections of this Policy based on its full discretion in the circumstances described below:

- Upon change of the President and CEO and the Deputy CEO,
- Upon material changes in the Company's strategy, structure, organization, operating model ownership and business (for example merger, takeover, demerger, acquisition, etc.),
- Upon change of the relevant regulation including changes in taxation, and
- In any other circumstance where the deviation may be required necessary to serve the long-term interests of the Company and its shareholders.

TietoEVERY's approach to recruitment is to offer a compensation package which is sufficient to attract, retain and motivate the individual with the right skills for the required role. When determining remuneration for a new President and CEO, the Board of Directors upon recommendation of the Remuneration Committee will consider the requirements of the role, the needs of the business, the relevant skills and experience of the individual and the relevant external market for talent.

Where an individual is recruited externally for the President and CEO, TietoEVERY will consider the remuneration package of that individual in their prior role. Generally, the Board of Directors will seek to align the new President and CEO's remuneration package to TietoEVERY's Remuneration Policy. On occasion, TietoEVERY may offer upon hire one-time supplementary rewards payable in cash or shares in comparable value to the arrangements forfeited by the candidate by joining TietoEVERY. The rationale and detail of any such award will be disclosed in the Remuneration Report.

Where an individual is appointed to the President and CEO as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Board of Directors retains the ability to honour any legally binding legacy arrangements agreed prior to the individual's appointment.

In addition, where necessary, additional benefits may also be provided which reflect local market practice, relevant legislation and existing company policies.