



# The power of purposeful technology

ANNUAL REPORT

2022



# Facts & figures

REVENUE, MEUR

2 928

FULL TIME EMPLOYEES

24 320

NUMBER OF OPERATING COUNTRIES

90+

**COMPANY NAME:**

TietoEVRY

**FOUNDED:**

1968

**HEADQUARTERS:**

Espoo, Finland

**LISTED:**

NASDAQ Helsinki and Stockholm,  
Oslo Børs

**TOTAL EQUITY:**

EUR 1 719.2 million

**TOTAL LIABILITIES:**

EUR 1 674.6 million

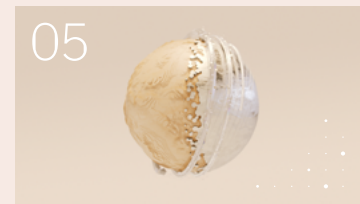
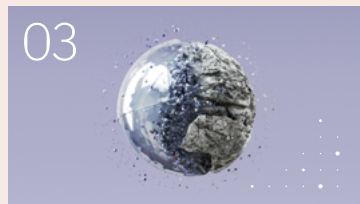
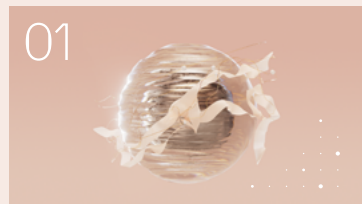


We are the developers  
of digital futures.





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## Tietoevry 2022

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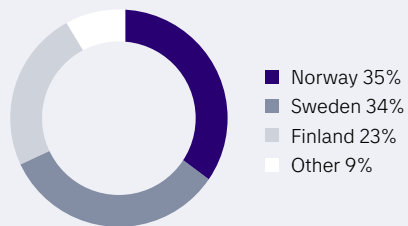


# Highlights 2022

TietoEvry entered 2022 with a new specialization-based strategy that made the year a significant turning point for the company. The year was marked by a very diverse agenda encompassing growth acceleration, a heated talent market, drive for efficiency, portfolio decisions to unlock value, managing macro-driven risks – predominantly related to geopolitics and inflation – and maintaining strong engagement with our stakeholders. Market demand for our products and services remained solid and was well captured by our specialized businesses.

Overall, we managed to successfully address the highly dynamic operating environment and progress favorably with implementing our new strategy – delivering solid performance and shareholder value, writes our CEO and president Kimmo Alkio.

## REVENUE BY COUNTRY



## ADJUSTED EBITA

130%

## DIVIDEND YIELD

5.5%





## 2022 HIGHLIGHTS

→ **Forming a global collaboration with IBM to take a new step in the development of financial services technology.**  
TietoEvry Banking will deliver secure and innovative solutions for payment and transaction technology to banks globally.

→ **Entering into long-term digital services partnership with Norwegian Aker BP, one of the largest independent listed oil companies in Europe.**  
TietoEvry is accelerating Aker BP's transformation to a fully data-driven exploration and production company.

→ **Initiating a strategic review of TietoEvry's Banking business**  
The aim is to accelerate growth profile, scale and profitability of TietoEvry Banking, and enhance its strategic and financial flexibility.

→ **Establishing a new center of excellence in Warsaw, Poland, in strategic collaboration with Bose**  
TietoEvry will bring new software engineering resources and expertise to the development of various sound systems and products of the global audio company Bose.

→ **Strategic review initiated for TietoEvry Transform and Connect as a combined business.**  
Aiming at unlocking value, TietoEvry is initiating a process to evaluate strategic opportunities for TietoEvry Transform and TietoEvry Connect as a combined business.

→ **Retaining position amongst sustainability leaders.**  
For the third consecutive year, TietoEvry has established its position on global environmental non-profit CDP's (Carbon Disclosure Project) A list of the forerunner companies.

→ **Recognized as a leading Regional Cloud Provider in Europe by Gartner for the sovereign cloud solution.**  
TietoEvry received this recognition for its Sovereign Cloud Solution in Gartner's latest Market Guide for Specialty Cloud Providers.

→ **Kicking off the year with renewed TietoEvry brand and identity.**  
Technology, humanity and responsibility are at the core of the unveiled brand. Also, the six new specialized businesses started operations as of January.

→ **Partnering in the Norwegian Digitalization Agency's transition to a cloud-based architecture.**  
TietoEvry will deliver the scalability and flexibility Digdir requires for a future cloud-based operating platform, which will also be ready for operation in the public cloud.

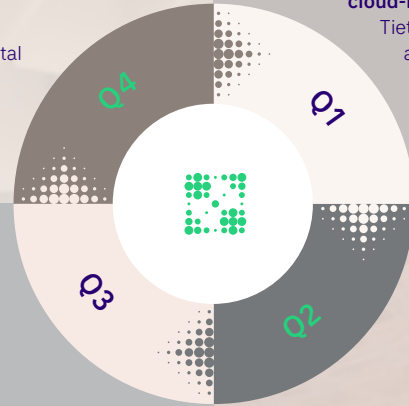
→ **Accelerating Region Stockholm's digital transformation with hybrid cloud services.**  
The outsourcing contract will transform the entire IT infrastructure and application environment, providing modern digital solutions to 45 000 employees in the county of Stockholm in Sweden.

→ **Accelerating S Group's modernization journey.**  
TietoEvry will cooperate with S Group, one of the largest retailers in Finland, to speed up the modernization of the group's IT functions and support changes in its operating model.

→ **Joining the Gaia-X association to enhance digital sovereignty in Europe.**  
Data and services can be made available, collated and shared in this open, transparent and secure digital ecosystem. The membership brings TietoEvry great opportunities to collaborate with representatives from business, politics, academics and science from Europe and around the world.

→ **Beginning new AI automation collaboration with Microsoft**  
TietoEvry became Microsoft's partner of choice in Northern Europe for the delivery of AI-powered solutions for autonomous industrial control systems based on Microsoft's Project Bonsai low-code Platform.

→ **TietoEvry's carbon reduction targets verified by Science Based Targets initiative.**  
The targets are in line with the level of reduction needed to limit global warming to 1.5°C, an important milestone towards becoming net zero in our operations.



# Accelerating growth and value

TietoEvry entered 2022 with a new specialization-based strategy that made the year a significant turning point for the company. The year was marked by a very diverse agenda encompassing growth acceleration, a heated talent market, drive for efficiency, portfolio decisions to unlock value, managing macro-driven risks – predominantly related to geopolitics and inflation – and maintaining strong engagement with our stakeholders. Market demand for our products and services remained solid and was well captured by our specialized businesses. Overall, we managed to successfully address the highly dynamic operating environment and progress favorably with implementing our new strategy – delivering solid performance and shareholder value.

## Significant steps in bringing the new strategy to life

Over the past few years the global technology market has been going through profound change as cloud-enabled advancements and other new technologies are increasingly at the core of enterprise business renewal. To capture the recognized momentum of a cloud-native, data-

oriented and software-driven market, in 2021 we concluded that the best avenue for our company is to pursue a strategy based on specialization.

As a key enabler, we established six specialized end-to-end businesses: the digital engineering business TietoEvry Create; software businesses TietoEvry Banking, TietoEvry Care and TietoEvry Industry; and businesses with an outsourcing foundation, TietoEvry Transform and TietoEvry Connect. From the beginning of 2022, each of the businesses started driving their distinct identity, customer engagement, product and service portfolio, talent attraction, and performance management. Considering the long history we have in operating as an integrated company, this was a significant change. It has been nevertheless delightfully well embraced across our operations and has advanced according to our ambitions.

## Steering the future towards software and digital engineering – for higher value

In concrete terms, our specialization strategy is to a great extent about enabling each of our businesses to pursue its own success; for each to become among the best in its respective





market category. With the market momentum towards investing in new cloud, data and software solutions, we foresee further value creation potential especially in our software (Banking, Care, Industry) and digital engineering (Create) businesses – creating the future direction and identity for the company.

Aligned with this direction and to unlock value, during 2022 we initiated key strategic activities for three of the businesses:

- A strategic review of TietoEvry Banking, aimed at a potential listing - as announced in July
- A strategic review to evaluate opportunities for the combined TietoEvry Transform and TietoEvry Connect, including a potential sale or a listing as a spin-off - as announced in November

We expect these strategic reviews to accelerate value creation for TietoEvry shareholders and to provide more options for the businesses to scale. Both processes are progressing as planned, with the aim of concluding within 12-18 months from the announcements. In parallel, we continue to build the position and market reach for our software and digital engineering businesses to leverage their value potential.

### **Accelerated growth enabled by specialization**

TietoEvry achieved strong organic growth of 6% year-on-year, mainly driven by our software and digital engineering businesses TietoEvry Create, TietoEvry Banking and TietoEvry Care.

TietoEvry Industry and TietoEvry Transform reported moderate growth, while TietoEvry Connect declined along with a reduced demand for traditional services. To mitigate the impact of inflation, we carried out targeted performance improvement actions in some of our businesses during the year, with expected outcomes. The company's growth accelerated consistently each quarter, being at 4.5% in the first quarter and reaching 8.6% in the fourth quarter. Profitability (adjusted EBITA) was at the previous year's levels of 13% for the full year. The financial performance of the company in 2022 enables the continuation of attractive dividend levels, as defined in our financial ambitions.

### **Mitigating geopolitical risks in line with our values**

Over the past year we have witnessed the most unprecedented developments of our lifetime through the continued war in Ukraine. With around 2,000 employees in Ukraine, we have been striving to support our people and their families in all possible ways since the beginning of the war, including relocation and enhancing opportunities to continue working. It has been truly humbling to witness the resilience, courage and dedication of our Ukrainian colleagues. As TietoEvry we saw it ethically unsustainable to continue our operations in Russia, and in April of 2022 we concluded our exit from the market.



Acknowledging TietoEvry's role in the operations of our customers – some of them critical to Nordic societies – we have also continued to monitor the overall security and risk landscape carefully and have taken actions throughout the year to enhance our resilience and preparedness.

### People engagement and talent attraction in focus

It was a heated talent market in 2022, while we as TietoEvry were able to manage well below industry level average attrition of approximately 20%, with high focus on employee engagement and active recruitment. During 2022 we were happy to welcome around 4,800 new colleagues to TietoEvry. Employee engagement is an important indicator of success for us. Our latest engagement measurement in Q4 showed all-time-high results, which is very encouraging to see after a highly transformational year. We rely on our core values of openness, trust and diversity at all times. As a concrete example, we continue to leverage the flexible hybrid ways of working co-created with our employees in 2021.

### Accelerating stakeholder trust and value with sustainability

While the situation in Ukraine has called for special attention, during 2022 we also continued to systematically advance our three-year Sustainability Plan launched in 2020, outlining our key priorities for ethical business conduct, climate actions and creating an exciting place to work. During the year, we uplifted our climate ambitions - aligned our carbon-reduction

targets with the Paris agreement and had our commitments to the Science Based Targets, with the highest ambition level of limiting global warming to below 1,5°C verified.

Building an inclusive and diverse workplace is a business imperative for us; we develop digital services for diverse users and as there is a shortage of key talent, utilization of the full talent potential is essential. Our ambition is to be a gender-balanced company by 2030, and in 2022 the share of women in the company increased by 2.0% to 31%. To inspire women towards technology careers, we partnered with the SHE Conference across the Nordics during spring 2022. Further, to inspire girls of ages 15-18, we launched a guidebook 'Being an IT girl' in the autumn. In 2023 we will maintain our focus on the diversity ambition across our businesses, some of which are already exemplifying the work with their own initiatives. To show our long-term commitment, our ESG targets for diversity and emission reductions were included as part of TietoEvry management's long-term incentive plans in 2022.

We have been proceeding well in our carbon-reduction ambitions. During 2022 we continued our work towards circular-economy practices, aiming for carbon neutrality in our own operations by 2025. Aligned with our aspiration to be an industry forerunner and to comply with the highest relevant standards, we also conducted a human rights assessment in 2022 to identify potential negative impacts to people and labor rights caused by our operations. The

findings will be further examined and utilized in developing our operations, and our internal awareness will be enhanced through, for example, our new Human Rights Policy, revised Code of Conduct, and related e-learning.

Sustainability continues to increase in importance for all key stakeholders, employees, customers and investors alike. We recognize the opportunities that digitalization brings for our customers and for society at large, and we are committed to making advancements in key areas.

In 2022 our sustainability work was recognized for our long-term commitments, especially in climate work and gender-balance ambitions. We were able to retain our platinum level in the EcoVadis rating, as well as staying on the A-list compiled by CDP (formerly known as the Carbon Disclosure Project).

### Market and investments gearing towards cloud and data

The appetite for superior experiences enabled by data remains strong. The cloud continues to be the foundation for business agility, with data at the core of competitive products and operations. The demand for related services is expected to remain high and to be the catalyst for growth. At the same time, customers continue to emphasize data sovereignty, security and business continuity to safeguard business operations. In parallel, we anticipate the traditional outsourcing market to continue to decline as new cloud technologies are adopted. Technology is a critical means of driving

resilience and productivity improvement for our customers across all industries. Given the pace of innovation in new technologies, we expect to continue a high activity level for new service development with our customers and partners.

We recognize the ever-increasing opportunities that technology is bringing for our customers and for society at large. This is what we refer to as 'purposeful technology'. I strongly believe that the new era we have started for the company will offer inspiring opportunities for our employees, and long-term value for our customers, partners and shareholders. With many exciting initiatives set in motion, 2023 will certainly be an eventful year. There is however one event we sincerely hope will come to an end during the year: the war in Ukraine.

I want to sincerely thank all our stakeholders for a successful 2022, and we look forward to continuing our close collaboration.

**Kimmo Alkio**  
President and CEO

# IT market development

- Hyperconnected data, enabled by cloud, is reshaping the technology industry.
- The shift to cloud native technologies continues to be at the core of customers' drive for agility, productivity and competitiveness.
- In traditional managed services, automation and scale are important drivers for competitiveness.

Technology is a critical means to drive resilience and productivity improvement during uncertainty, while customer priorities are expected to adapt along the evolving market conditions.

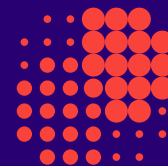
The shift to cloud native technologies continues to be at the core of customers' drive for agility, productivity and competitiveness. Cloud

continues to be the foundation for business agility and data at the core of competitive products and operations. Overall, demand for software and digital engineering is anticipated to remain strong.

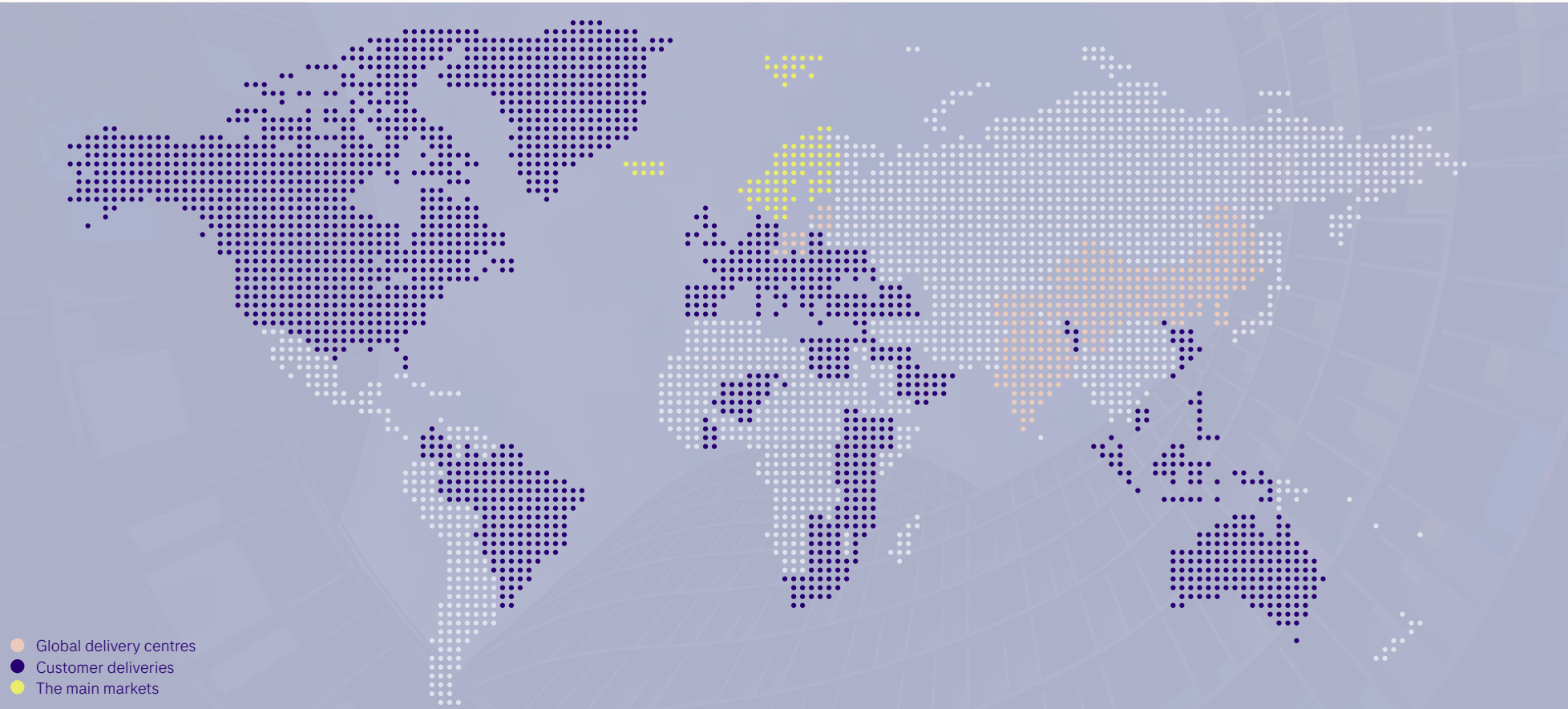
At the same time, the focus will be on productivity and customer experience. Customers continue to emphasize data sovereignty, security and business continuity as they adopt cloud technologies, with multi-cloud becoming a default.



Cloud continues to be the foundation for business agility and data at the core of competitive products and operations.

