



# Reinventing the world for good

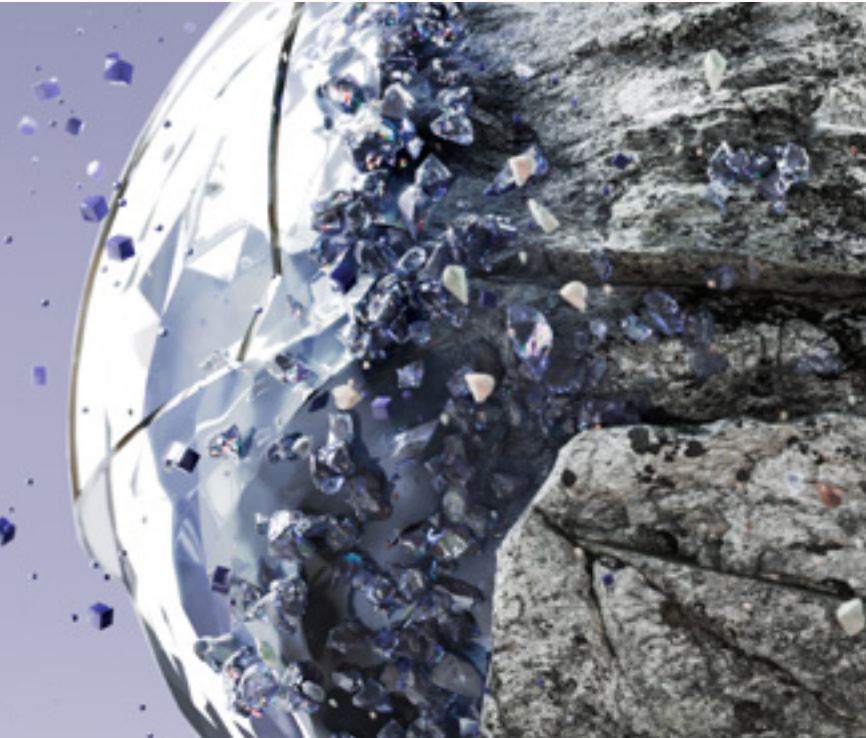
Corporate Governance  
and Remuneration

2021





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# 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](http://www.cgfinland.fi). This statement has been issued separately from the report by the Board of Directors and is included in the Financial Review 2021.

## Governance at Tietoevry



## Annual General Meeting

Tietoevry'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 Tietoevry 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 Tietoevry'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 2022 and previous meetings, shareholders and participation possibilities, please visit [www.tietoevry.com/agm](http://www.tietoevry.com/agm).

### AGM 2021

- In 2021, Tietoevry's AGM convened on 25 March at Tietoevry's headquarters in Espoo, Finland. To limit the spread of the Covid-19 pandemic, the company complied with the Act on Temporary Deviation from the Companies Act, under which shareholders were only allowed to participate in the AGM and exercise their shareholder rights by voting, submitting questions and making counterproposals in advance. Altogether 321 shareholders and 70,388,307 shares (59.4% of the total outstanding shares) participated in the advance voting.

# 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 company's Board of Directors. 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 2021 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 Cevian Capital Partners Ltd:  
Gustav Moss  
Main occupation: Vice President, Cevian Capital AB  
Born: 1988  
Nationality: Swedish  
Education: MSc. (Econ.)

## Nominated by Incentive AS:

Alexander Kopp  
Main occupation: Investment Manager, Incentive AS  
Born: 1981  
Nationality: Norwegian  
Education: A.B. (Econ.) Harvard College

## 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:

Tomas Franzén

The SNB convened four times and provided TietoEVRY's Board of Directors on 31 January 2022 with its proposals to the AGM 2022. The SNB proposes to the AGM that the Board of Directors shall have eight members and that the current Board members Timo Ahopelto, Tomas Franzén, Liselotte Hägertz Engstam, Harri-Pekka Kaukonen, Angela Mazza Teufer, Katharina Mosheim, Niko Pakalén and Endre Rangnes be re-elected. Leif Teksum has informed that he is not available for re-election. 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 at [www.tietoenvry.com/en/investors/governance/board of directors](http://www.tietoenvry.com/en/investors/governance/board-of-directors).