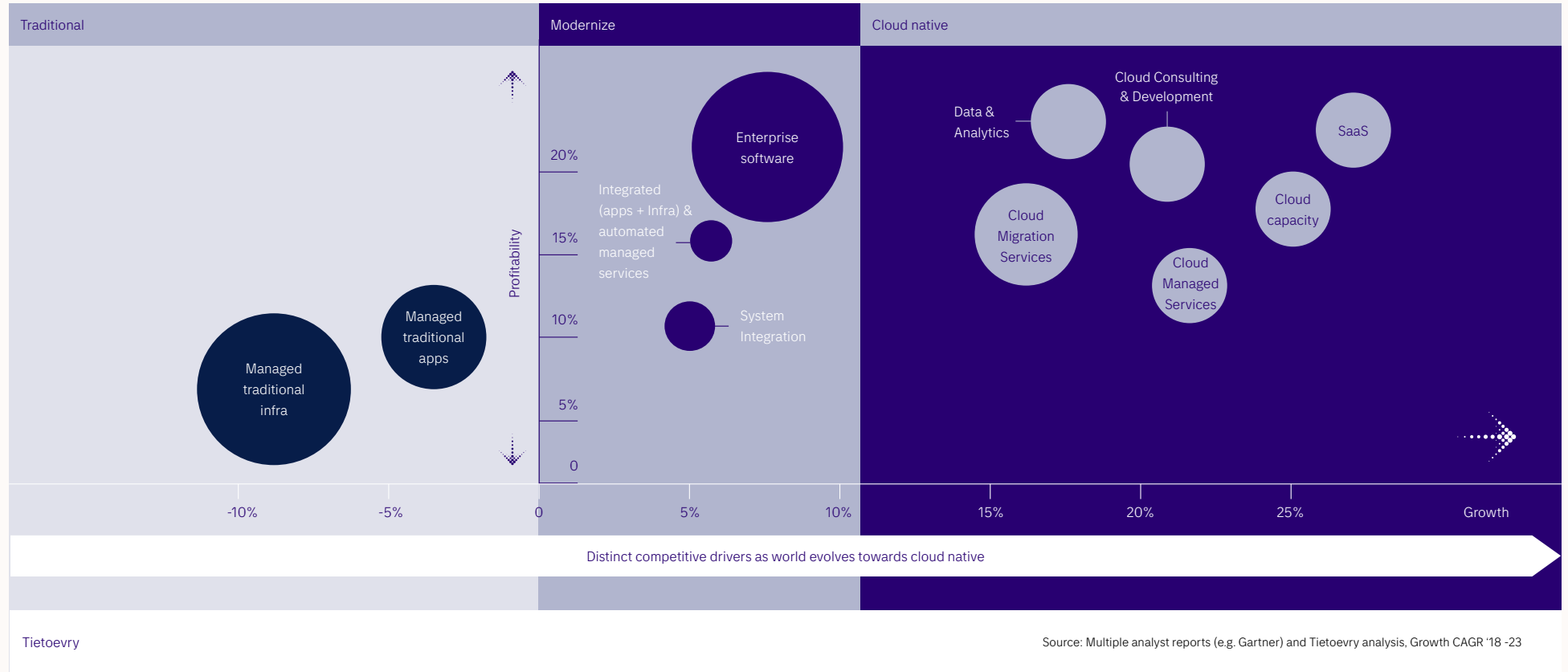


## TIE TOEVRY WORLD





TECHNOLOGY INDUSTRY RESHAPING WITH CLOUD AS THE FOUNDATION



# Strategy to drive value creation through specialized businesses

TietoEvry aims to drive value creation through specialization. Investments will be focused on businesses where the company sees competitive advantages and sustainable growth:

- cloud-native services
- data and software engineering
- scalable software businesses, including their global expansion potential.

## Six specialized businesses

TietoEvry's specialized businesses have full operational responsibility, including go-to-market, service portfolio, delivery capabilities, compensation models, investments and partnerships. Reflecting the distinct market dynamics of each, the individual businesses have optionality to build scale and prioritize investments. The businesses forming the reportable segments are:

**TietoEvry Create** accelerates customers digital agenda to create competitive products and data

driven businesses utilizing design, data and cloud technologies. This is a global business with software and data engineering at its core.

**TietoEvry Banking** is a provider of scalable Banking-as-a-Service platform and leading software products to drive digital transformation and efficiency for financial institutions.

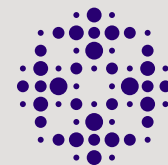
**TietoEvry Care** provides modular and interoperable software, reinventing Nordic health and social care for enhanced care personnel and citizen experience.

**TietoEvry Industry** is a portfolio of distinct competitive software and data solutions across a wide variety of industry domains. These domains include the public sector, pulp & paper and utilities.

**TietoEvry Transform** drives enterprise-wide transformation across customers' business processes, applications and infrastructure. Deep customer knowledge, global cloud & data competencies and automated operations form its foundation.



Reflecting the distinct market dynamics of each, the individual businesses have optionality to build scale and prioritize



## OUR STRUCTURE TO DRIVE SPECIALIZED END-TO-END BUSINESSES



Specialized end-to-end businesses with broader options to scale, including mergers, acquisitions and divestments



End-to-end businesses with full operational responsibility covering:

- Go-to-market
- Business models and service portfolio
- Culture, talent and rewarding
- Investments and partnerships
- Financial performance



Specialized end-to-end businesses to drive fast decision making, experts at customer front and employee attractiveness



Common Group functions driving portfolio development, performance management and efficiency: HR, Operations, Strategy and Finance

**TietoEvry Connect** is a multi-cloud platform provider with a full range of infrastructure choices at scale – ensuring security, resilience and compliance for the customer’s business.

Scalable common functions, such as Finance, Strategy and HR, continue to support the businesses in driving portfolio development, performance management and efficiency across the company.

### Investment priorities to support scale in distinct businesses

The following investment priorities will drive competitiveness and value creation in each business:

- Invest to expand in TietoEvry Create, TietoEvry Care and TietoEvry Banking – invest to accelerate products, services and capabilities; prioritize M&A.
- Partner to scale in TietoEvry Transform and TietoEvry Connect – invest in capabilities to drive scale and automated managed services; seek partners to jointly invest and build scale.
- Focus for value in TietoEvry Industry – optimize investments in selected businesses and develop portfolio to increase focus.

### Strategic reviews initiated

TietoEvry announced in July 2022 that it has initiated a strategic review of the TietoEvry Banking business, including a process to study its potential separation into an independent company that would be listed on a stock exchange.

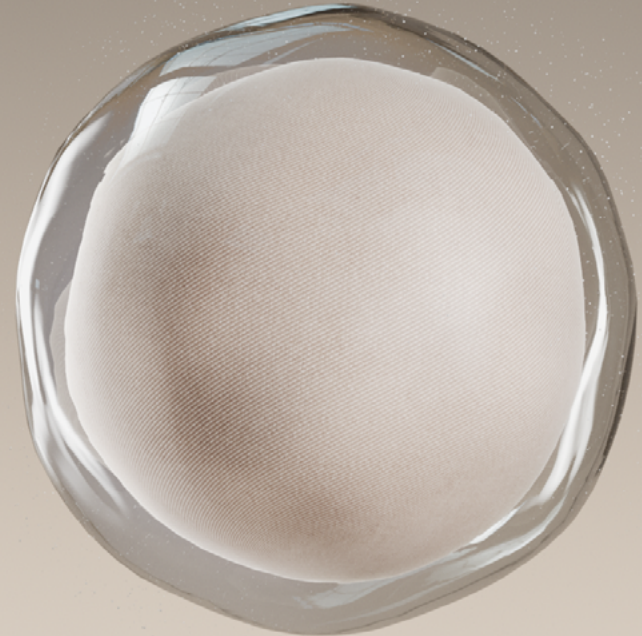
Furthermore, the company has initiated a strategic review of its TietoEvry Transform and TietoEvry Connect as a combined business. The company aims to evaluate strategic opportunities, including a potential sale or listing as a spin-off.



# 02

## Sustainability

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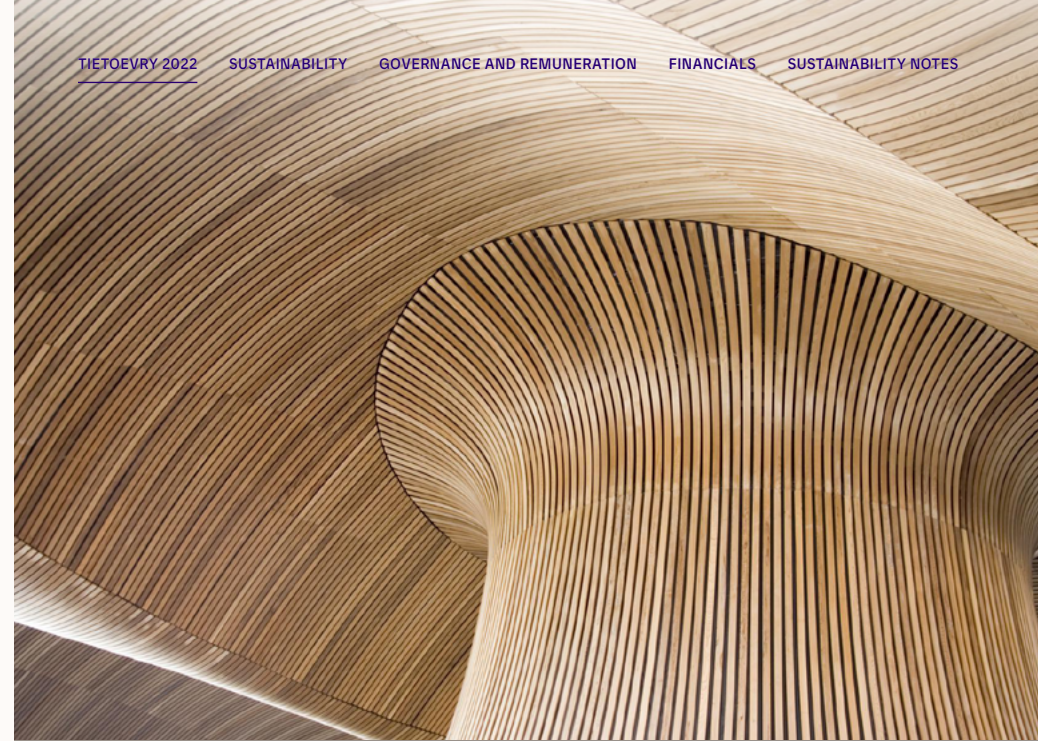
# Managing sustainability

Information technologies now cut across almost all aspects of societies and human life. The tech and software industry is therefore fundamental in the quest for sustainable development. There are great opportunities to advance sustainability, including technologies that contribute to emission reductions, or by increasing access to affordable healthcare through digital solutions.

At the same time, the resource intensity of cloud computing is widely recognized, the global digital divide is growing, and technologies can be misused to repress human rights. Other contextual issues that affect how we focus our sustainability efforts and the related management of impacts are, for instance, the general increase of data breaches, and the gender gap in the IT sector. In reviewing our Sustainability Strategy in 2023, we will carefully analyze the context to determine actions to address these global and regional trends.

At TietoEvry, we need to be environmentally, socially and economically responsible across our operations in order to meet the requirements and expectations set by our stakeholders. At the same time, our solutions and services can have positive impacts on our customers and the society. Responsibility means that we need to have effective governance, compliance, operational processes, tools and ways of working in place. As a company, we align our sustainability practices with international norms, frameworks and legislation covering business ethics, the environment, human rights, and labour rights.

Our sustainability management approach is based on the principles of the UN Global Compact (UNCG) and the OECD Guidelines for Multinational Enterprises, and is aligned with the UN Sustainable Development Goals. We are also in the process of aligning our operations with the United Nations Guiding Principles on Business and Human Rights.



Technology is fundamental in the quest for sustainable development.







However, our sustainability efforts are not merely a question of complying with laws and regulations. We are determined to show the way and be an ethical leader in the technology industry.

With the purpose of promoting long-term and sustainable industry development and regulation in collaboration with peers at the local, national and international levels, we affiliate ourselves with several voluntary industry organizations and initiatives. These include:

- CDP (Carbon Disclosure Project)
- Cleantech Finland
- CSR Sweden
- FIBS (Finnish Business & Society)
- The European AI Alliance
- UN Global Compact (UNGC)
- Diversity Charter Sweden
- TechSverige
- The Federation of Finnish Technology Industries

We also take part in unofficial discussions with peers and other companies through, for example, topical roundtable discussions and seminars, aimed at learning and advancing our practices.

TietoEVRY's three-year sustainability strategy – our Sustainability Game Plan 2023 – is the roadmap guiding our efforts towards integrated sustainable practices across our value chain. The plan is based on a materiality analysis conducted

in 2020, and a process to identify areas where sustainability is a driver for value creation and customer engagement. The plan is two-fold, aimed at ensuring TietoEVRY runs responsible operations, and providing focus on the business and impact opportunities we have together with our customers.

Responsible operations comprise three broad themes – climate action, ethical conduct, and TietoEVRY as an exciting place to work – with focus areas under each theme. Our business impact opportunities lie in a range of solutions and services that accelerate and improve our customers' sustainability performance, and can create a positive large-scale impact on society. The plan also details how we contribute to the UN Sustainable Development Goals (SDGs). The relevant SDGs were selected through principled prioritization, in line with the guidance provided by the GRI and UNCG.

During 2023, TietoEVRY will embark on preparing for a new Sustainability strategy - building on the learnings from the current Sustainability game plan - with ambitions to further understand, identify and mitigate our actual and potential impacts on the economy, the environment and people.

### Governance and responsibilities

TietoEvry's highest governance body, the Board of Directors, is accountable for guiding the company's strategy on environmental and social topics. Our governance structure, including the composition and committees of the highest governance body, is described in detail in the Corporate Governance Statement of this annual report ([see page 87](#)). That section also describes the nomination and selection process, including related criteria.

Considering the requirements of recent and updated legislation, such as the Corporate Sustainability Reporting Directive (CSRD) and other expected regulations, we need to ensure that the members of TietoEvry's Board of Directors possess relevant competencies from the perspective of our external impacts. Hence, it is vital that adequate competencies in the ESG area will be represented in the board.

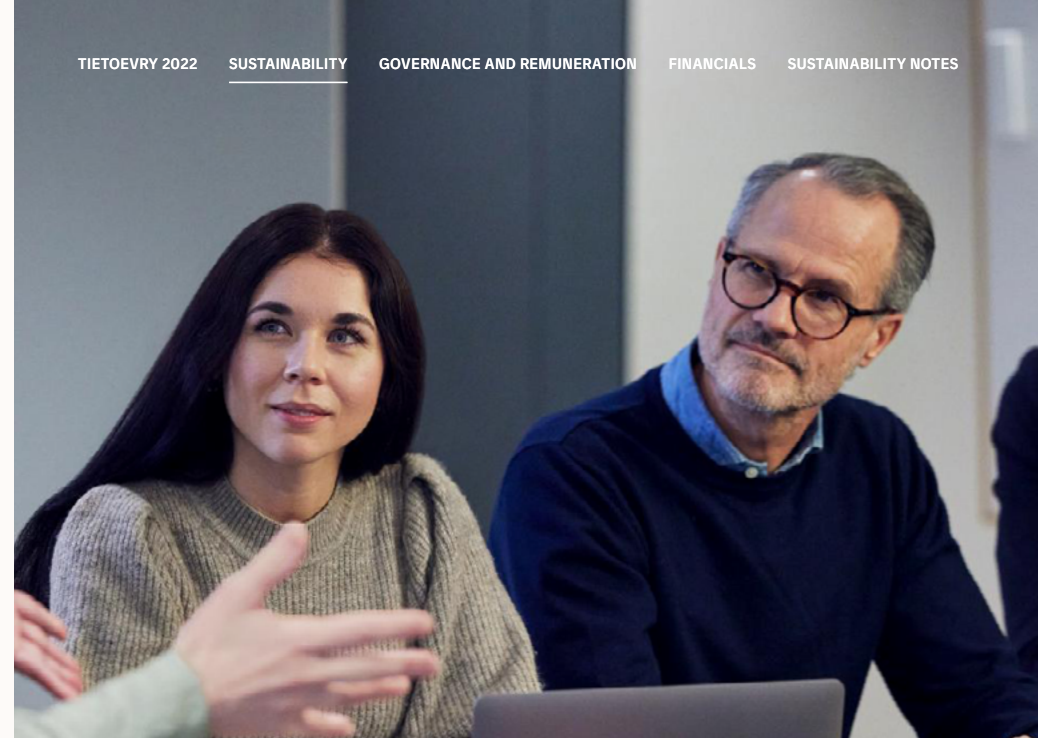
Furthermore, we strive to increase the level of knowledge within the Board of Directors with regards to sustainability, and particularly on the topics most material to us based on our impact on the economy, the environment, and people. For example, during 2022, the Sustainability team held one information session for the Board of Directors about the EU Taxonomy and its requirements and implications for TietoEvry. Additional session on the legislative sustainability developments and update on TietoEvry performance was also held during the year. The Board of Directors was also presented with the changes to TietoEvry's brand

and identity, where technology, humanity and responsibility are at the core of supporting our new purpose: "Creating purposeful technology to reinvent the world for good".

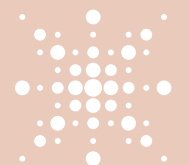
The TietoEvry Board of Directors evaluates company's environmental and social activities, and governance practices (ESG) related risks and target setting as well as their implementation and effectiveness in the company including the incorporation of the ESG-related metrics in the incentive structures. The Sustainability Steering group (SSG) together with the operational management are leading the work towards our sustainability ambitions. The SSG, chaired by the Vice President Communications, Sustainability, Brand and Marketing, meets on a bi-monthly basis and represents different businesses and functions at TietoEvry, including members of the Group Executive Management Team.

The Audit and Risk Committee (ARC) of the Board of Directors annually reviews the Non-financial information, including our performance against our agreed sustainability goals and identified sustainability related risks. The ARC also receives quarterly reports on selected sustainability related impacts – both actual and potential. Report on whistleblowing incidents are delivered to the ARC twice a year and in addition, any topics that are of critical concern or urgent nature can be reported ad hoc.

Our ambition for 2023 is to complement these reports with a wider scope of potential and actual impacts on a regular basis. This will



Our business impact opportunities lie in a range of solutions and services that can create a positive large-scale impact on society.





## SUSTAINABILITY GAME PLAN 2023



allow the ARC to have a full insight into the management of our impacts on the economy, the environment, and people.

**Managing sustainability risks and impacts**

TietoEvry's internal control framework includes identification of potential negative impacts that TietoEvry may have on its operating environment, and details the escalation framework should the company's mitigation measures become necessary. The framework endorses ethical values, good corporate governance and risk-management practices.

TietoEvry applies a systematic risk-management approach to improve the efficiency and control of business operations, as well as to manage business continuity and profitability. The risk-management framework consists of the risk-management organization and 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 comprising strategic, financial, operational, compliance and people risks. During 2022, TietoEvry continued its efforts to improve the corporate risk-management framework related to sustainability risks, including human rights and environmental risks. Risk management as well as major risks are described in detail in the non-financial information in the Financial Review.

TietoEvry's operational sustainability work is facilitated by the company's Sustainability team

and is supported by the Sustainability Steering Group. The Sustainability team is led by the Head of Sustainability, who is also responsible for the company's sustainability policies and processes. The Head of Sustainability reports directly to the Vice President Communications, Sustainability, Brand and Marketing, who in turn reports to the Chief Financial Officer. The management of specific responsibility areas based on our material topics are handled by appointed area owners, each of whom is responsible for reporting on area-specific goal performance.

Long-term sustainability goals are presented in the Sustainability Game Plan 2023, which has been approved by the Sustainability Steering Group and the President and CEO. The management of specific responsibility areas is presented in more detail in the respective sections of this report.

**Policies and rules providing strategic direction and practical guidance**

The company's ethical principles are summarized in the Code of Conduct, which applies to all TietoEvry employees, hired consultants, board members and other company representatives including any third-party contributing to TietoEvry's services, products and any other business activities. The Code of Conduct is aligned with international legislation and frameworks, as well as local legislation. During 2022, the Code was revised and updated. Implementation will take place early 2023. Our Anti-Corruption Rule, also revised during 2022, provides practical guidelines on how to



POLICIES AND PROCESSES COVERING SUSTAINABILITY AREAS

	ETHICAL CONDUCT	CLIMATE ACTION	EXCITING PLACE TO WORK
Sustainability areas	1. Business ethics and anti-corruption	5. Energy usage and greenhouse gas emissions	7. Diversity and inclusion
	2. Human rights	6. Circular economy practices	8. Employee experience
	3. Cyber security and privacy		
	4. Responsible sourcing		
Policies	<b>POLICIES, RULES AND GUIDELINES</b>		
	Code of Conduct (1, 2), Internal audit policy (2, 3), Anti-corruption rule (2), Whistleblowing rule (1, 2, 3, 7, 8), Competition rule (2), Procurement policy (4), Supplier Code of Conduct (1, 2, 4, 5), Environmental rule (4, 5, 6), Information classification rule (3), Data transfer rule (3), Security policy (3), Security rule (3), User Security rule (3), Privacy policy (3), AI policy and AI rule (1, 3), Occupational Health and Safety policy (1, 8), HR policy (1, 7, 8), Insider rule (2), Public Authority Request rule (1, 3), Human Rights policy (1, 2, 3, 4), Travel rule (6)		
Due diligence processes	Internal and external audits (1, 2), Governance, risk and compliance management (2, 3), Sourcing to pay (4), Supplier self assessment (4), Environmental management process (EMS) ISO14001 (4, 5, 6), ISO27001 (3), ISO31000 (3), ISAE3402 audits in Data Centers (3), ISAE 3000 Assurance of non-financial information (1, 2, 3, 4, 5, 7, 8), Information and cyber security audits and assessments (3), CDP Climate Change program (4, 5, 6), HR processes (1, 7, 8), Employee engagement survey (8), Human rights impact assessments		
	Sustainability management process, sustainability materiality assessment for Sustainability game plan 2023		
	<b>WHISTLEBLOWING CHANNEL</b>		

evaluate and avoid unethical behaviour. The Environmental Rule, which is compliant with ISO 14001 requirements, outlines our precautionary approach to environmental management within the company and throughout the value chain. Tietoevry's Human Rights Policy was created during 2022, and its systematic implementation starts from the beginning of 2023. In addition, there are several other policies and rules supporting the management of specific sustainability areas.

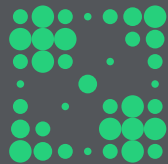
All policies, rules and processes covering sustainability apply to our entire organization and are reviewed each year as part of our compliance program. An overview can be found in the table beside and a more detailed description is outlined in the chapters included in the report. Tietoevry's Whistleblowing Rule defines our common way of managing all whistleblowing notifications made to our centralized channel or to our Internal Audit, Human Resources and Legal and Compliance functions. Our Whistleblowing Unit is responsible for logging and investigating any cases and following up on escalations, as well as for initiating preventive actions related to the cases.

At Tietoevry we are committed to a culture where employees feel safe to speak up and report concerns, and we adhere to the principle of non-retaliation. The handling of escalations is described in more detail here.

Building on the corporate-level human rights risk screening conducted in 2022, and the ongoing review of identifying and managing



Tietoevry's ethical principles are summarized in the Code of Conduct, which applies to all our employees and third-party suppliers.



sustainability-related risks, Tietoevry has embarked on further strengthening and clarifying the due diligence process for identifying and managing the company's impact on the economy, environment, and people. Several work streams have been initiated to ensure these impacts are taken into consideration in business critical processes. Representatives from the Sustainability Steering Group are involved in these work streams and will have a role in oversight of the due diligence. Significant and challenging matters identified through the due diligence process will regularly be escalated to Group Legal and Compliance function, and salient issues shall be reported periodically to the Audit and Risk Committee of the Tietoevry Board of Directors.

### Implementing sustainability in daily business operations

To support our organization in implementing sustainability in daily business operations, our Sustainability Management Process has been included as part of the business process system. This process is built on the best practices of the UN Global Compact Management Model and the GRI Standards, and it formally outlines the role of a Responsible Area Owner (dedicated owner of each of our material topics and related management and plans). Our Code of Conduct e-learning further supports the implementation of sustainable and ethical business practices across the entire organization. In addition, we have an environmental e-learning that supports the implementation of our Environmental Management System and related ISO 14001

certifications. An annual training curriculum "Tietoevry Essentials" also covers e-learnings in GDPR as well as general security training.

The development of business opportunities and deliveries related to Tietoevry's impact opportunities is driven by each business. These efforts are supported by a network of internal business consultants – Tietoevry Impact Developers – who play a key role in the development of sustainable solutions for our customers.

We continuously encourage our employees to engage in our corporate-wide sustainability agenda, as well as to deepen their knowledge to enhance sustainability in our customer engagements. Our "Sustainability Curriculum" is a learning program with modules on sustainability topics. It's available to all employees in our learning management system, along with our Sustainability Game Plan 2023.

The Sustainability team, together with the Responsible Area Owners, support internal functions such as Procurement, Human Resources, and our customer teams in sustainability matters. Our sustainability approach and ambitions are also included in the company's sales materials. These materials help our customer teams to communicate about sustainability at Tietoevry and to respond to our customers' sustainability requests.



**SUSTAINABILITY DASHBOARD**

Responsible area	Goal	Result 2020	Result 2021	Result 2022	Trend	UN Sustainable development goal
<b>ETHICAL CONDUCT</b>						
Human rights	2021: Conduct a formal Human Rights Impact Assessment for a business entity	Assessment to be conducted FY21	Group-wide human rights risk screening conducted in 2021 with completion in FY22.	In progress		
Cybersecurity and privacy	2023: Zero substantiated complaints concerning breaches of customer privacy and losses of customer data*	Zero	Zero	Zero		
Business ethics and anti corruption	2023: 90% completion of ethics training (CoC e-learning)**	91%	93%	96%		
	2023: 100% confirmation of receipt of a whistleblowing notification within four business days of receipt	100%	100%	100%		
Responsible sourcing	2023: 100% of new or renewed suppliers agreeing to Tietoevry's Supplier Code of Conduct***	100%	99%	100%		
<b>CLIMATE ACTION</b>						
Energy usage and GHG emissions	2023: 80% reduction of scope 1 and 2 greenhouse gas emissions (GHG) by FY23	Baseline	44% reduction	70% reduction		
	2023: 100% carbon free electricity in own data centers and offices	80%	92%	95%		
Circular economy practices	2023: 100% reuse and recycling of hardware****	Not measured	Internal: 70 %, Customer: 86%	Internal: 93%, Customer: 95%		
<b>EXCITING PLACE TO WORK</b>						
Diversity and inclusion	2026: 40% female employees by 2026: 50% female employees by 2030*****	29% female employees	29% female employees	31% female employees		
Employee experience	2023: Employee engagement score >75	76/100	78/100	82/100		

\* Substantiated complaints regarding customer privacy and losses of customer personal data is defined as security incidents where national authorities has issued financial fines to Tietoevry related to the topic.

\*\* Measured on an annual basis.

\*\*\* Scope: Agreements made through Sourcing function. Note that scope also includes supplier's versions of Code of Conducts validated by our Head of Sustainability. More information on process see [Responsible sourcing](#).

\*\*\*\* Scope: Result based on reuse of returned devices (mainly laptops). Data accuracy: data is based on our main hardware supplier's reports. This supplier provides close to 70% of Tietoevry's devices. Baseline for measurements is FY 2021.

\*\*\*\*\* Permanent employees (headcount)

During the past year we received several acknowledgements for our sustainability efforts and performance.

**CDP**

In 2022, TietoEvry achieved level A in CDP Climate Change scoring. Our CDP score exceeds the IT sector and CDP programme averages.

**EcoVadis**

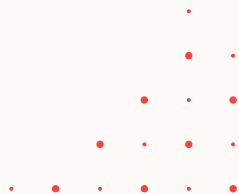
TietoEvry achieved platinum level in the EcoVadis ranking during 2022, specially recognized for our long-term commitments in carbon emission reductions and our gender-balance ambitions.

**OMX GES Sustainability Finland Index**

Based on our sustainability performance, TietoEvry is now listed as part of the OMX Finland Sustainability Index calculated by NASDAQ OMX and GES Investment Services. This is a benchmark index comprising NASDAQ OMX Helsinki listed companies that lead in sustainability.

**SHE Index**

TietoEvry in Norway was ranked 10th out of a total of 89 companies in the SHE Index, a cross-industry ranking on gender-balance. In Sweden, TietoEvry ranked 15<sup>th</sup> out of a total of 19 companies. The SHE Index was introduced in Finland in 2022 when TietoEvry ranked 4<sup>th</sup> out of five companies.



# Stakeholder engagement and materiality analysis

We believe that understanding our stakeholders' expectations is key to ensuring business success. Insights from our stakeholders help us to better understand and identify our actual and potential impacts on the economy, the environment and people. Collaboration and continuous dialogue with stakeholders also give TietoEvry a better understanding about the business opportunities that lie ahead of us. With sustainability expectations growing all the time, stakeholder dialogue is a vital tool in helping us to develop our ways of working across the value chain.

The TietoEvry Board of Directors oversees the company's environmental, social and governance practices (ESG). The responsibility for coordinating stakeholder dialogue related to TietoEvry's material topics and long-term sustainability plan is coordinated by the Sustainability team and other relevant functions within the company.

Our approach to stakeholder engagement is based on both structured and sporadic dialogue and interactions. We communicate with our key

stakeholders in multiple ways; regular surveys are conducted with customers and employees, and important information is received through the range of escalation channels. Social media is an important platform for us to use in engaging in dialogue with both internal and external stakeholders. We also have ongoing formal and informal conversations with suppliers, business partners, customers, investors and authorities as an integrated part of our operations.

In implementing the revised GRI Universal Standards, during 2022 TietoEvry also reviewed its most important stakeholders. The outcome from this process is illustrated in the figure to the right, which includes those stakeholders who can directly and indirectly be affected by TietoEvry's operations and activities. We also recognize that vulnerable groups (such as women, people with low digital literacy, minority groups and people with disabilities) are present within a majority of our prioritized stakeholder groups, including customers, end users, employees and other personnel, suppliers, business partners and civil society organizations.

## TIETOEVRY'S STAKEHOLDERS



\* Business partners include actors such as academia, start-ups, businesses, as well as civil society organizations.





We believe that understanding our stakeholders' expectations is key to ensuring sustainable business success.



In 2023, TietoEvry will develop its new long-term sustainability strategy, including our stakeholder engagement approach. Stakeholder engagement will also play an important role in the development of the new strategy.

### Materiality process

We conduct materiality analyses to identify and prioritize our most important material topics for reporting based on our most significant impacts on the economy, the environment, and people.

In 2020 we examined stakeholders' perceptions through a survey conducted among customers, investors, employees, potential employees, suppliers and partners. We also carried out in-depth interviews with key internal and external stakeholders – including subject-matter experts, customers and investors – to gather insights for our sustainability focus areas.

Based on materiality analysis and our vision, strategy and operations, we developed our sustainability strategy: the TietoEvry Sustainability Game Plan 2023. The materiality analysis also forms the basis of our sustainability reporting in accordance with GRI Standards.

During 2022, we reassessed our focus areas within our sustainability game plan, including our material topics from the perspective of impacts to the economy, the environment and people (also covering human rights). Information was gathered through both continuous monitoring across our operations and functions, and through specific actions and assessments, followed by subsequent

analysis. Examples of information sources include supplier risk assessments, information from our EMS audits, and a corporate wide human-rights risk-screening assessment, which built on salient issues commonly associated with the software/ ICT industry. Based on this we identified actual and potential impacts caused by or contributed to by our activities, or which could be linked to our products, services or business relationships. Each impact was assessed based on significance and prioritized in relation to the other impacts, and finally evaluated against our material topics.

During 2023, as part of the development of our new long-term sustainability strategy we will also update our process for ongoing identification and assessment of actual and potential impacts, as well as our stakeholder engagement approach.

### Impact and materiality analysis

Our materiality reassessment led to no major changes to the material topics reported in 2021. However, through the more in-depth engagement with a wider range of external stakeholders we have been able to better understand the various negative and positive implications within the areas of our sustainability game plan. Read more under each of our material topics through the report.

As a company, we may cause impacts either through our own activities and operations, or through our business relationships. The table to the left include a list of our material topics including where in our value chain each material topic is of most importance, and where the impact most likely occurs.



## LIST OF MATERIAL TOPICS AND TOPIC BOUNDARIES

	Suppliers	Partners	TietoEvry	Customers	End-users
Human rights	●	●	●	●	●
Diversity & inclusion			●		
Employee Experience			●		
Energy usage and GHG emissions	●		●	●	
Business ethics and anticorruption	●	●	●	●	
Circular economy	●	●	●	●	
Cybersecurity and privacy	●	●	●	●	●
Responsible sourcing	●	●	●		

### Actual and potential negative impacts and our material topics

The negative impacts that our activities, products and services may have, or to which we could be linked through our business relationships, were confirmed in the materiality reassessment around the following broad areas:

- Energy usage, carbon emissions and waste generation (addressed in the report under [Climate action](#))
  - development and use of solutions requiring energy
  - greenhouse gas emissions throughout our value chain
  - generation and handling of waste, including electronic waste
- Employee engagement, diversity and inclusion, and non-discrimination (addressed in the report under [Exciting place to work](#))
  - harassment and/or discrimination of employees and other workers
  - psychosocial health issues among employees and other personnel due to work situation, working relations, etc.



→ Business ethics and anti-corruption, privacy and cybersecurity, and human rights (addressed in the report under [Ethical conduct](#))

- anti-competitive behaviour and corruption
- technology misuse and improper data handling
- freedom of association and collective bargaining
- violation of end-user privacy rights and discrimination
- occupational health and safety throughout value chain
- rights of personnel in the supply chain

**Actual and potential positive impacts and our material topics**

The positive impacts that our activities, products and services have or could have on the affected stakeholders largely fall under the same broad areas of Climate action, Exciting place to work, and Ethical conduct. In addition, under the umbrella term of Sustainable Impact Opportunities we address the positive impacts that we can have through collaboration with our customers. The below impact areas include both those that are internal to TietoEvry, e.g. a positive impact to employees and other workers, as well as external impacts such as a positive impact to the planet, or to the realization of human rights.

→ Under Climate action:

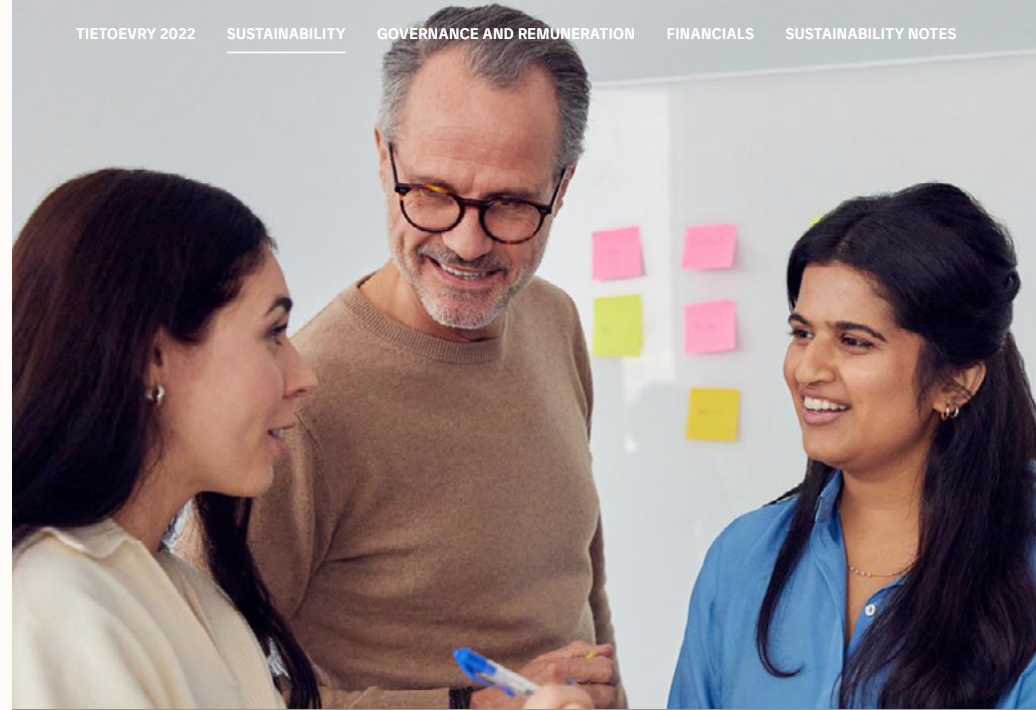
- We can make a positive impact on the natural environment by designing solutions and providing services that reduce our customers' carbon footprint. Some examples are solutions for smart city planning, optimizing and digitalizing operational processes, intelligent transport systems, shared platforms for circularity, and efficient product lifecycle management. For example, see TietoEvry and Microsoft partner in Austria for award-winning [cases](#).
- We also provide solutions and services to increase customers' carbon handprint, such as avoiding emissions through smart transaction solutions in financial services and document handling systems within the public sector. Concrete examples of our efforts within the area of carbon handprint can be found [here](#).
- We have also developed specific services to boost sustainability among our customers. Examples are our services for data-driven sustainability, such as the Sustainability Data Hub, and other solutions to collect, compile and visualize data on our customers' sustainability performance. More information can be found [here](#).

→ Within the area of Exciting place to work:

- We can have a significant impact on our employees' and other personnel's career and personal development by enabling them to develop skills and experiences, as well as by offering career development. Read more on how we promote continuous learning and development under [Keep Learning](#) in the section Employee Experience.
- We can contribute to attracting and retaining a diverse set of talents, including women, into our company and the tech industry. One key factor for this is to create awareness around what working in the tech-industry means, and what we as a company can offer in terms of concrete opportunities. During 2022 we carried out a range of awareness activities with this purpose. For example, we participated in the SHE-conference in Finland, Sweden and the Nordics, and we released Being an IT girl booklet providing girls, their parents and their teachers with practical insights into the industry and its variety of job roles and possible career paths. Read more under the section [Diversity & inclusion](#).

→ Related to the area of Ethical conduct:

- Through our constant efforts in ensuring access to and availability of crucial services and societal functions, we indirectly enable the realization of such human rights as access to health care, education, and employment. Read more under [Cybersecurity and Privacy](#) and [Human Rights](#).
- Our solutions within the healthcare sector can also have a significant positive impact on patients' health and wellbeing, for example by improving diagnostic services and reducing ineffective treatments. One example is our solution [eCare for Me](#).
- By applying inclusive design and user experience principles in the development of software, we have the possibility to make services and solutions accessible for everyone – regardless of their cognitive and physical abilities. Read more on how this is carried out in practice through our [TIDA solution](#).



Based on our materiality analysis and our vision, strategy and operations, we developed our sustainability strategy.







## RESPONSIBLE OPERATIONS

### **031 CLIMATE ACTION**

- 032 Energy usage and greenhouse gas emissions
- 037 Tietoevry's Science Based Targets
- 039 CASE: Tietoevry software helps banks assess the ESG-risk profiles of corporate borrowers
- 041 CASE: Tietoevry and Microsoft partner in Austria for award-winning sustainability projects.
- 043 Circular economy practices

### **047 EXCITING PLACE TO WORK**

- 048 Diversity & inclusion
- 053 CASE: Inclusion drives innovation
- 055 Employee experience
- 064 Reinventing the world for good with our societal engagements

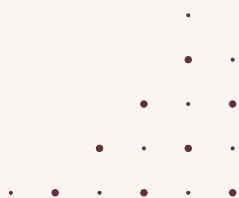
### **066 ETHICAL CONDUCT**

- 067 Business ethics & anti-corruption
- 072 Cybersecurity and privacy
- 076 CASE: Hydro-powered sovereign cloud protects Sweden's industrial heartland
- 078 Human rights
- 081 CASE: AI speeds up diagnosis of rare diseases
- 083 Responsible sourcing





## CLIMATE ACTION



Through leading technologies and the smart use of data, we believe we can positively impact the environment and build solutions that benefit everyone – from our customers to society at large. We strive to carry out our operations in a responsible manner, reduce carbon emissions in our value chain, and unlock growth without compromising the earth we share.

Circular economy practices – recycling and reusing of hardware – are crucial in our mission of becoming even more responsible in our operations. We strive to explore how to further grow our environmental handprint with the innovations and solutions we provide our customers. Together with them and our ecosystem of partners, we are creating purposeful technology that reinvents the world for good.

# Energy usage and greenhouse gas emissions

Climate change and biodiversity loss challenge our current and future ways of life. Efficiency is now more essential than ever, both to save energy costs and to reduce consumption. Companies have an important role to play and TietoEvry is no exception. Reducing our own carbon footprint and helping our customers and society at large to become more efficient in resource usage paves the way towards carbon neutrality. Science-based targets and committing to the Paris agreement are key milestones on this work.