The Shareholders' Nomination Board proposes that the remuneration of the members of the Board of Directors elected by the Annual General Meeting be annual fees and increased by approximately 3%: EUR 128 500 to the Chairperson (2021: EUR 125 000), EUR 72 000 to the Deputy Chairperson (2021: EUR 70 000) and EUR 54 500 to the other members (2021: EUR 53 000).

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 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 members of the Board of Directors will be an annual fee of EUR 15 000.

The Shareholders' Nomination Board is of the opinion that further increasing the long-term shareholding of the Board members will benefit all the shareholders. Every member of the Board of Directors elected by the Annual General Meeting is expected to over a five-year period accumulate a shareholding in the company 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 company'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, or  
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 2022. 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.

The remuneration of the employee representatives elected as members in the Board of Directors will be paid in cash.



## The Board of Directors

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

### Composition and election

According to Tietoevry'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, Tietoevry'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 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 SNB work and candidate search. Three out of eleven members elected by the AGM during 2021 were female. After Salim Nathoo and Rohan Haldea left the Board, there were three female and six male members. Gender diversity is continuously on the SNB's agenda.

In addition to the members proposed by the SNB and elected by the AGM, Tietoevry's personnel elected 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 2021<sup>1)</sup>

Name	Born	Nationality	Education	Main occupation
Tomas Franzén (Board and RC Chairperson)	1962	Swedish	MSc. (Eng.)	Professional Board member
Timo Ahopelto (Deputy Chairperson) <sup>2)</sup>	1975	Finnish	MSc. (Tech.)	Entrepreneur, investor and professional Board member
Harri-Pekka Kaukonen (ARC Chairperson)	1963	Finnish	DSc. (Tech.)	Professional Board member
Liselotte Hägertz Engstam	1960	Swedish	MSc. (Civ. Eng.)	Expert advisor, professional Board member
Angela Mazza Teufer <sup>3)</sup>	1973	Italian and Swiss	Master of Business Adm.	Managing Director, Ambulatory Information Systems DACH
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, Zolva Group, 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

<sup>1)</sup> During 2021, Salim Nathoo (until 19 July) and Rohan Haldea (until 7 September) also served as Board members.

<sup>2)</sup> Deputy Chairperson as of 25 March 2021. Salim Nathoo was the Deputy Chairperson until 24 March 2021.

<sup>3)</sup> Board member as of 25 March 2021.



Independence and attendance in meetings of the Board and its committees in 2021

Name	Member since	Independent of company	Independent of shareholder	Board <sup>4) 5)</sup>	Audit and risk committee	Remuneration committee
Tomas Franzén	2019	yes	yes	12/12		6/6
Timo Ahopelto	2017	yes	no	12/12	6/6	
Harri-Pekka Kaukonen	2016	yes	yes	11/12	6/6	6/6
Rohan Haldea <sup>1)</sup>	2019	yes	no	6/8		
Liselotte Hägertz Engstam	2018	yes	yes	12/12	6/6	
Angela Mazza Teufer <sup>2)</sup>	2021	yes	yes	10/10		
Katharina Mosheim	2020	yes	yes	12/12		
Salim Nathoo <sup>3)</sup>	2019	yes	no	5/7		2/2
Niko Pakalén	2019	yes	yes	12/12	6/6	
Endre Rangnes	2014	yes	yes	12/12		6/6
Leif Teksum	2019	yes	yes	11/12	5/6	
Ilpo Waljus	2014	no	yes	11/12		
Anders Palklint	2014	no	yes	12/12		
Tommy Sander Aldrin	2019	no	yes	12/12		
Ola Hugo Jordhøy	2019	no	yes	12/12		

<sup>1)</sup> Board member until 7 September 2021.  
<sup>2)</sup> Board member as from 25 March 2021.  
<sup>3)</sup> Board member until 19 July 2021.  
<sup>4)</sup> Additionally there were three informal Board meetings. Meeting fees were paid for these meetings.  
<sup>5)</sup> Two temporary committees met seven and three times. Meeting fees were paid for these meetings.