## Our approach towards carbon neutrality

As global warming derives from human activities, we have the responsibility to take the task seriously. Using technology creates carbon emissions, but it also enables a positive handprint. Companies are expected to take responsibility for their energy and material usage to minimize greenhouse gas (GHG) emissions. The shift to a greener way of doing business is on everyone's agenda.

At TietoEvry we respect our role as an enabler of the transformation to a low-carbon society. We have an opportunity to help our customers reduce their emissions by using our products and services. By reducing our own emissions and those in our supply chain, we make a clear impact on our greenhouse gas emissions.

For our own operations in our offices and data centres, we aim to use electricity, heating and cooling produced with renewable and carbon-free solutions, such as wind or solar power. The energy situation of 2022 has been visible in our operations, and we have taken steps to reduce our energy usage even more. We have for instance continued optimizing office spaces, conducting energy inspections for improving energy efficiency, renewing electrical devices for increased energy efficiency, and sharing energy-saving tips for our employees. Where possible, we also encourage adjustments to building automation systems to optimize lightning. Transferring to cloud solutions on the data centre side can reduce energy consumption by as much as 90%. The locations of our data

## PERCENTAGE OF CARBON FREE ELECTRICITY IN DATA CENTERS AND OFFICES

Target 2023, %	Result 2022, %
100	95





centres are important in enabling the circularity of the energy the centres produce. Technology allows the energy produced by the data centres to feed nearby district-heating networks to warm households. This also increases circularity in our own operations. Read more on circularity in the section on Circular economy practices.

With the adaptation of new hybrid ways of working – both culturally and through the use of modern conference tools – “no-fly” meetings and less traveling are now the norm. We are well aligned with our ambitions on reducing business travel. In 2022, our CO<sub>2</sub> emissions from business travel were 156 kg per average employee. Our goal was to reduce the emissions by 47% by the year 2030, and for the year 2022, the result is 83% reduction of the emissions compared to the base year 2019.

However, due to the pandemic still having an impact on meeting and travel habits in some parts of the world, it is likely business travel will increase in the coming years. Nevertheless, compared to the base year 2019, we succeeded in keeping a low level of emissions regardless of the increase in business travels after the Covid-19 travel bans were lifted. We see that it is important to further enforce our hybrid ways of working and renewed Travel Rule, which recommends choosing environmentally friendly options such as train travel over flying. Our new guidelines are in place and their impact will accumulate in the coming years.

As to our long term-goals to achieve net-zero carbon emissions in own operations by 2025, and to cut 80% of our market-based energy-related GHG emissions by 2023, we see our progress to be well on track. The reduction of market-based energy related GHG emissions was 70% from the base year 2020. By 2023 we aim to use 100% renewable and carbon-free electricity in our offices and our own data centres (scope 2). In 2022, the result was 95% due to an increase of renewable electricity in our offices globally. The 2022 result shows that we are well on track towards our target for 2023. Our co-location data centres are reported as part of our value chain in scope 3.

During 2022, TietoEVRY achieved a key milestone in work towards carbon neutrality by committing to the Science Based Targets Initiative (SBTi). TietoEVRY committed to reduce absolute scope 1 and 2 GHG emissions by 90% by 2026 from a 2020 base year. TietoEVRY also committed to increase annual sourcing of renewable electricity from 80% in 2020 to 100% by 2026. TietoEVRY further committed to reduce scope 3 GHG emissions from business travel by 47% per full time employee by 2030 from a 2019 base year. For the supply chain, TietoEVRY committed that 70% of its suppliers by emissions covering purchased goods and services will have science-based targets by 2026. In addition, ESG targets related to CO<sub>2</sub> reductions were included in the long-term incentive plans for TietoEVRY leaders.



During 2022, TietoEVRY achieved a key milestone in work towards carbon neutrality by committing to Science Based Targets initiative.







Reducing supply-chain related emissions is important, as is considering the whole lifecycle of products and services we purchase and the emissions they cause both upstream and downstream. We have assessed the most relevant GHG emission categories related to scope 3 according to the Greenhouse Gas Protocol standard. They consist of purchased goods and services, fuel and energy related activities, waste generated in operations, business travel, employee commuting, upstream leased assets and use of sold products. We engage in regular dialogue with our suppliers and subcontractors to encourage environmentally friendly operations that are aligned with our Science Based Target ambitions for our suppliers. Going forward, reducing CO<sub>2</sub> in scope 3 will be a focal point for us and further work on categorization and calculation methods will be conducted going forward in 2023.

### **Moving to the cloud reduces emissions**

New technology solutions bring reductions to greenhouse gas emissions. One of these solutions is the cloud, which is much more energy efficient and reduces energy consumption in general because of more effective use of hardware. Our total energy consumption for 2022 was reduced by 9% compared to the previous year, largely due to moving to cloud services and our data centre consolidation project.

TietoEvry manages own data centers and subcontracts space from co-location data centers. We currently run a data center

consolidation project which supports even more environmentally sound and energy efficient services for example in form of high-class modern technology and infrastructure. The consolidation project is estimated to be completed during 2023.

Commitment and a proactive approach empower us to tackle environmental challenges. In our Sustainability Game Plan 2023 we have set ambitious goals to achieve net-zero carbon emissions in our own operations by 2025.

During 2022 we updated our carbon handprint calculating methodology, and we created a handprint guidebook to support our businesses in demonstrating the climate benefits of our products and services. These important tools exemplify the positive impact that increased use of digital solutions and services can have on our customers' emissions.

Read more about our KPI indicators related to energy consumption and GHG emissions [here](#).

### Working together for the environment

The [Environmental Rule](#) defines, among other things, our aspiration to reduce direct and indirect energy consumption in our offices and data centres by implementing more energy-efficient measures. In our locations we prioritize either BREEAM- or LEED-certified buildings where applicable. Other important criteria include the general energy efficiency of a building and the use of green energy. All our offices and own data centres are covered by our Environmental Management System (EMS), which is ISO 14001 certified.

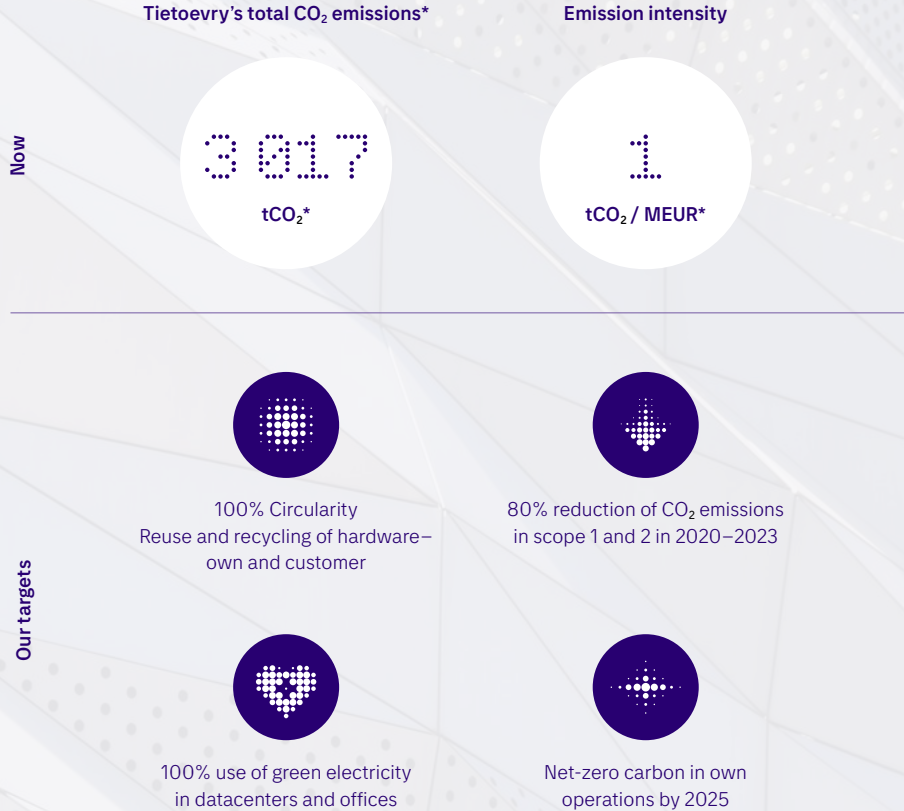
The Global Environment Team coordinates and supports the implementation of Tietoevry's Environmental Management System (EMS). Our Environmental Managers from different operating countries form a global network, with regular meetings facilitated by the global EMS manager and team. The overall environmental work of Tietoevry is defined in our Environmental Rule, with three dimensions: our own operations, the impact we have on our customers' carbon handprint, and our overall value chain. Each business in all Tietoevry companies and all employees are governed by the rule. Businesses are responsible for implementing processes and actions linked to this rule in alignment with our operations. Our environmental coordinators implement the daily environmental activities in our offices.

The Head of Workplace Innovation and Facilities, working under the Chief Financial Officer, is responsible for the environmental management of our offices. Group Sourcing and the Head of Sourcing are responsible for our procurement activities, including business travel. The Head of Core Infra is responsible for the data centres, and the data centre teams are responsible for monitoring energy consumption. The Sustainability Team owns the overall Sustainability Game Plan 2023, which defines the long-term targets for our environmental work. Daily environmental work is managed by the Sustainability Team and all our environment-related targets are managed in our EMS.



The overall environmental work of Tietoevry is defined in our Environmental Rule, with three dimensions: our own operations, the impact we have on our customers' footprint, and our overall value chain.

## OUR SUSTAINABILITY AMBITIONS — TOWARDS A CARBON NEUTRAL WORLD



\*Includes emissions in Scope 1 and 2 (market based)

### Looking ahead

We understand that we cannot reduce all GHG emissions within a short timeframe. As a responsible company, however, we aim to remove negative externalities that we indirectly cause. To achieve this we look for sustainable solutions, such as buying carbon removal from trusted and externally verified sources that support carbon sequestration from the atmosphere. Our key actions to reduce emissions are related to the use of carbon-free energy in our own operations and in our value chain. A reduction of business travel, continuous improvement of technical solutions and processes, as well as a consciousness around the materials we use are all among our key actions to reduce emissions.





# TietoEvry's Science Based Targets

Science Based Targets enable companies to show how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to curb the impact of climate change. TietoEvry verified its Science Based Targets during 2022.

## What are Science Based targets?

Science Based Targets are carbon dioxide reduction targets that are in line with independent climate science. These targets ensure a company's emissions are in line with the Paris Agreement to limit temperature increase to no more than 1,5 degrees Celsius above pre-industrial levels.

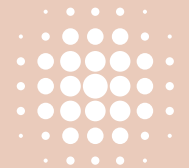
The Science Based Targets initiative is a collaboration between CDP, the UN Global Compact, the World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). Together these bodies are calling for companies to demonstrate their leadership on climate action by publicly committing to Science Based Targets for GHG reductions.

TietoEvry is committed in taking full responsibility for our own carbon footprint and generated greenhouse gas emissions. We also support and help our customers and society in the journey towards carbon neutrality and circular economy. Setting Science Based Targets for reductions is important means for us to show our responsibility, commitment, and enthusiasm to accelerate more sustainable growth.

"We take it upon ourselves to reduce our own carbon footprint and to help our customers and society at large to become more efficient in energy and resource usage," says Kia Haring, Head of Communications, Sustainability, Brand and Marketing at TietoEvry. "Together we can pave the way towards carbon neutrality with sustainable IT solutions and innovative technology. Including ESG aspects in our remuneration schemes is a concrete step to enforce these ambitions and highlights the importance of sustainability across our operations."



TietoEvry is committed in taking full responsibility for our own carbon footprint and generated greenhouse gas emissions.



**TIETOEVRY'S SCIENCE BASED TARGETS AND PROGRESS**

Target	Result 2022
Absolute reduction: 90 % by 2026	70%
Renewable energy: 100 % by 2026	95%
Intensity: 47% reduction per employee by 2030	83%
Supplier engagement: 70 % by 2026	34%*

\*Figure is % from the defined 70% scope. Percentage of full supplier scope (100% of our suppliers) with SBT was 27 % in 2022.



TietoEvry has committed to the following goals, as verified by the Science Based Targets initiative:

1. Absolute reduction target: TietoEvry commits to a 90% reduction of CO<sub>2</sub> emissions in scope 1 and 2 by 2026 from the 2020 base-year.
2. Renewable energy target: TietoEvry commits to increase annual sourcing of renewable electricity from 80% in 2020 to 100% by 2026.
3. Intensity target: TietoEvry commits to reduce scope 3 business travel GHG emissions by 47% per average per full-time employee by 2030, compared with the 2019 base-year.
4. Supplier engagement target: TietoEvry commits to 70% of its significant suppliers by emissions (covering both purchased goods and services) to have Science Based Targets by 2026.

TietoEvry's Science Based Targets represent our ambitious environmental agenda, which includes a commitment to be carbon neutral in own operations by 2025. We are working to decarbonize our operations and value chain. Our initial focus is to engage our suppliers to set Science Based Targets, to avoid emissions across the value chain, and to use more renewable energy sources. Energy and resource efficiency, including circular economy practices, are important areas in TietoEvry's climate action work. During 2022 we achieved 95% use of renewable electricity, and we are working towards procuring 100% renewable electricity for our facilities. We have also begun engaging our biggest suppliers to set Science Based Targets. We are also removing our remaining unavoidable emissions from the atmosphere through high quality carbon credits with externally verified impact.

TietoEvry's carbon roadmap, reaching up to the year 2030, entails activities to curb scope 1, 2 and 3 emissions even further. Activities include updating our transportation fleet, implementing a stricter Travel Rule, and measuring GHG emissions from suppliers.



# CASE

## TietoEvry software helps banks assess the ESG-risk profiles of corporate borrowers

Banks and other financial institutions face default risk when their corporate clients fail to meet climate-change targets. We've developed a solution that helps loan officers weigh the risk before granting credit.

New and forthcoming European environmental regulations are increasing the compliance obligations of companies and financial institutions. Those that fail to fulfil their responsibilities – which cover both day-to-day operations and

reporting – may be subject to fines or other measures that restrict their business.

These ESG requirements have both a direct and indirect impact on financial services companies. Not only are they subject to the new regulations and changing market conditions themselves, equally to their corporate debtors.

This represents risk to the banks, particularly when borrowers operate in carbon-intensive industries subject to strict scrutiny. The green shift is driving significant investment in new technologies – some EUR 350 billion in Europe alone – so banks are keen to provide this funding. But they need a reliable way to assess the risk.

### Structuring ESG risk assessments

This is the background against which TietoEvry has developed a new ESG and climate-risk software module. It's included as part of the credit-granting process, helping loan officers to assess companies before deciding to lend. The module is currently used by more than 30 financial institutions in Norway.

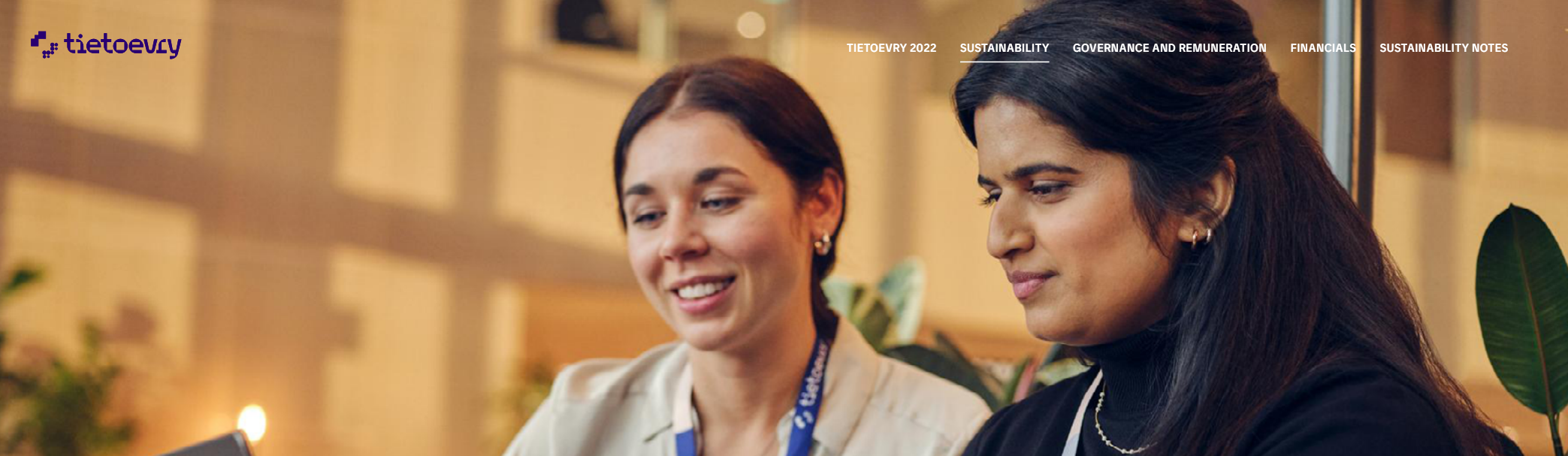
“The whole business environment is becoming more demanding in terms of ESG compliance,” says Amalie Eikeland, Product Manager ESG and Climate Assessment at TietoEvry Banking. “Financial-services companies are not just worried about a negative impact on their assets, but there's also a reputational risk in lending to

companies or financing projects that go in the opposite direction of the green shift.”

“ESG considerations are driving changes in consumer preferences too,” she says. “Banks do not want to invest in a company or an industry that will become irrelevant within a few years. With this software we're helping loan officers to identify, assess and monitor all these risks as a mandatory part of the credit-granting process.”

The module assigns potential corporate borrowers an initial risk profile based on the sector in which they operate. Then a parameter-based questionnaire – set and weighted by the banks themselves – reveals any additional risk





factors for the loan officer to consider. All data is stored for regulatory audits and any other additional use.

There's also functionality to capture industry-specific challenges and opportunities arising from the green shift, as well as a tool that flags if a customer is eligible for so-called 'green financing.'

**Minimal integration, maximum reach**

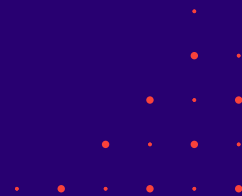
Risk profiles assigned by the solution can be aligned with the bank's risk framework, so loan officers can immediately make the right assessment. The tool is also integrated with the credit-granting process.

"There's reason to believe that carbon-intensive companies may struggle to get financing in the future, or at least not get it on favourable terms," says Eikeland. "But these companies are also the ones looking for investment to make the shift to greener business. They're often high-risk, high-reward prospects for the banks that our solution can help to assess."

The software operates as a stand-alone module with few external dependencies. This allows it to be used by any bank, or even a non-financial company, regardless of their core IT system. Created by a small pan-Nordic team within TietoEvry Banking, the module is now being

further developed in line with new regulations and business requirements.

"We've been developing the solution for the Norwegian banking market, but our mission has always been to offer it more widely. We're now moving to a focus on sales and have already started discussions with several banks outside of Norway," says Eikeland.





# CASE

## TietoEvry and Microsoft partner in Austria for award-winning sustainability projects.

From helping farmers predict frost to supporting retailers with energy-efficiency insights, TietoEvry and Microsoft have been making a sustainability impact in Austria.

In the Austrian chapter of Microsoft’s acclaimed partner awards for 2022, the company named TietoEvry at its number-one sustainability partner in the country.

TietoEvry Austria also won the sustainability category in the prestigious IT business eAward 2022 competition.

The partners’ flagship project brings TietoEvry’s analytics capability together with Microsoft’s Azure cloud technology, to help Austrian grape farmers tackle the perils of late-season frost.

One of the effects of climate change is that vines now bloom earlier in the spring than before. The first grapes used to appear in April or May – now they start showing as early as in March.

The challenge is that winter can still reappear at night, spreading frost on the vines to devastating

effect. A single frost event can kill off an entire season’s harvest. It’s estimated that frost damage cost Austrian vineyards and fruit orchards some EUR 70 million in 2017. Insurance organization Österreichische Hagelversicherung estimated the loss to be as high as EUR 200 million in 2016.

“To tackle this threat to their livelihood Austrian fruit farmers employ some extreme countermeasures,” says Lukas Keller, Head of Advisory and Marketing Lead at TietoEvry Austria. “Frost events are expected, so the farmers often drive around their vineyards at night – even covering hundreds of kilometres in a week – to measure temperature by hand at different points.”

“When potential for frost is detected, paraffin-burning candles are placed on the ground to keep the area warm. In larger areas under threat of frost the farmers will even call helicopters in to fly over their fields and swirl away the cold air,” says Keller.

All these practices are expensive, ecologically unsustainable, and cause huge personal and financial distress to the affected farmers. Some cannot even afford to take such countermeasures; covering a single hectare with paraffin candles costs approximately EUR 1 000 per hour.

### Sensor data with cloud technology

In a bid to find a viable solution to this challenge – the risk of which is increasing each year – a working group called ARGE FrostStrat brought Austria’s Ministry of Agriculture and several academic institutions together with Tietoevry and Microsoft.

Sensors were placed around the vineyards of 21 farmers in the area of Wachau, one of the most famous wine regions of Austria. Some of the sensors – which measure temperature, humidity, wind speed and topography – are buried in the ground, while others are attached to the trellises upon which the vines grow.

Data collected from the sensors is sent to the cloud and combined with real-time weather-forecast information. AI-based algorithms are then used to predict the timing and location of frost events. When an event is set to occur, the farmer receives a push notification through an app.

“By pinpointing the location and the timing of a frost event, our technology saves farmers from driving around and doing a lot of expensive manual work,” says Keller. “The farmer can set the critical minimum temperature value per vineyard, and then receive a notification immediately when the AI believes that value will be reached. This helps the farmers to act very locally.”

### Energy efficiency a top priority

Tietoevry and Microsoft have also been cooperating in a pilot project with BILLA Austria,



which operates over 1 200 stores across the country. As for any large retailer, the company must ensure optimal operation of these stores with reasonable effort and streamlined costs.

Many in-store tasks require energy, maintenance and servicing, so the goal of the project was to create a system and an open platform where data from all kinds of technical systems can converge, and where data silos are avoided.

Tietoevry and its Austrian partner Beckhoff Automation developed a scalable IoT solution that integrates all of a supermarket’s electrical loads via standard and trade-specific data interfaces.

In a study of one benchmark BILLA store, the partners combined all energy-generation and consumption data – from the ovens, lights, cooling systems, and Photovoltaic cells on the roof – into a single dashboard. This allows BILLA to compare energy usage across different metrics, receive automatic warnings in order to spot peaks, and identify areas for improvement.

“One of the biggest topics for companies right now is how to tackle energy costs, and of course reduce carbon,” says Keller. “With this pilot BILLA has much more information as a basis for defining its energy-consumption and carbon-reduction initiatives.”

“Together with Microsoft we have established ourselves as sustainability thought leaders in the Austrian market,” says Keller. “Whenever a customer has challenges to get their sustainability initiatives and ideas off the ground – and needs support in being more energy efficient – we can help with a proven solution that delivers the right insights to the relevant decision makers.”



# Circular economy practices

TietoEvry is one of the largest IT companies in the Nordics. We use hardware in our operations and also provide hardware (such as laptops and mobile phones) to our customers. Hence, our operations generate electronic waste.

We are aware of the fact that, according to the United Nations University's Global e-waste monitor, around 85% of total global e-waste is not collected for recycling. This increases the consumption of resources, the emission of greenhouse gases, and the release of toxic substances that may come from irresponsible waste-disposal procedures. Also, when e-waste is not properly collected, we lose considerable amounts of valuable secondary raw materials (for example aluminum, copper and gold). Collecting these reduces the continuous extraction of raw materials.

The aim of the circular economy is to keep resources at their highest value and not produce any waste. As a responsible corporate citizen we want to keep products and materials in use, so we are committed to supporting the transition

to a circular economy through appropriate reuse and recycling practices. Reusing and recycling hardware in a structured manner is an important step towards enabling circular economy practices for both ourselves and our customers.

### Our approach

Our aim is to minimize the negative environmental and social impacts of device production and logistics. We do so by managing our purchasing process and by taking responsibility for sustainable usage and end-of-life handling.

TietoEvry is responsible for a hardware fleet of various types of computers and mobile devices that we provide for our 24 000 employees as personal IT equipment. Our customer operations team also supports our customers and around 400 000 of their end users with devices such as laptops and smartphones.

We strive to extend the devices' lifetime and to reuse them. On the other hand, we are aware of the fact that there might be negative

## PERCENTAGE OF REUSED AND RECYCLED HARDWARE

Target 2023, %

100

Result 2022, %  
Internal

90

Result 2022, %  
Customer

95

Scope: result based on reuse of returned devices (mainly laptops).





Our aim is to minimize the negative environmental and social impacts of device production and logistics.



impacts in applying circularity practices, for instance in logistics and through the effects of reuse processes. Newer generations of devices are more energy efficient, so we make the comparison between used versus new devices when purchasing equipment.

To better understand the needs and usage patterns of our employees, we collect information about the devices – including purchase date, purchase price, and technical specifications – and combine this with HR data. Regarding the devices our customers source from us, we collect and make the information available to them by utilizing the Lifecycle Management (LCM) framework. This helps us to direct and recommend suitable devices for people making purchases, by taking into consideration the role of the device, and limiting energy consumption, material usage and greenhouse gas emissions.

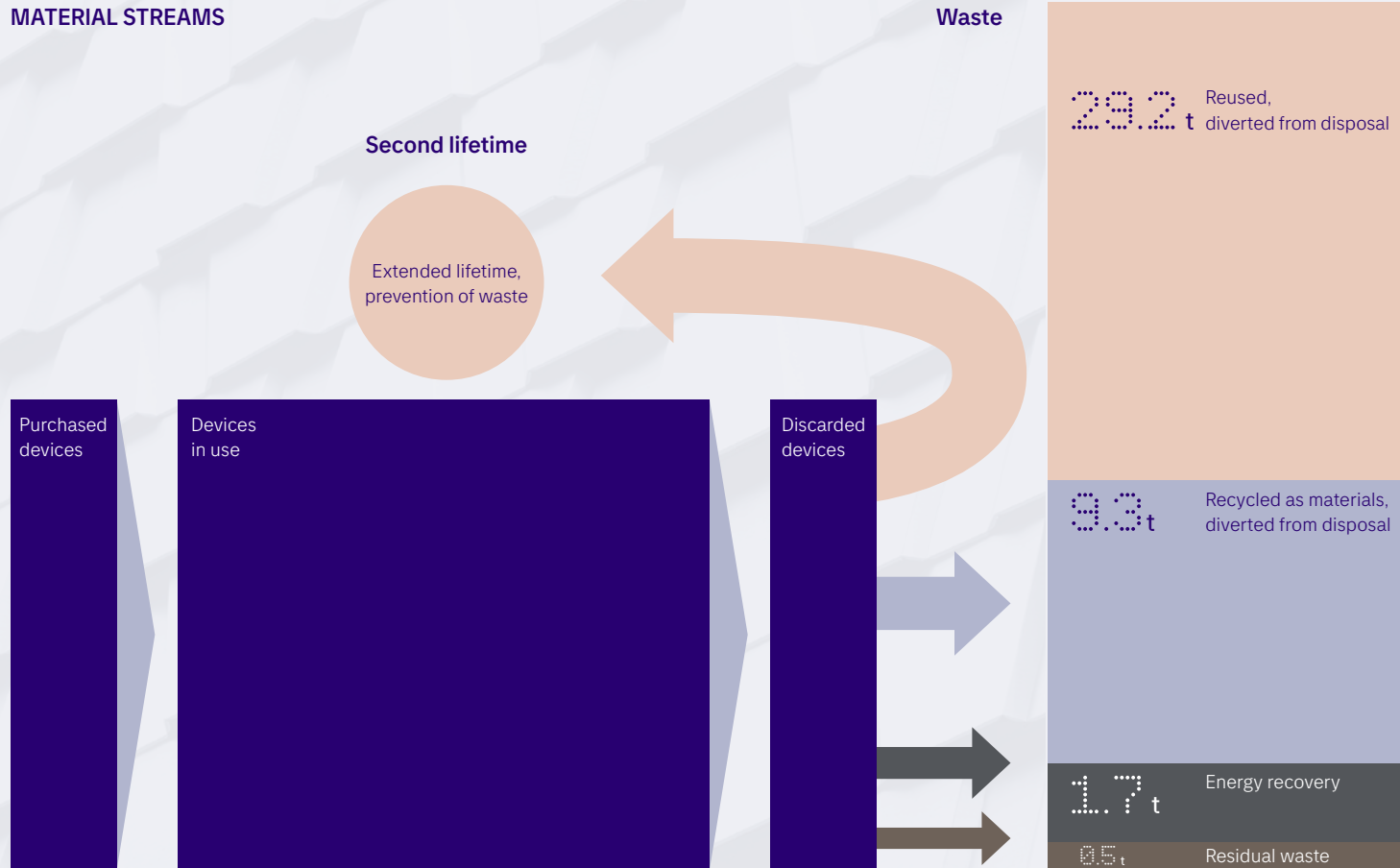
TietoEvry's Procurement function purchases hardware for employees, while the End-User Services business at TietoEvry Connect is responsible for purchasing the hardware delivered to customers, and also for ensuring that our customers' and TietoEvry's own environmental requirements are met. This includes TCO certification – an independent sustainability certification for IT products – or Energy Star certification for hardware devices. TCO certification covers both social and environmental impacts during the whole lifecycle. All TietoEvry's hardware suppliers and service providers are required to have relevant

environmental certifications in place, such as ISO 14001 or the equivalent. When we purchase IT equipment and devices we ensure they are manufactured in a sustainable way, taking into account the conditions of the workforce. Read more in [Responsible sourcing](#).

End-User Services also provides standardized lifecycle management services, which include end-of-life handling. This covers taking back used hardware, the secure erasing of data, the grading of hardware to determine its condition, and re-sale or recycling.

To ensure that out of use equipment will be returned, we have a control system to search for missing devices. The return process requires an effective logistics operation, and in certain geographic locations (such as in India) we have a challenge finding a suitable partner for this. Hence, our return process currently covers our main European locations, but our ambition is to scale to a global coverage. We are constantly working on improving our device return rates.

## MATERIAL STREAMS



## Progress in 2022

In 2022 we recycled and reused 93% of the laptops received in our end-of-life processing. In addition, 95% of the laptops received from our customers were reused or recycled in our device lifecycle services. In March 2022 we set out a new mobile device policy requiring users to return company-owned units. This is a continuation of a similar policy rule issued in 2021 for laptops. To support the implementation of device policies, a refreshed and user-centric device return process was issued in spring for TietoEVRY's main locations in Europe. In the autumn, we launched a circularity campaign with the purpose of increasing awareness about the process, sustainability and device return information among users. The campaign included trainings as well as internal and external communications towards users. We reached approximately 30% of the employees in the targeted locations and were able to reduce the number of unreturned devices by 40%.

We have successfully completed the consolidation of the asset management systems of the former Tieto and EVRY and now have a standardized approach to the purchasing and leasing of hardware devices for our customers and employees.

To ensure and improve our e-waste management practices, TietoEVRY has collaborated with our main device management partner to have visibility on material reuse and end-of-life treatment processing and outcomes for devices that cannot feasibly be reused. Our

<sup>1)</sup> The figures shown in illustration concern the operations of TietoEVRY Europe and our main regional partner, covering approximately 75% of the estimated total volume of laptops for internal an customer use.



main material recovery partner for Tietoevry's devices achieves an 81% recovery rate for materials for the subcategory of electronic waste that Tietoevry produces (i.e. laptops and mobile devices).

We consider as waste the devices that are returned to the take back system provider for recycling. During 2022, Tietoevry generated 41.2 tons of discarded devices where 29.8 tons was directed for reuse and 9.3 tons where recovered for recycling. Remaining material was incinerated producing energy, 1.7 tons, or disposed as residual waste, 0.5 tons. This is operated through using environmentally sound practices by our third-party provider. The figures used in this report concern the operations of Tietoevry in Europe and our main regional partner, covering approximately 75% of the estimated total volume of laptops.

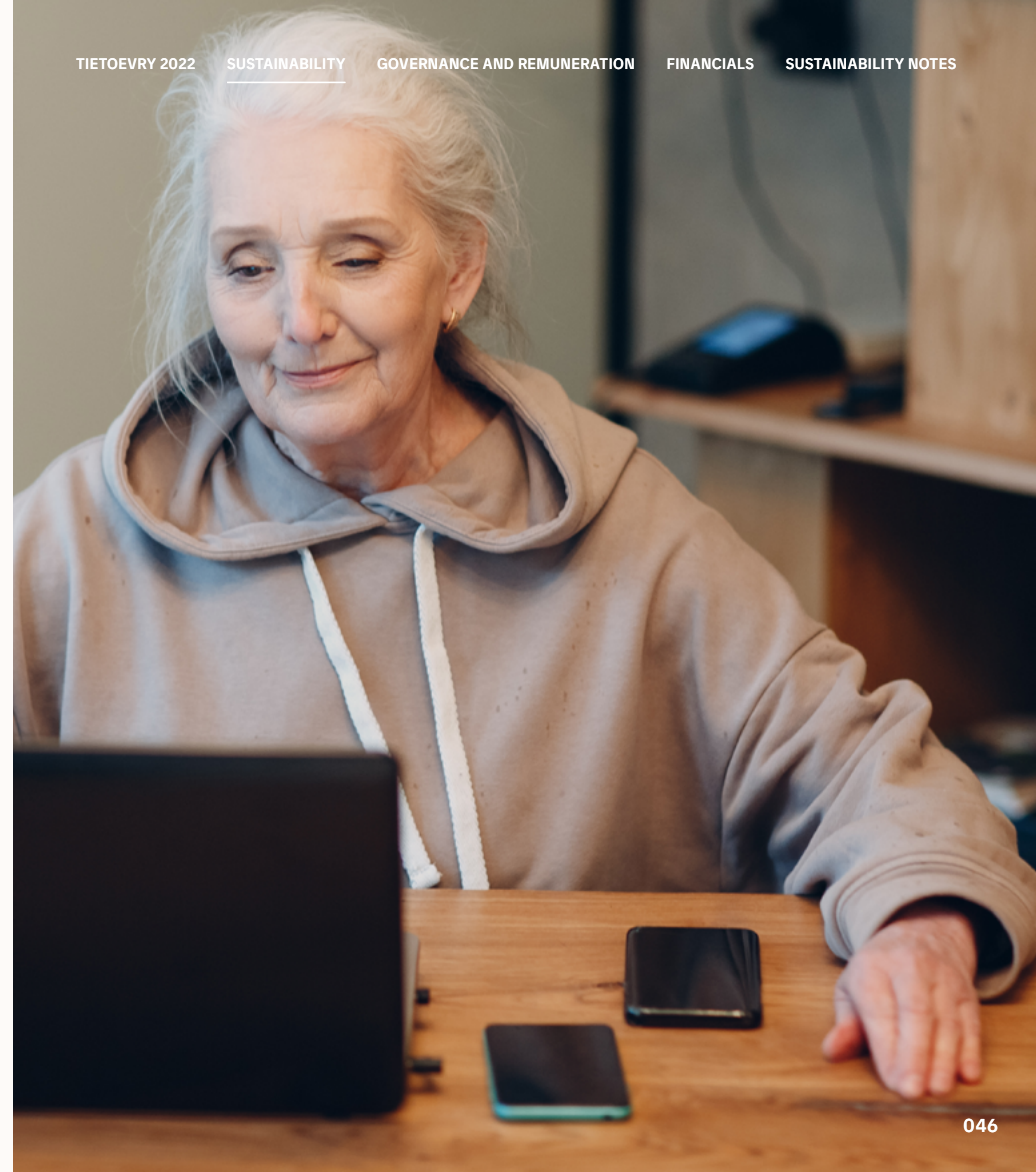
**Looking ahead**

In 2023 we will proceed in the global rollout of harmonizing the requirements for our suppliers, taking into consideration energy efficiency, greenhouse gas emissions, waste, and the impact on society and people's health. We strive to eliminate the negative effects of greenhouse gas emissions by using renewable electricity generated by wind, hydro or solar power. We also aim to minimize the harm of waste by using trusted partners and service providers who are aligned with our requirements, and by cooperating with them to improve reporting. Our aim going forward is to purchase devices that are durable and easily recyclable at their end of life.

We will continue work with our stakeholders to improve the return rate of laptops and mobile devices globally. We will also continue work to include more device categories – e.g. monitors, screens and telco devices – in the same lifecycle management and return process.

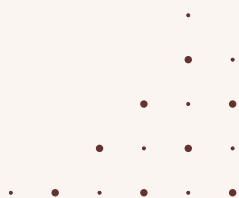
During 2023 our aim is to improve our management system by introducing a sustainability portal that provides real-time data on returns and greenhouse gas emissions.

Through Tietoevry's six independent businesses we have a huge opportunity to expand and support sustainability considerations in our operations and business deliveries. Starting in 2023 we will detail our level of internal reporting to serve our individual businesses to further improve their sustainability management and actions.





## EXCITING PLACE TO WORK



We help to create smarter and more sustainable cities, increase wellbeing for citizens, and support our customers' digital transformation. Our employees are developers of digital futures, using their specific sets of skills and expertise to create technology that reinvents the world for good. Our people are the key source of our competitive advantage, hence the employee experience is a top priority for us.

Our values – openness, trust and diversity – stem from our Nordic heritage and steer our work. Diverse skills, capabilities, perspectives, knowledge and ideas are what build sustainable solutions that solve our customers' challenges, and allow us to create a workplace where everyone can thrive.



# Diversity and inclusion

Creating the culture of the company is a joint effort for all of us. We believe diversity and the creation of equal opportunities are critical components for fuelling innovation, which translates into better services for our customers.

## Our approach

Technology is a key enabler in solving the problems of today and of the future. Different technology users have varied needs, and therefore representation and inclusion of different perspectives is important. Building solutions with diversity, inclusion and accessibility in mind requires diverse teams. The technology industry suffers from a shortage of talent and the competition to hire from a limited talent pool is strong. To be an attractive employer, we need to ensure all current and future employees can grow and thrive with us.

Diversity and inclusion are crucial for us in many ways. Gender-balanced workforce is more likely to have varied perspectives and approaches,

which result in better decisions, increased innovation, and more successful business overall. Gender diversity is correlated with both profitability and value creation. Our ambition is to be inclusive to all – majorities and minorities alike. Diversity means valuing differences and having the utmost respect for everyone as an individual – regardless of sex, gender identity, nationality, religion, belief system, race, age, disability, sexual orientation, political opinion, union membership, or social or ethnic origin.

A diverse and inclusive workforce is generated through continuous dialogue. When working together in a company with more than 24 000 employees, a systematic approach is required. Our company-wide survey, OurVoice, focuses on three areas: Achieving Together, Keep Learning, and Leadership. Having the opportunity for regular dialogues and continuous learning are highly valued by our employees. MyGrowth check-ins are our framework for personal development. Read more in the section on [Employee Experience](#).