All Board members elected by the AGM of Tietoevry are independent of the company and eight 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 remuneration, is presented on the company's website at [www.tietoevry.com/investors](http://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 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.

## 2021

- The Board convened 12 times in 2021 and the average attendance was 94.8%.
- The Board met six 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 self-evaluation during autumn 2021. 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 was independent of the company and non-independent of a significant shareholder:

- Tomas Franzén (Chairperson)
- Harri-Pekka Kaukonen
- Salim Nathoo (member until 19 July 2021)
- 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.

## 2021

- The committee convened six times in 2021 and the average attendance was 100%.
- In addition to its normal responsibilities within the scope of its charter, the committee followed the functioning of short- and long-term incentive plans to ensure that they supported the achievement of the objectives.
- The committee concentrated on reviewing and developing the remuneration of the Leadership team.



## 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 Deputy General Counsel acts as secretary of the meetings.

In 2021, 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.

### 2021

- The committee convened six times in 2021 and attendance was 96.6%.
- 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 risk management, privacy and cybersecurity.



# The President and CEO and operative management

Members of the Leadership Team as at 31 December 2021<sup>1)</sup>

**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

**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](#).

<sup>1)</sup> Karin Schreil acted as Managing Partner, Sweden until 30 November 2021.



Shareholdings of the Group Leadership

Name	Shares at 31 Dec 2021	Shares at 31 Dec 2020
Kimmo Alkio	58 439	60 683
Malin Fors-Skjæveland	3 552	1 776
Kishore Ghadiyaram	12 829	11 049
Tomi Hyryläinen	4 120	2 356
Ari Järvelä	15 064	18 488
Satu Kiiskinen	25 598	22 567
Thomas Nordås	2 019	1 063
Christian Pedersen	6 321	3 622
Harri Salomaa	0	0
Karin Schreil <sup>1)</sup>	N/A	0
Christian Segersven	0	4 000
Johan Torstensson	1 059	0
Trond Vinje	33 518	36 562

<sup>1)</sup> Employment ended on 30 November 2021.