## TOTAL SHARE OF FEMALE EMPLOYEES

Target 2026, %

40

Target 2030, %

50

Result 2022, %

31

Permanent employees (headcount)

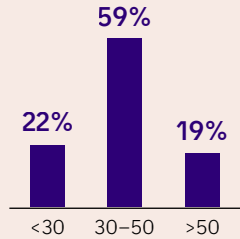




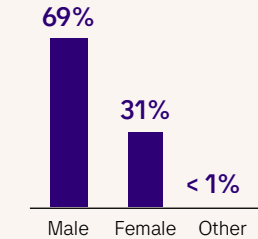
TOTAL NUMBER OF EMPLOYEES 2022 (HEADCOUNT END OF YEAR)

25 494

EMPLOYEES BY AGE 2022

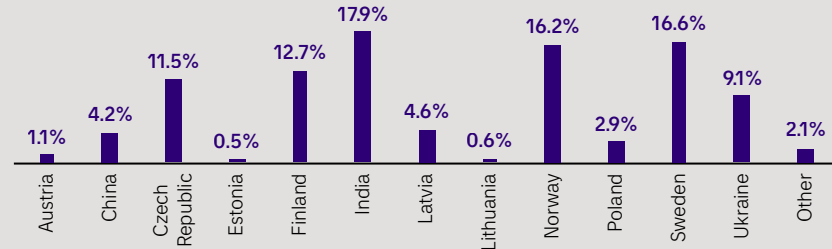


EMPLOYEES BY GENDER 2022\*



\*Permanent employees (headcount)

EMPLOYEES BY REGION 2022



Our Code of Conduct and our Diversity and Inclusion Charter outline the principles for diversity and inclusion at TietoEvry. Everyone participates in creating a diverse and inclusive culture. Each manager is responsible for ensuring diversity in their teams. Managers have the responsibility to inform, engage and educate their team members on our policies, promoting inclusive behaviour and minimizing biases in the workplace. Our six end-to-end businesses implement diversity and inclusion in their respective units and teams. The overall responsibility for ensuring a diverse workforce where people feel included lies with the CEO and the Group Executive Management.

**Diverse workforce - a tool for success**

Diversity is a highly prioritized topic for the members of our Talent & Acquisition team. They work towards our diversity goals when hiring and attracting new talent. We have a bold target to increase gender balance at TietoEvry, aiming at reaching 40/60 (women/men) by 2026 and 50/50 by 2030. TietoEvry strives to have, at any given time, the proportion of female leaders equal to or greater than the overall share of female employees. Our ambition is also to ensure final candidates of both genders when recruiting internally and externally.

Our diversity ambitions reflect the global markets we operate in, with a mix of around 80 different nationalities and cultures represented among our employees. We support internal mobility across national and business structures, and our talent acquisition is based on a global talent pool.

An inclusive culture, where people experience psychological safety, is a prerequisite for creating a diverse workplace. An inclusive workplace offers equal opportunities for jobs, wages, benefits, leadership and personal development, as well as access to training. Read more in the section on [Employee Experience](#).

We measure diversity and inclusion in multiple ways. Our employee survey, OurVoice, runs three times a year. In addition, a Cultural Audit Survey monitors the cultural balance and development of the company. Our 50/50 gender balance ambition is monitored on a regular basis across our businesses and countries. Our HR function provides the Group Executive Management (GEM) with quarterly updates on developments in various aspects of our [Diversity and Inclusion Charter](#).

**Progress during 2022**

During 2022, several of our GEM members took part in Diversity and Inclusion Taskforce aimed at defining group-level activities for how to advance our Diversity & Inclusion ambitions. The taskforce instituted a roadmap with seven themes to accelerate group-wide activities within the area. Also, the new long-term incentive plans for TietoEvry leaders include a target on increasing the share of female in new recruits.

Other activities set by the Diversity & Inclusion Taskforce focus on succession planning, with the aim of ensuring that managers have adequate visibility and support in advancing diversity & inclusion as hiring principles. In 2021 we took



the first steps towards our gender balance target by looking into our recruitment and succession practices. During 2022, these actions were further enhanced in each of the businesses and group functions providing succession plans where both genders are represented for all senior-leadership positions. These succession plans will be reported to the Group Leadership Management on a quarterly basis via the Chief HR Officer. The implementation of the new way of working is well underway, with some units standing out as good examples.

The work will continue in 2023. Our six end-to-end businesses are in the process of establishing their diversity activities and related monitoring. For example, TietoEVRY Create has formed a diversity forum to advance the topic within the business. All the managers of TietoEVRY Create have gone through an unconscious-bias training. On a Group level, we will also embark on creating a training package for employees to raise awareness on diversity & inclusion throughout the organization.

Increasing the share of women in the tech industry is a challenge that TietoEVRY addresses on a grassroots level. To meet our goal of a 50/50 gender split by 2030, the pool of applicants needs to be more balanced in gender ratio. To encourage girls to apply for a career in IT, TietoEVRY put together a guidebook – “Being an IT girl” – to introduce some career paths in the technology industry. The guidebook is distributed in Finnish, Swedish, Norwegian and English, and is aimed at

informing girls about the work in technology and attracting them to the field.

We have also continued to use anonymous recruiting for our graduates. In this method of recruiting, we receive no information about the candidate’s age, gender or education in the early stages of the recruitment process. Instead, all applicants go through a game where certain themes are explored, such as how willing they are to take risks, their level of engagement, and how fast they can perform different tasks. Basing decisions on data removes the risk of bias influencing the applicant’s chances to proceed in the recruitment process, as the focus remains solely on the competence and skills needed for the job.

During 2022, TietoEVRY recruited a total of 207 graduates in the Nordic graduate programme, of which 64 were female. Compared to 2021 figures, we have managed to keep the recruitment level of graduates steady. However, there is a slight decrease in the percentage of women recruited through our graduate programme. One explanation for this may be that the share of females applying for highly technical roles as software developers is in general low. This is a problem we share with other companies in our industry. In total, during the years 2017-2022 we have recruited 856 graduates in our Nordic graduate programme, of which 37,4% have been women.

By the end of 2022, the share of women in senior management positions at TietoEVRY was 23 %, which is at the same level as the previous year. Overall, the share of permanent female employees in the workforce increased compared to 2021, to 31 (29 % in 2021). The share of total females hired in 2022 was 32%, which is an increase compared to 2021 when 27% of new employees were female. On 31 December 2022, TietoEVRY's Group Leadership Team comprised eight men and two women, and TietoEVRY's Board of Directors comprised nine members elected by the Annual General Meeting, including six men and three women.

As an additional method to increase transparency in diversity and inclusion, TietoEVRY participates in the SHE Index in Finland, Sweden and Norway. The index is a cross industry voluntary measurement of how companies perform in terms of gender balance, gender equality policies, and diversity and inclusion. In Norway, TietoEVRY was ranked 10<sup>th</sup> in 2022, with a score of 89, improving two positions from 2021. In Sweden, TietoEVRY was ranked 15<sup>th</sup> with a score of 68, however going down 14 positions from 2021. In Finland, TietoEVRY ranked as 4<sup>th</sup> in the index in 2022.

Our commitment to diversity and inclusion can be seen in the composition of our workforce. We are proud of the 35 nationalities represented at our headquarters in Espoo, Finland. At our Stockholm office in Sweden we have 29 nationalities, and at our Fornebu office in Norway we have 32. Targeted efforts to recruit young

professionals (aged 30 or younger) resulted in the onboarding of 2,450 young recruits (46% of our total recruitments during 2022). At the end of the year, the average age of TietoEVRY employees was 39,7 years.

During 2022, TietoEVRY participated in a wide range of activities, forums and discussions on diversity and inclusion. TietoEVRY was the Gold Sponsor for the SHE Conference on gender balance in Finland, Sweden and Norway, with keynote speeches, workshops and a recruitment stand to share information about working with us. At the Slush technology conference TietoEVRY acted as a main partner, and also joined a Slush Partner event on Driving Diversity, Equity and Inclusion (DEI) in Tech. This was done together with Inklusiiv, Venture ESG, Nasdaq Entrepreneurial Center, NGP Capital and TEK.

In Finland and Sweden, TietoEVRY has participated in female technology networks such as Women in Tech and the Inklusiiv forum. In Sweden and Norway, TietoEVRY has held leadership trainings aimed specially at women, to develop female leaders and to establish sustainable leadership within the company. As a grassroots initiative, a team of software developers, functional analysts, HR specialists and designers have formed an Accessibility Team. The team trains and educates colleagues to ensure accessibility-related knowledge sharing and support at various levels of the organization.



During 2022, TietoEVRY participated in a wide range of activities, forums and discussions on diversity and inclusion.





During 2022, 35 cases consisting of discrimination and harassment allegations were submitted. Out of the total number, 14 cases of discrimination allegations and 8 cases classified as harassment were submitted through our Whistleblowing Channel. In addition, 13 cases classified as harassment were reported through HR. Two cases in total were identified as sexual harassment. Following due investigation, 31 cases have been closed, and four are still ongoing. 12 remediation plans were implemented in 2022, with two results reviewed through internal management review process. No remediation plans are currently being implemented and 14 incidents are no longer subject to action.

There has been an increase in reported cases during 2022 through both HR escalations and to the Whistleblowing Unit in TietoEVRY. The increase in cases reported in is partly attributed to increased awareness and compliance maturity in the organization. During 2020 and 2021 there was a decrease in reported cases where the pandemic limited physical interactions in the workplace. The increase of 2022 could therefore be partly attributed to a return to normal level of reporting in the organization. We want to underline we have zero tolerance for breaches to our Code of Conduct, including discrimination and harassment. We continue our efforts to prevent such behaviour in our organization.

### Looking ahead

Due to the launch of our new business strategy and our operations being run in six end-to-end businesses, there will be a need to review how we work with diversity and inclusion in practice, and how we take the diversity and inclusion roadmap forward. Our actions will include setting measurable goals for diversity and gender balance per business unit, identifying successors and final candidates for leadership positions, as well as scanning and shaping our recruitment practices in general. We also aim to increase development and mentoring initiatives for female leaders, as well as to build awareness across the organization through initiatives such as trainings on unconscious bias. Salary comparisons across the key roles and countries will be one of our key initiatives going forward. This is vital in establishing a transparent and systematic way to follow-up on the development of gender balance in our new businesses, and ensuring progress towards our long term ambitions.

As 2023 is the final year in our sustainability strategy 2020–2023, we will begin working on assessing our diversity and inclusion roadmap for the upcoming years.





# CASE

## Inclusion drives innovation

TIDA is a time-keeping solution for employees with disabilities. Created in collaboration between Tietoevry and a municipality in northern Sweden, the solution is winning wide acclaim on its way to commercial roll-out.

### One of our guiding principles at Tietoevry is inclusion

This not only means creating a workplace where everybody is welcome. It's also about finding ways to bring the benefits of technology to people with cognitive or physical disabilities.

Much of this work is led by Tietoevry's Design and Innovation Lab, a 16-person team of business developers, UI/UX designers and tech specialists across the Nordics. The team functions as an internal consultancy, helping Tietoevry's product owners create customer experiences that work for everyone.

"One of the main themes guiding our work is digital inclusion," says the Lab's Head of Design Fredrika Ling. "We design digital services with deliberate consideration for people with disabilities or other challenges, so that they are not excluded. The work usually starts with a problem that you need to solve. This is how TIDA was created."

## The time-keeping challenge

In early 2020 the team was approached by colleagues from Tietoevry Welfare – now part of Tietoevry Care – about a challenge faced by the municipality of Skellefteå in northern Sweden.

Skellefteå runs 29 local activity centres that employ people with various levels of disability. Some of the employees work in the centres themselves, while others have jobs in local stores and companies.

The challenge lay in accurately tracking the employees' working hours so they could be paid properly each month. The municipality's financial administrator would often receive incomplete timekeeping reports, which meant work needed to

be done on tracking down the correct hours. It was a time-consuming task with a high risk of error.

"The municipality had initially wanted to create a smartphone app to solve this problem, but we encouraged them to start thinking from the perspective of the user group," says Ling.

"Some of the municipality's clients have a high cognitive ability yet face certain physical challenges that prevent them from working in regular jobs. Others have low cognitive abilities, or severe physical disabilities and limited motion. So we needed to think smart and approach the challenge from the widest possible perspective," she says.

### Putting the user first

A project group was created to bring TietoEVRY's Design and Innovation Lab together with the company's welfare unit and several representatives from Skellefteå Municipality.

The work kicked off with a research-based discovery phase, where Ling's team visited Skellefteå's activity centres and the other locations. They wanted to see how the clients arrive and depart each day, the different challenges they face, and how they communicate.

"We discussed many different ideas, brainstorming everything from smart watches to facial-recognition software. In the end we proposed an IoT-based solution that combines both physical and digital elements. This is TIDA," says Ling.

The name TIDA is a play on the Swedish word for time: tid. The solution itself is a two-state physical sliding mechanism that attaches to a wall in the workplace. It functions with the familiar mechanical logic of the locks or signs used to indicate whether a room is occupied or unoccupied.

When a client arrives at the workplace, they simply slide the mechanism from one position to the other to clock in and activate the time tracker. A built-in chip sends this signal via Wi-Fi to a central screen in the location and activates a voice assistant to welcome the person by name. To clock out at the end of the work session, the employee slides the mechanism back in the other direction.



TIDA shows a different colour for each day of the week, using Sweden's standard colour codes for communication with disability-affected people. For employees who are unable to use their hands, an arm mechanism or cord can be added to TIDA that it can be activated using the mouth, head or another part of the body. TIDA can also be personalized with the employee's own picture.

"The fantastic achievement with TIDA is that 100% of the people we made it for are able to use it. We can onboard every single person," says Ling. "The other great thing we see is how much it empowers people. The higher value of TIDA is the feeling of independence it brings."

### From concept to commercialization

The team's work has not gone unnoticed. Skellefteå Municipality showcased the solution to win an EU Access City Award, which recognizes work that prioritizes accessibility for people with disabilities. TIDA was also named as a 2021 finalist in one of Sweden's top tech competitions, the CIO Awards, and it won a regional competition recognizing digital development at the end of 2022.

Following TIDA's successful roll out across multiple locations in Skellefteå, several other Swedish municipalities are expressing interest in the solution. This is where Ling's team hands over to TietoEVRY's business units to include TIDA in the company's commercial offering.

"TIDA is the result of some incredible collaboration between the Design and Innovation Lab, TietoEVRY Care, and Skellefteå Municipality," says Ling. "Approximately two-thirds of Swedish municipalities are TietoEVRY Care customers, so there is a huge opportunity to roll TIDA out commercially. We're seeing a lot of interest in the solution."

"I'm super proud of what the team has been able to achieve. We hand over a lot of projects, but this one in particular is very near and dear to our hearts," she says.



# Employee experience

Our people and their wellbeing are top priorities for us, and we strive to build a workplace where everyone can flourish and feel appreciated. We want our employees to feel commitment to our company and to grow and develop themselves with us.

## Our approach

TietoEvry is one of the leading technology companies in the Nordics, with a strong Nordic heritage and global capabilities. Our 24 000 experts globally serve thousands of enterprise and public-sector customers in more than 90 countries. Employee experience is one of our main focus areas throughout the organization, and we see committed and happy employees as a valuable investment that subsequently contributes to the success of our customers.

As our societies digitize faster than ever – with all companies increasingly utilizing technology in their operations – the need for new skills is constant and the competition for talent is getting fiercer each year. We need employees with a deep understanding of digitalization and the

latest technologies, as well as an understanding of specific industry and customer needs to help our customers in their digitalization journey. Our customers expect us to also understand local market environments, legislation and regulations. This means we need to constantly re-skill and up-skill our employees, as well as recruit new talent with the right experience.

TietoEvry's Human Resources (HR) function manages our people and performance, helping our company to deliver its corporate strategy and objectives. The function is led by the Head of HR, while the six business unit HR leads are responsible for business-specific HR operations and agendas. The business unit HR leads report to the Managing director of each business. The central Group HR governs the employee experience together with the HR network in the businesses. Employee engagement activities are followed up through our employee-engagement survey OurVoice three times per year. Our employees provide feedback on how we are performing in key areas, and based on the feedback we take actions and

## EMPLOYEE ENGAGEMENT SCORE

Target 2023, %

>75

Result 2022, %

82





optimize our work with the aim of improving the employee experience in a constantly changing environment. The survey results are reviewed and discussed in the Group Executive Management team, as well as within the businesses and teams across the organization.

We support freedom of association and collective bargaining as defined in the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and as stated in our Code of Conduct. Local employment laws and practices, collective agreements, and individual contract terms are followed.

European Works Councils (EWC) are bodies representing European employees. TietoEVRY's management works constructively with the employee organizations through both the EWCs and the local works councils and unions. This is to inform and consult on the business and on any significant decisions at a European level that could affect our people's employment or working conditions.

We also look to collaborate closely with personnel representation bodies. Our personnel elect members and deputy members to the company's Board of Directors. This is done by the personnel representatives in accordance with the Personnel Representation Cooperation Agreement and Nordic practices.

In the countries of operation where collective bargaining is not applied – such as China and

India – we facilitate local forums where these topics can be addressed.

In China, one example of how we do this in practice is by frequently running all-employee calls where employees can openly ask questions and raise their concerns anonymously. We also invite employees in China to contribute to discussions on important operational questions via surveys and crowdsourcing, and we have representatives from China actively participating on the Advisory Board of TietoEVRY Create (one of our end-to-end businesses that has employees in China).

In India we have multiple forums that enable employees to raise up their voice. These include the India Leadership Network and the Pune Leadership Network, both of which have representatives from all TietoEVRY businesses. TietoEVRY employees also participate in iLead (an India-wide committee driving diversity and inclusion work for our India delivery centers), and in the Anti-Harassment Committee, which resolves all grievances and harassment cases reported by employees. In addition, we encourage our employees to use our company wide tools – Ask HR and other Employee Self-service tools – for day-to-day operational queries, support and feedback.

In 2022, 42,99% of our employees were covered by collective bargaining agreements. However, the differences between countries are extensive, with the highest participation being in Sweden (92%) and in Finland (95%). For employees



Continuously bringing employee's perspective and voice to the development of TietoEvry

Our voice

Establishing a regular solid feedback and dialogue cycle across the organization

not covered by collective agreement, the organization determines their working conditions and terms of employment based on collective agreement that covers other employees in the organization.

As in previous years, in 2022 we mapped our operations in relation to geographical areas in which employees' rights to exercise their freedom of association or collective bargaining may be violated or are at significant risk. The majority of our operations take place in areas where the risks are low, but a large proportion of our operations are also taking place in areas where there are large risks for violations or no guarantee of rights (35% of total operations). In these countries of operation – such as in China, Ukraine, Poland and Serbia – we strive to facilitate local forums where these topics can be addressed.

**Keep Learning – boost learning for the future**

Curiosity and lifelong learning are crucial parts of our culture and the keys to success in our dynamic industry, so developing and nurturing a learning culture is essential for us. We call this “Keep Learning”. Our global processes to support lifelong learning include our voluntary competence-based Learning Communities and the Cornerstone learning platform.

Cornerstone is the home for our corporate learning, where one can find different formats of learning created by our internal experts, teams and programs. The platform offers various

learning modules on areas like data, analytics and the cloud. On the Cornerstone Learn app, learning is bite-sized and available on mobile so our employees can learn anytime, anywhere.

The TietoEvry Learning Communities focus on social learning, which allows people to learn from each other and grow together. The communities serve as arenas for people with different expertise to connect across countries and business units to learn new skills through meet-ups, webinars, demos and more. In these communities our employees share their learnings from both successful and unsuccessful experiences, thereby helping to deepen our collective knowledge.

Both Cornerstone and the TietoEvry Learning Communities provide opportunities for our employees to learn and share experiences. The forums have turned participants into active creators and curators of so-called learning playlists, i.e. suggested curriculums.

To further boost our learning culture during 2022, two Keep Learning weeks were organized to highlight the importance of learning and maintaining new skills. Keep Learning weeks included a total of 84 themed sessions and involved more than 5,200 learners in the activities, which is a big increase compared to 2021 with 3,200 learners.