# 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.

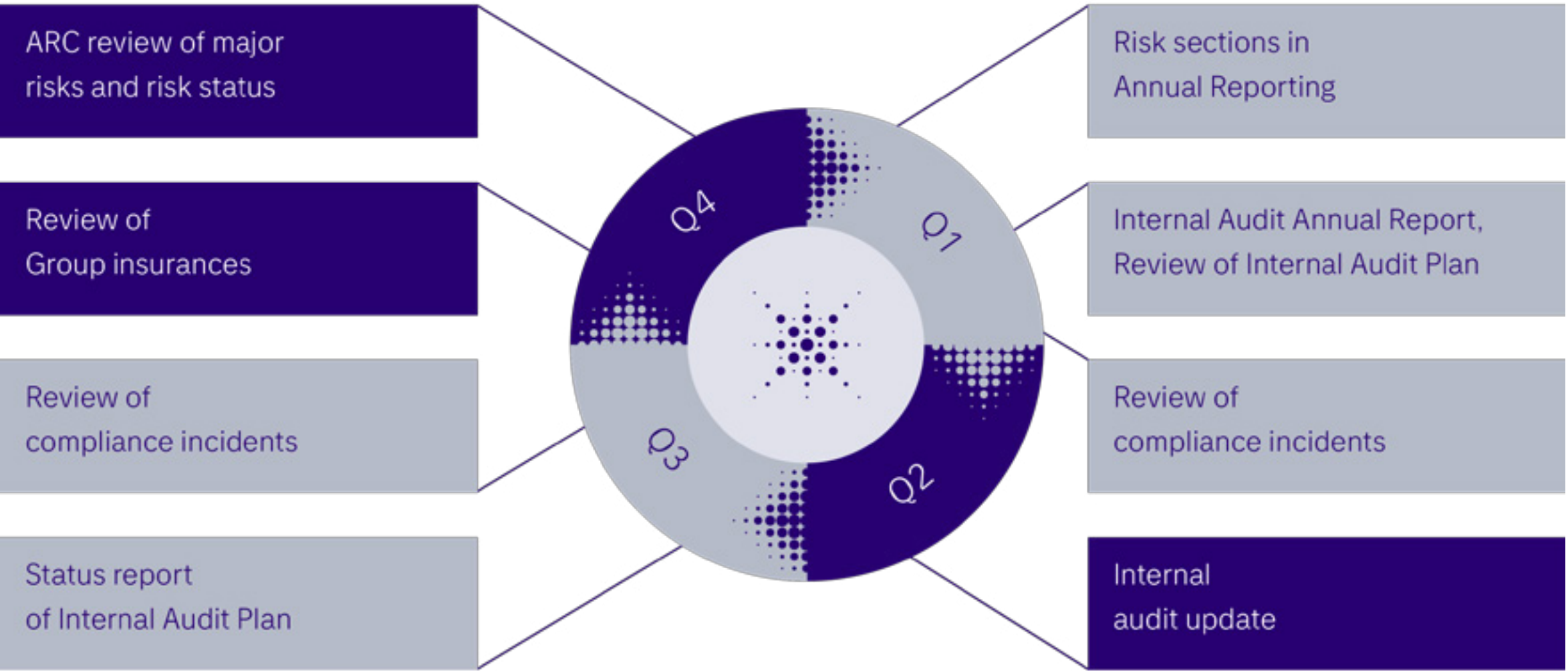
The aim of Tietoevry’s internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information.

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.

## Review of project and delivery risks in each ARC meeting





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, compliance and people risks.

The risk management organization consists of the Corporate Risk Management unit, nominated Risk Managers and Business Continuity Managers in the units and key stakeholders in functions. A group-wide Risk Manager Forum and Business Continuity Forum have been established for information sharing, setting direction of risk and continuity management, as well as crisis management, collaboration between units and reviewing steering documents. In addition, the forums align group-wide Risk Management Business Continuity and Crisis management activities and ensure company-wide deployment of the frameworks.

TietoEVRY 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 investigations as well as ensuring the effectiveness and functionality of the governance model for compliance work.

### 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

The development and integration of the TietoEVRY GRC (Governance, Risk & Compliance) platform with its related framework continued during 2021. Its effectiveness is validated in

business operations by means of active risk assessments of the company's assets, resulting in measurable risk reductions.

The TietoEVRY GRC platform now comprises the following functionalities:

- Business Reporting Dashboards
- 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, Continuity, Security and Privacy Managers and the Quality Partners in the units, and they are 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 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 to 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

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

Tietoevry has specified that the Board of Directors and the President and CEO of the parent company TietoEVRY Corporation are subject to the requirement to notify their transactions. In addition, Tietoevry 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 Tietoevry'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).

Tietoevry's General Counsel is in charge of insider administration and Group Legal and Compliance 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 Tietoevry'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 2022 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 re-elected as the company's auditor for the financial year 2022. 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 2021 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2021. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

In 2021, Tietoevry Group paid the auditors a total of EUR 1.3 (1.3) million in audit fees, and a total of EUR 0.5 (0.7) million for other services.



## Remuneration Report

The aim of Tietoevry'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 the successful execution of our strategy and to long-term shareholder value creation.