Our customers demand that we have the competencies to solve the challenges they face. To understand these challenges and



ultimately to fulfil our customers' needs, the right components, skills and expertise must be brought into our dialogue with them. For example, TietoEVRY Connect, together with our strategic partner Microsoft, has been building the largest Azure professional network in the Nordics by certifying 2,600 Microsoft Azure-cloud professionals at TietoEVRY during 2021–2022.

### Progress in 2022

The beginning of the year 2022 was marked by the continued pandemic and the beginning of the war in Ukraine. These affected the whole world, putting an extensive focus on our employees' safety and well-being, as well as business continuity. Read more in the info box on the right side of the page.

Since the pandemic began in 2020 we have been practicing remote ways of working. We call it Hybrid Work and it has now become part of our DNA. Hybrid Work has given many of us the opportunity to better balance our work and our daily lives. According to our surveys among our employees, a majority of us are also experiencing a greater level of productivity when working from home, and most of our employees prefer to come to the office for 1–2 days per week.

### We stand with Ukraine

TietoEVRY has more than 2 000 employees in Ukraine. We have been deeply concerned for the safety of them and their families and supporting them in these challenging times has been our top priority in 2022.

The company's response plan was activated in February 2022, focusing on securing the safety of our Ukrainian colleagues and ensuring operations and deliveries for our customers. We started our efforts to evacuate them and their families to safer areas in Ukraine, as well as to Poland and Romania, for example. We arranged hotel rooms and rental places, transportation, first aid supplies, and necessities such as SIM cards, bank accounts, and laptops for the employees in new locations. We also provided advance salary payments for all our employees in Ukraine and supported legal and health services based on need. We are also continuously raising delivery resilience to ensure business continuity.

The worry for the safety and well-being of our Ukrainian colleagues is with us – and we truly hope that this war comes to an end soonest.

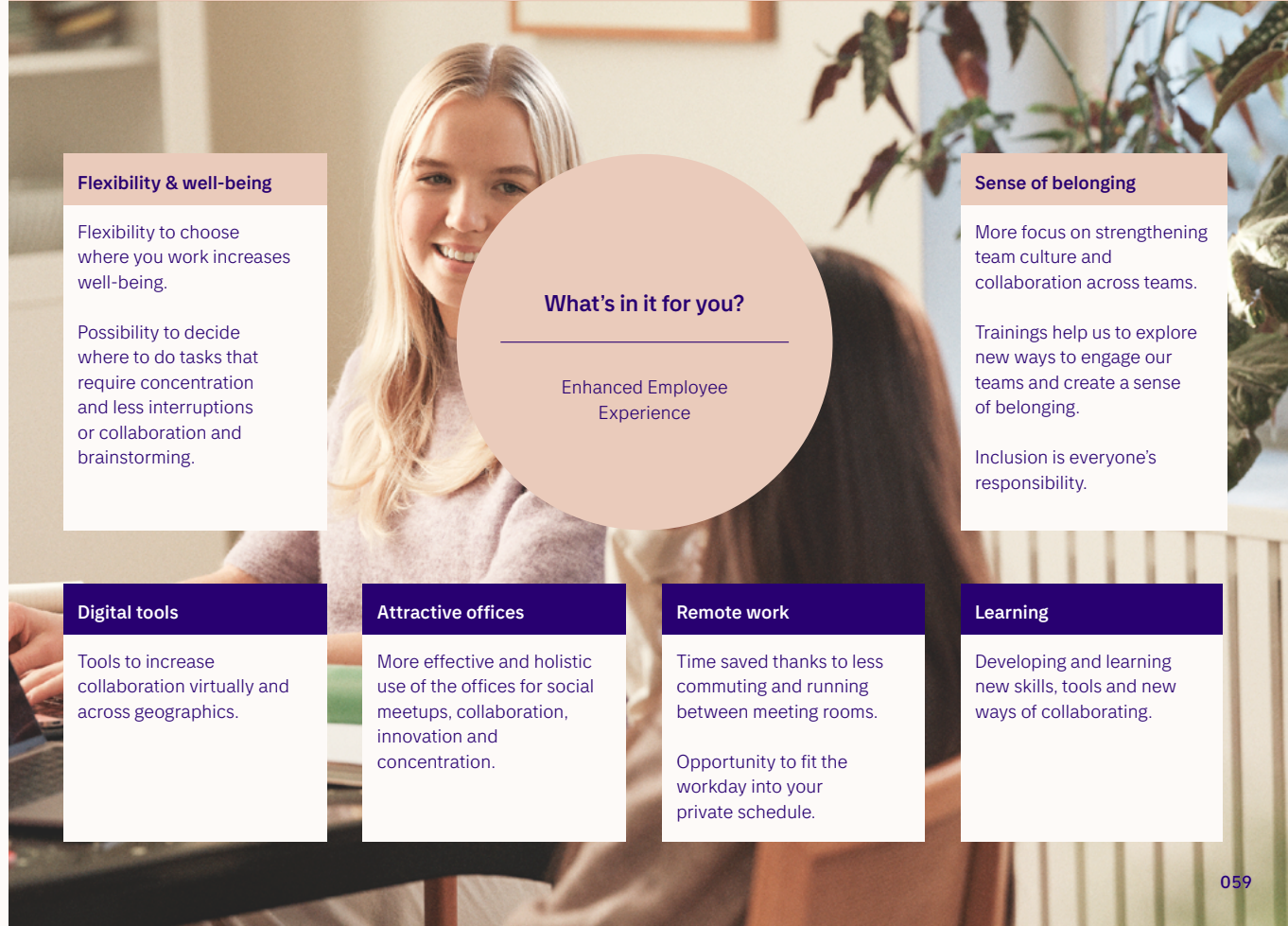


## HYBRID WORKING AT TIETOEVRY

As a company, we must be flexible in responding to our employees' different needs, hence our future way of working continues to be hybrid – a combination of working remotely and from the office. Our offices offer our employees a place for collaboration and co-creation, and we have seen a slight increase in people coming to offices during 2022. We also opened a new office in Solna, Sweden which serves as a hub for tech experts also outside of TietoEvry. We have supported our remote working employees in different ways in different locations. In places where we have closed old offices we have even been able to offer employees electric desks, extra screens, keyboards and other office equipment that they can borrow to make their home workspace more practical and ergonomic.

We trust our employees to judge how to work. This means balancing global and local regulations with the needs and wishes of customers and their team, as well as carefully considering the well-being, development and productivity of each individual. Our hybrid way of working aims to enable even greater flexibility, proximity to customers, and less business traveling. We welcome any long-lasting impacts on sustainability, as we also need to mitigate the effects of climate change.

In 2022 our Group Internal Audit conducted a group-wide, anonymous "Behaviours in business" survey to identify employees' behavioural patterns on business-critical topics around our Code of Conduct & Speaking Up, Inclusion and Equity, and Well-being and productivity. The



### Flexibility & well-being

Flexibility to choose where you work increases well-being.

Possibility to decide where to do tasks that require concentration and less interruptions or collaboration and brainstorming.

### Sense of belonging

More focus on strengthening team culture and collaboration across teams.

Trainings help us to explore new ways to engage our teams and create a sense of belonging.

Inclusion is everyone's responsibility.

### What's in it for you?

Enhanced Employee Experience

### Digital tools

Tools to increase collaboration virtually and across geographics.

### Attractive offices

More effective and holistic use of the offices for social meetups, collaboration, innovation and concentration.

### Remote work

Time saved thanks to less commuting and running between meeting rooms.

Opportunity to fit the workday into your private schedule.

### Learning

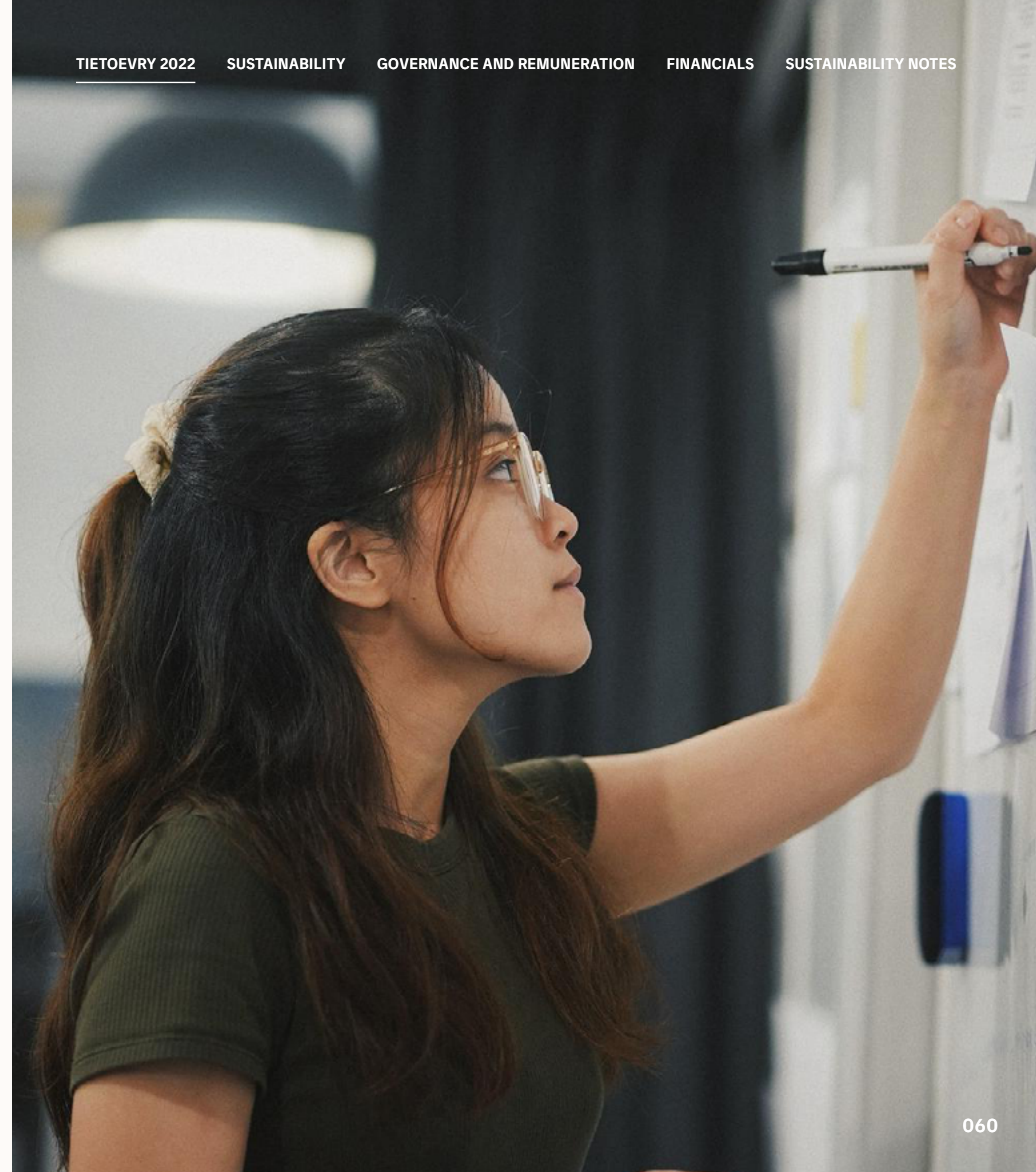
Developing and learning new skills, tools and new ways of collaborating.



results indicate a positive dialogue (inclusion, listening and caring) about employee well-being, both as individuals and as teams. Key findings were that the majority of the employees speak up on unethical behaviour, and the company encourages employees to report potentially unethical behaviour. Speaking up is also actively supported by managers and HR. Also, a vast majority of employees feel that they can be their authentic selves at work. They feel that they are treated equally, they can express themselves on matters affecting performance, and they can recover overnight from work-related stress. Based on the analysis and discussions with the businesses, some improvement actions were agreed in the areas of awareness building for speaking up, alignment of various actions to support the well-being as well as holistic measurement of factors impacting employee well-being and productivity (i.e. the factors that contribute to customer satisfaction and corporate performance).

Personal and professional growth is highly valued among our employees. Growth strengthens engagement and motivation across the whole organization. This is why in 2021 we launched a development and performance management framework: MyGrowth. The framework was updated during 2022 based on the feedback received from users. The tool was simplified and made more flexible and easier to use for both managers and employees.

MyGrowth supports personal and professional growth through dynamic goal setting, continuous feedback, and frequent development conversations with one's closest manager about wellbeing, the employee experience, challenges and achievements. Everyone should take responsibility for their development and actively invite their manager for check-in sessions throughout the year. Training needs are also discussed and agreed upon during the MyGrowth conversation. To ensure skills development, engagement at work, and to address any specific needs, we at TietoEvry believe that continuous dialogue is key. The MyGrowth conversation covers the needs of those starting with us directly from university, as much as it does for those who are entering into retirement. The framework ensure that our employees' needs are captured and followed up on.





## THE CULTURE CODE



### Customer Driven

- We put the customer at the centre of everything we do.
- I am passionate about understanding our customers' business and making an impact.
- I continuously explore how we can bring value to our customers to make them successful.
- I take pride in creating high-quality solutions for our customers and keeping our promises.

### Achieving Together

- We purposefully collaborate to achieve the right outcomes.
- I am proactive and take accountability for my team's goals.
- I understand that success will only happen through the collaboration of diverse teams.
- I always involve and inspire colleagues and customers with a passion for making a difference.

### Keep Learning

- We continuously grow, aiming to be world class.
- I strive to develop my skills and stay curious and relevant.
- I actively challenge the way we work and strive for continuous development.
- I dare to share my opinions and ideas, and learn from mistakes.

### Always Genuine

- We build trust by being good role models.
- I am always open-minded, strive for inclusion and embrace different perspectives.
- I have integrity and show respect and care for others.
- I am honest and transparent in everything I do.

## The Culture Code

Culture is the way we do things in our organization. It sets the tone and affects every aspect of our business and our interaction with customers. At TietoEvry we call it the Culture Code, and it plays a key part in creating a successful company and an exciting place to work for all of us. The culture code reflects our values of openness, trust and diversity, as well as our strengths, and what we want to be and what we need to be as an organization to be successful and stay competitive. The Code comprises four key principles:

- **Customer Driven:**  
We put the customer at the centre of everything we do.
- **Achieving Together:**  
We purposefully collaborate to achieve the right outcomes.
- **Keep Learning:**  
We continuously grow, aiming to be world class
- **Always Genuine:**  
We build trust by being good role models.

Our Culture Code has been co-created with the Culture Hackers, our colleagues who volunteered to participate in the culture survey and hackathons.

### Results from the OurVoice engagement survey

To continue improving employee engagement and make TietoEvry an even better place to work at, we need a continuous process for measuring and improving employee engagement. An important tool for achieving this is the OurVoice engagement survey. With OurVoice, we aim to ensure a continuous dialogue, bringing the employee perspective and voice to the development of the company. The survey is run three times a year and all employees are invited to contribute.

Our measurement for employee engagement is the TietoEvry Engagement Index, where the result was 82/100 for 2022. This is an increase from the 2021 result of 78/100, indicating that we are improving on matters important for our employees despite remote working during the pandemic. The scores in the category for understanding our direction as a company and what we are trying to achieve have improved. This is thanks to our strategy launch and related communications from October 2021 onwards. Other categories that have improved are opportunities for professional growth, feeling respected and valued by a manager, and how clearly employees see how their work contributes to achieving our company's overall goals.

In addition to the overall scores, we received an average of over 5,000 individual written comments for each survey. Analyzing these with AI-driven semantics has given us further insights on areas to improve. An engagement

survey only has value if it is backed up by a process that facilitates acting on the insights. Managers are therefore equipped with tools for interpreting the results, running workshops, creating involvement, and engaging with their teams remotely.

### Leadership aspirations

Great leaders drive engagement in all organizations. This is why we define aspirations for leadership and align these aspirations with our ambitions to build a great company that enables people to grow and to deliver value to our customers.

Our three leadership aspirations are:

#### 1. Build the future:

- Ensure clarity of vision and inspire ourselves to shape customer agendas
- Be an awesome place to work

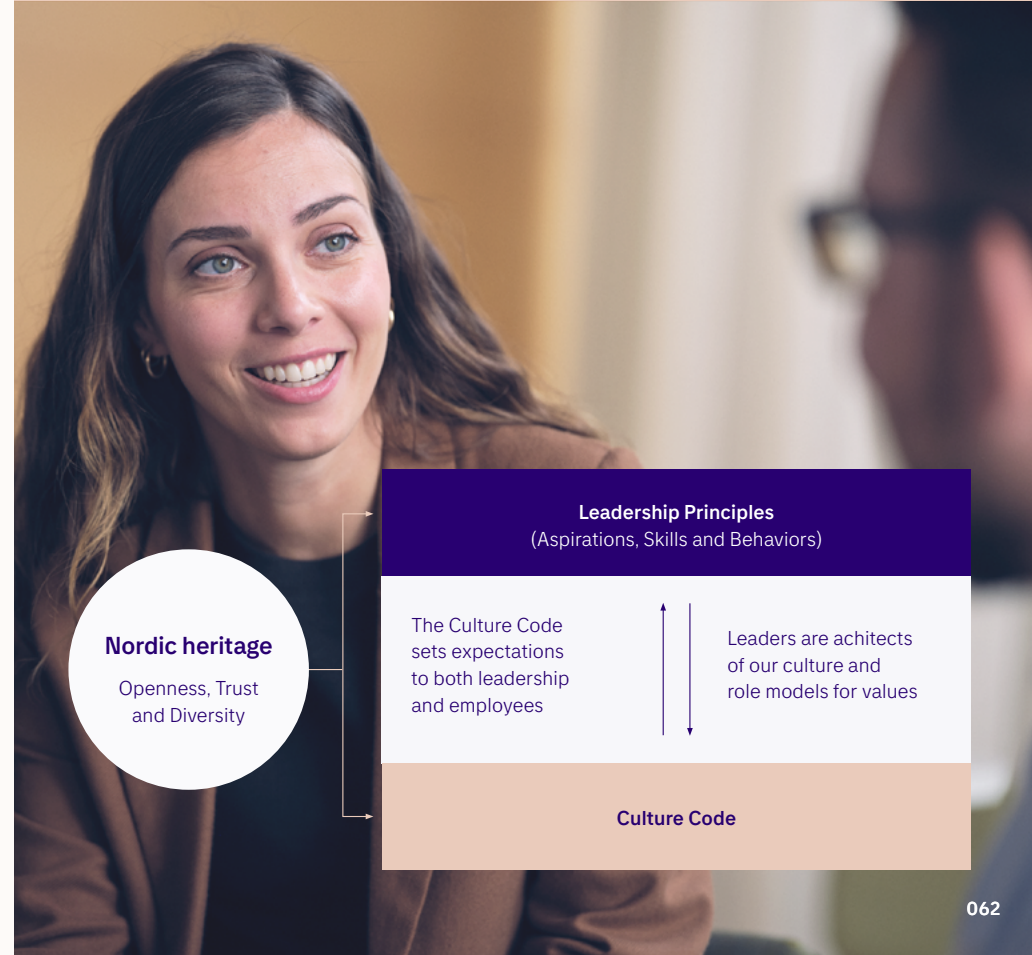
#### 2. Lead performance:

- Focus on things that matter today and pursue the right outcomes
- Empower
- Be adaptive

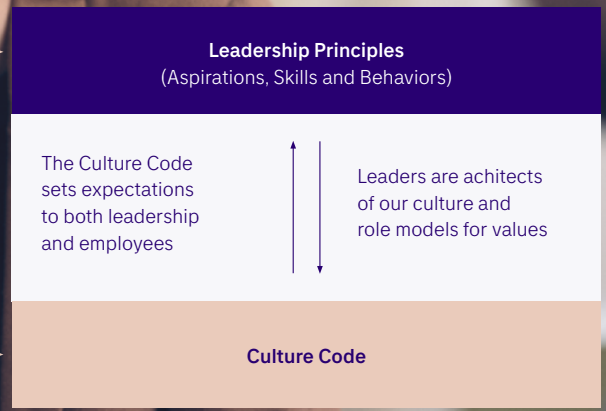
#### 3. Role model for values:

- Be authentic, always
- Embrace diversity
- Care for those around you

## RE-ENFORCING TIETOEVRY IDENTITY AND CULTURE WITH LEADERS AS ROLE MODELS



**Nordic heritage**  
Openness, Trust and Diversity





Our leadership aspirations are further supported by defined leadership skills and expected leadership behaviours. These act as a foundation both for leadership selection and for the development activities of leaders in the company. Clear aspirations are aimed at increasing employee engagement through clarity on what to expect from leaders, bringing value for customers through purposeful collaboration, and accelerating the growth of both our people and our company.