The principles on how the company shall compensate its employees are defined in Tietoevry's Remuneration Policy and HR Policy. The policy is globally applied to all Tietoevry 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 Tietoevry 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 the Remuneration of Tietoevry's President and CEO

Element	Purpose	Description	Execution 2021
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, the President and CEO can be paid car and mobile phone benefits 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.	There were no changes done to the base salary of the CEO during 2021.
Short-term incentive plan	Incentivizes delivery of the company's 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% <sup>1)</sup> . The amount of bonuses is decided by the Board of Directors after the consolidated financial statements have been prepared.	Short-term incentives were paid in 2021 based on 2020 performance. The CEO's short-term incentives are connected to the company's total performance by plan KPIs; their achievement was 104.97%. Payment was made in March after Board approval.
Long-term incentive plan	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 spring 2021, the 2018–2020 LTI plan share delivery was conducted based on the achievement of plan KPIs. The target achievement was 80%. Shares were delivered after the Board approval. The KPIs and weights used in this plan were EPS 30%, TSR 20% and growth 50% weight.
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.	The company paid the agreed contribution to the pension plan.
Clawback	Protects company interests in case of misconduct, restatement or misstatement of results.	Clawback 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 2021 was 58 439.
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.	

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



President and CEO

President and CEO	
Kimmo Alkio	
Salary 2021	EUR 807 300
Benefits 2021	EUR 34 670
Bonus 2020	EUR 847 424, paid in 2021 based on performance in 2020
Bonus 2021	EUR 484 380 paid in 2022 based on performance in 2021
Basis of bonus 2021	Target 75% 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 150% of base salary based on the Group's external revenue, profit and strategy implementation when achievements exceed the targets. Weighting of the reward factors: <ul style="list-style-type: none"><li>• Group revenue 30%</li><li>• Group adjusted profit 30%</li><li>• Adjusted free cash flow 10%</li><li>• Strategic and operational goals 30%</li></ul>
Long-Term Incentive Plan 2018–2020	In March 2021, a total of 9 729 shares were transferred to the CEO based on criteria attainment. In addition, a cash portion corresponding to a value of 8 576 shares was paid. The total value of the paid gross reward was EUR 509 814.
Pension expenditure, voluntary defined contribution (DC) plan	EUR 205 054 <sup>1)</sup>
Share ownership in TietoEVRY on 31 December	58 439

<sup>1)</sup> 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 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 100% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 800 731 <sup>2)</sup> .
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 125% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 792 138 <sup>2)</sup> .
Long-Term Incentive Plan 2021–2023	Entitled to 37 900 Performance Shares if the target levels of the performance metrics are met, and to 75 800 shares at maximum. The performance period of the plan is 2021-2023. The share allocation at target level equalled 125% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 979 002 <sup>2)</sup> .

<sup>2)</sup> 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 2021, EUR 27.48

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](http://www.tietoevry.com/investors) under the insider register.

### Remuneration of the Board

According to the decision of Tietoevry's AGM 2021, 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 2021 decided that part of the fixed annual remuneration may be paid in the company'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, with the exception of 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 the Board in 2021<sup>1)</sup>

Annual remuneration			
Name	EUR <sup>2)</sup>	Shares <sup>3)</sup>	Meeting based, EUR
Tomas Franzén, Chairperson Board and RC <sup>4)</sup>	72 515	2 484	23 200
Timo Ahopelto, Deputy Chairperson <sup>4)</sup>	40 023	1 370	18 400
Harri-Pekka Kaukonen, Chairperson ARC <sup>4)</sup>	41 505	1 422	26 400
Rohan Haldea <sup>5) 9)</sup>	53 000	—	7 200
Liselotte Hägertz Engstam <sup>6)</sup>	47 272	539	22 400
Angela Mazza Teufer <sup>7) 8)</sup>	13 256	1 362	8 800
Katharina Mosheim <sup>6)</sup>	39 752	454	17 600
Salim Nathoo <sup>5) 10)</sup>	63 000	—	7 200
Niko Pakalén <sup>6)</sup>	47 272	539	19 200
Endre Rangnes <sup>4)</sup>	31 514	1 079	16 800
Leif Teksum <sup>6)</sup>	47 272	539	15 200
Tommy Sander Aldrin, personnel rep.	15 000		
Ola Hugo Jordhoy, personnel rep.	15 000		
Anders Palklint, personnel rep.	15 000		
Ilpo Waljus, personnel rep.	15 000		
In total	556 380	9 788	189 600

1) The Board members have not received any other benefits.  
2) Gross compensation before taxes.  
3) Shares were purchased and delivered in May 2021.  
4) 50% in cash, 50% in shares.  
5) 100% in cash.  
6) 75% in cash, 25% in shares  
7) 25% in cash, 75% in shares.  
8) Board member as of 25 March 2021.  
9) Board member until 7 September 2021.  
10) Board member until 19 July 2021.

Board of Directors' shareholdings in TietoEVRY<sup>11)</sup>

Name	At 31 Dec 2021	At 31 Dec 2020
Tomas Franzén, Chairperson Board and RC	7 408	4 924
Timo Ahopelto, Deputy Chairperson	5 424	4 054
Harri-Pekka Kaukonen, Chairperson ARC	7 893	6 471
Rohan Haldea <sup>9)</sup>	N/A	—
Liselotte Hägertz Engstam	3 381	2 842
Angela Mazza Teufer	1 362	N/A
Katharina Mosheim	1 052	598
Salim Nathoo <sup>10)</sup>	N/A	—
Niko Pakalén	2 786	2 247
Endre Rangnes	6 274	5 195
Leif Teksum (partly via Teklei Consulting AS)	8 448	7 909

11) Corporations over which the Board members exercise control did not have shares or share-based rights on 31 December 2021, except Teklei Consulting AS of Leif Teksum.

Comparative remuneration data

Information in the next table is based on Tieto’s data for 2016–2018. Years 2019 to 2021 include combined data for Tieto and EVRY. In 2021, Tietoevry's operating profit includes EUR 104.0 million in capital gains from divestments, whereas in 2020, adjustment items included substantial costs related to integration. Eliminating all non-recurring items, adjusted<sup>3)</sup> operating profit (EBITA) stood at EUR 367.8 (355.0) million. The demographics of the workforce changed and the number of employees increased significantly following the merger of Tieto and EVRY on 5 December 2019. CEO remuneration consists of gross rewards paid during the reported year. 2019 and 2020 include a merger success bonus related to the merger of Tieto and EVRY. Personnel attrition rates were on the rise across the industry during 2021. While talent attraction has been high at Tietoevry, productivity in the consulting business has been somewhat impacted by high attrition. As a result, the average salary level has been on the rise. Employee average compensation in 2020 and 2021 is based on personnel expenses divided by the average number of employees.

<sup>1)</sup> Years 2019 to 2021 include combined data for Tieto and EVRY  
<sup>2)</sup> For the years 2020 and 2021 we use the average number of employees; for the other years, the end-of-year employee figures are used  
<sup>3)</sup> Adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability

	2017	2018	2019 <sup>1)</sup>	2020 <sup>1)</sup>	2021 <sup>1)</sup>
Revenue, EUR million	1 543.4	1 599.5	1 734.0	2 786.4	2 823.4
Operating profit (EBIT), EUR million	139.1	154.7	124.2	146.7	382.0
Board remuneration, EUR	518 000	450 800	613 500	641 300	556 380
CEO remuneration, EUR	1 160 985	1 788 302	2 589 032	2 636 446	2 404 562
Employee remuneration, EUR, average per employee	59 551	60 710	62 155	62 452 <sup>2)</sup>	64 084 <sup>2)</sup>





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