**Looking ahead**

The OurVoice engagement survey is a key tool for us to better understand the needs of our employees. The results help us act upon signals received. OurVoice is our navigation map, while MyGrowth, our Culture Code, and our Leadership principles are the tools that we use as key ingredients for initiatives to make sure we all work in the same direction. Going forward, we will further improve the process of utilizing the insights gained in the OurVoice survey and the Behaviours in Business survey. We aim to facilitate continuous dialogue and development across the entire organization, taking into consideration our six specialized businesses and their distinct focus, needs and ambitions.

In 2023 we will continue implementing the Culture Code and Leadership aspirations as part of our daily activities, to continuously improve our ways of working. Our focus will be on enabling the professional growth of our employees, which will also support our industry needs and our customer needs.





# Reinventing the world for good with our societal engagements

At TietoEvry we believe we can create long-lasting value by engaging with partners that develop societies, while at the same time supporting our business strategy, values, and sustainability goals.

We believe the future lies in the youth of today and that technology is shaping this future. This is why we invest in young people, and help children and youth in less fortunate circumstances in some of our operating countries to advance in their lives and avoid exclusion. We are also continuing to focus on improving digital equality in society by strengthening digital competencies and skills among disadvantaged groups.

## In 2022 we collaborated with:

### The Children and Youth Foundation in Finland

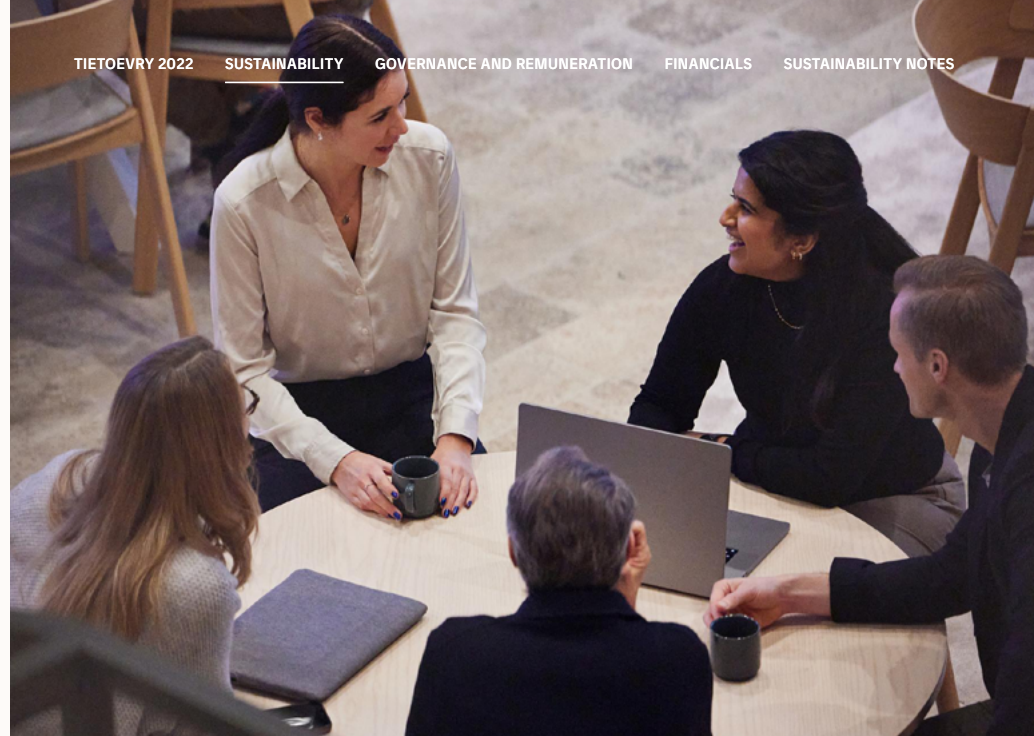
The foundation supports young people in achieving their dreams by organizing workshops for discussion about the skills needed in future working life. The operations of the Finnish Children and Youth Foundation focus on building good self-esteem, strong social skills, and the

courage to act and try out different things. In the spring 2022 we launched a survey to explore how youngsters see the future. Based on the findings we held a panel discussion in SuomiAreena, the biggest public debate forum in Finland. Our latest joint initiative with the foundation, The Future School, will be launched externally in March 2023.

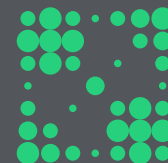
### Friends

The Swedish organization Friends has a vision of achieving zero victims of bullying. Reports on children being bullied, even from an early age, are worrying. Bullying can have devastating effects that last a lifetime. To combat bullying, TietoEvry has partnered with Friends and the University of Örebro to create what appears to be the first preventive anti-bullying tool in the world. With the onboarding of pilot schools in Sweden, we've started to test the data-driven prevention tool in practice.

TietoEvry has also digitized the Friends Snällkalendern ('Kindness calendar'). The digital version of the popular Christmas calendar has enabled more individuals and organizations to

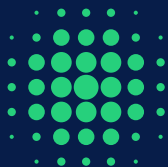


We continue to focus on improving digital equality in society by strengthening digital competencies and skills among disadvantaged groups.





We believe the future lies in the youth of today and that technology is shaping this future.



take part in the important messages behind each door in the calendar.

#### Startup Refugees

Startup Refugees is an organization supporting newcomers in starting businesses and integrating into Finnish society. We have been collaborating with the organization for many years, offering asylum seekers, refugees and immigrants support in strengthening the digital competencies needed when entering the Finnish labour market. In 2022 we organized a mentoring programme together with Telia and Startup Refugees, where TietoEvry and Telia employees acted as mentors and were paired with mentees based on shared competences and professional interests. The aim of the programme was to support refugees, asylum seekers and immigrants in finding employment in Finland's IT industry. We also supported Startup Refugees in their work with Ukrainian refugees entering Finland.

#### Identity Foundation

This charitable trust works with socio-economically challenged children in the city of Pune in India. We've supported Identity Foundation's Mobile Learning and Infotainment Center (MLIC) buses since 2007. In the two mobile-learning buses, children can receive literacy and life-skills education. The MLICs also serve as information facilities by giving children access to positive entertainment and useful information.

#### Lila Poonawalla Foundation

The Lila Poonawalla Foundation in India is an educational trust with a vision of empowering Indian women. The foundation supports academically outstanding and financially challenged girls with scholarships that allow them to pursue higher education. Our long partnership with the Lila Poonawalla Foundation goes beyond financial support for the girls' education. We also engage with the foundation through employee volunteering, mentoring by leaders, providing industry exposure, and supporting employment opportunities.

#### In addition, we collaborate with:

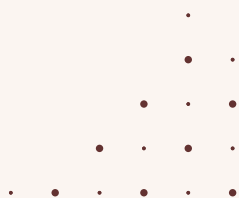
**UTTAM** in India: A community-based mutual model providing micro-insurance to persons with low-income.

**NASSCOM** Foundation Program – Tech for Good in India: A volunteering program through which we offer technology mentorship and grants to social innovators.

**EDUCAIT**: A non-profit registered trust in India bringing education to underprivileged children.



## ETHICAL CONDUCT



In a time where technology makes societies thrive and businesses run, ethical considerations are more important than ever. Fostering ethical values and work practices is a vital part of our responsibility to our employees, our customers, and all other stakeholders. Implementing and maintaining responsible business practices across our business operations is how we build and maintain trust.

We're moving towards a world that runs on technology and is fueled by hyperconnected data – regardless of industry, geography, or function within our customers. When utilizing the data from individuals and organizations, privacy and security considerations grow increasingly important and a strong ethical foundation is required. Therefore, we actively develop our own ways of working in a transparent manner, and also take part in societal forums for an impact that is more far-reaching.



# Business ethics and anti-corruption

Ethical business conduct is a must at TietoEvry. We have zero tolerance for any unethical behaviour, and we view the implementation and continuous monitoring of ethical guidelines and work practices as vital parts of the company's responsibility. Our ethical guidelines are outlined in our company-wide Code of Conduct and related rules, which apply to all employees and subcontractors. In addition to our own policies, we always adhere to local legislation in our operating countries.

## How we work

Our key policies in the area of business ethics and anti-corruption are the TietoEvry Code of Conduct, the Supplier Code of Conduct, and the Whistleblowing Rule. In addition, we have an updated Anti-corruption Rule and a Competition Rule. Our business ethics efforts are led by the Audit and Risk Committee (ARC) of the Board of Directors, together with the Whistleblowing Unit within our Legal function's Corporate Governance and Compliance team, and our Sustainability Steering Group. The Whistleblowing Unit consists of the Group

Compliance Officer, Head of Corporate Governance and Compliance, Head of Legal, Head of Internal Audit, and Head of HR. The committee is a function that makes decisions related to whistleblowing notifications of a severe or sensitive character. The work is driven in close cooperation with our Risk Management and Internal Audit teams.

The Corporate Governance and Compliance Team follows up on our policies. This means providing updates and suggesting continuous improvements, as well as ensuring awareness around the policies through training and communication. The team also follows up on concerns and questions raised through our whistleblowing channels. The Audit and Risk Committee of the Board of Directors is provided with bi-annual reports on our compliance work, as well as on the number and topics of whistleblowing cases processed by the Whistleblowing Unit during the previous six months. The Audit and Risk Committee is immediately informed in case any material compliance incidents occur.

## COMPLETION OF CODE OF CONDUCT E-LEARNING

Target 2023, %

90

Result 2022, %

96



In addition to our GRI Standards disclosures, we have set an additional target of responding to a whistleblowing notification within four business days of receiving it – a target we reached in 2022. We believe this metric contributes to the effective processing of all whistleblowing notifications received, as well as ensures swift communication towards the whistleblower about the status of the case. The whistleblowing scheme allows anonymous and confidential reporting to the Whistleblowing Unit about violations of the Code of Conduct and related rules, or any suspected unethical behaviour. The process is designed to ensure that persons reporting violations will not be subject to any retaliation. Failure to act in compliance with the Code of Conduct will result in appropriate disciplinary actions.

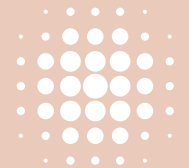
To identify and assess the risks of unethical behaviour, our Group Internal Audit function conducts audits to assess the effectiveness of governance, risk management and compliance controls. The aim is to ensure the company complies with relevant laws and regulations in all our operations, as well as with internal policies and rules. The Group Internal Audit function reports audit conclusions with auditor opinions to the Audit and Risk Committee. The audit plan is reviewed on a quarterly basis in the Audit and Risk Committee, where adjustments may be made based on changes in the risk landscape.

In 2021, Tietoevry initiated a process to review sustainability-related risks and their management, with the aim of improving how actual and potential impacts on the economy, the environment and people are identified and managed. This work also continued during 2022. More information about Tietoevry's potential and actual impact on the economy, the environment and people can be found in the section Stakeholder engagement and materiality analysis as well as throughout this report.

Our ambition is that all employees know our Code of Conduct and proactively foster an ethical culture across our operations. In addition to accepting the Code of Conduct when joining the company, employees are expected to refresh their knowledge of the content of the Code every year by taking the Code of Conduct e-learning. Our Human Resources function and the Group Compliance Officer further support employees in acting in accordance with our Code of Conduct throughout the employee lifecycle. This is done through awareness sessions that are organized during onboarding, for example, as well as through role-based training sessions when becoming a manager.



At Tietoevry, we have zero tolerance for any unethical behaviour.



**INCOME TAX PAYABLE, EUR MILLION**

	2020	2021	2022
Finland	12.0	17.1	15.7
Sweden	0.4	17.4	13.9
Norway	2.6	1.2	0.8
Czech Republic	1.4	1.7	2.7
India	2.9	5.9	3.3
Ukraine	3.3	2.5	3.9
Other	4.8	9.1	8.1
<b>Total</b>	<b>27.4</b>	<b>54.9</b>	<b>48.4</b>

**TietoEvry Tax Principles**

We are committed to operating in a responsible way and to complying with ethically acceptable principles in all our activities. Our strategic tax aim is to comply with all local tax legislation and other regulations in all jurisdictions. This means that we fulfil all our reporting requirements and pay all legally imposed direct, indirect and other taxes in those countries where TietoEvry has operations. Our general objective is to avoid uncertain tax positions. In case of uncertainty, all tax positions taken should be supportable. Furthermore, we shall always operate with full co-operation with the authorities, and aim to disclose all information that is needed for determining tax consequences. TietoEvry Oyj has been in a co-operative compliance program with the Finnish Tax Authorities since 2017,

with the aim of preliminary discussions to ensure correct taxation. TietoEvry operates in accordance with an approved Tax Policy, with the objective of ensuring uniform management of taxation for all TietoEvry Group entities. The Group Tax team reports on the status of Group tax issues biannually to the Audit and Risk Committee.

Income taxes payable are based on the taxable results, against which confirmed tax losses have been utilized.



**Progress**

Our focus during the year has been on adapting to the EU Whistleblowing Directive and third-party screening activities. In addition, we have:

- Continued learning sessions covering the Code of Conduct, security and GDPR, and have organized mandatory training for all our employees
- Carried out sustainability awareness training – with components on business ethics – as part of TietoEvry’s ‘Take off’ days for new employees in the Nordic region
- Conducted training for customer teams about our tools and policies
- Updated our policy to reflect the EU member states legislation about EU whistleblowing directives, and updated our internal ways of handling the whistleblowing notifications to respond to the new regulations. For example, we made minor changes related to the deadlines of handling whistleblowing cases and the nominated people to follow up on certain reports.
- A group-wide, anonymous survey to identify employees’ behavioral patterns on business-critical topics within our Code of Conduct & speaking up, as well as on inclusion, equity, well-being and productivity. See the section on Employee Experience for more details, results and agreed follow-up activities.

Completion of our Code of Conduct e-learning is a mandatory goal in all employees’ scorecards and is formally evaluated as part of each

employee’s annual-review process. We aim for 90% e-learning coverage each year. By the end of 2022, 96% of employees had carried out the Code of Conduct training which is an increase compared to 93% completion in 2021. In 2021 we widened the scope to also include the completion rate of the Code of Conduct e-learning by employees at Infopulse and EVRY India. In 2022 the scope remained the same.

As part of TietoEvry’s zero-tolerance approach to any unethical behaviour, the company has a goal that all employees should not only know the Code of Conduct, but should also know how to report potential breaches.

In 2022, we have performed a group-wide anti-corruption risk assessment covering all our operations. The risk scope (in alignment with GRI 205) has been bribery, collusion, favoritism/ nepotism, extortion, money laundering as well as HR and finance related frauds. Identified risks have been assessed together with risk and assurance leaders of group functions Compliance, HR, Finance, Procurement and Sales. Special focus has been on sufficiency of policies, rules and control mechanisms across the company. No significant risks were identified through this assessment.

There is however one public legal case related to an old corruption incident in Latvia, where a former Tieto employee was found guilty and convicted for bribing a public official in 2018 (reported in the Sustainability Report 2018). The trial concerned the person as an individual,



not the former Tieto as a company. Tieto conducted independent investigation and took various corrective actions to ensure that this type of wrongdoing would not happen again. In December 2020 the case was transferred to a prosecutor who decided to press charges against Tieto Latvia SIA for accused lack of controls. The case is currently subject to court proceedings in the Riga District Court. TietoEvry denies the charges and will defend its position.

One suspected case of anti-trust was detected in 2021. In December of that year Infopulse Ukraine, a TietoEvry subsidiary, was fined for alleged collusion in relation to one Ukrainian government tender in 2017. TietoEvry took the situation very seriously and initiated an independent investigation with an external auditor to clarify the events thoroughly. Based on the findings of this independent investigation, Infopulse Ukraine decided in Q1 2022 not to appeal against the decision by the Antimonopoly Committee of Ukraine. The agreements with the responsible persons have been terminated. In addition, the company initiated improvements in areas of supervision and control, as well raising awareness on competition law.

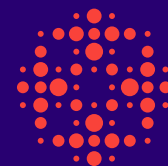
We continue our efforts to detect and prevent any acts of corruption and unethical behaviour. We have zero tolerance for corruption and unethical behaviour, and we continue our work to increase ethical awareness and strengthen internal controls with the aim of reducing this risk.

Internally, we received 53 notifications through our whistleblowing channel in nine different countries in 2022. These notifications – all of which were investigated – included allegations of fraud, misuse of company assets, antitrust, conflict of interest and inappropriate behaviour of individuals including bullying, racism and harassment. Breaches to the Code of Conduct were substantiated in six cases and resulted in disciplinary actions including termination of employment, written warnings and meetings with HR and Compliance representatives. Zero incidents of corruption were identified in 2022.

In comparison to previous years, whistleblowing reports have been on the rise in 2022. In 2020 we received 30 and in 2021 we received 24 reports. We expect and actively encourage our employees to speak up when suspecting or witnessing misconduct, including breaches of our Code of Conduct or other laws, policies and rules. Generally, we see increased whistleblowing reports as a positive development and a result of higher awareness, but it may also be a source of concern. All reports are taken seriously and we carry out due investigations to determine if a received report is substantiated. We also continue educating our employees on our values and guidelines, with the aim of increasing awareness and building a better working place for everyone.



Our ambition is that all employees know our Code of Conduct and proactively foster an ethical culture across our operations.



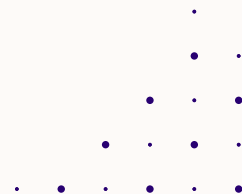


### Looking ahead

Business ethics and anti-corruption will continue to be high priorities for TietoEVRY going forward. We will continue implementing our Sustainability Game Plan 2023, and continue to conduct targeted trainings on business ethics areas that may involve a bigger risk for unethical conduct. Our Group Internal Audit function will continue to facilitate group-wide anti-corruption risk assessments together with the business, and will help to ensure that risks are systematically identified, assessed, mitigated and reported.

Some key activities for 2023 include the rollout of an e-learning of the revised Code of Conduct. We also plan to organize trainings for managers and leaders before introducing the new e-learning to the whole organization.

From a corporate governance and compliance point of view, we continue to focus on awareness and training to strengthen our compliance culture, review our third-party management practices, and coordinate with other functions – including Procurement – to drive continuous improvement. We will also follow up on the recently launched Know Your Counterparty Rule and our Anti-money Laundering Policy to ensure awareness and effectiveness. Our Internal Audit team is expected to perform assurance and advisory services. These are triggered by risk assessment processes and contribute to strengthening risk management and internal control practices.





# Cybersecurity and privacy

TietoEvry provides many services that are critical to societies. With the Russia-Ukraine war creating additional uncertainty and increased security threats, our role as a trusted IT service provider is more vital than ever. Our aim is to keep services running and information safe under all circumstances, by maintaining and continuously improving our security and privacy controls.

We have customers in critical industries – including finance, healthcare, energy and telecom – as well as in the public sector. When our customers can rely on us providing secure IT services, they can in turn provide essential services to society. It's essential for us to build resilient services and provide assurance to our customers through robust processes, policies, audit reports and certifications, in order to earn and maintain their trust and to protect individuals. We are fully aware that security or privacy failures could have severe negative consequences not only on our customers, but also directly on citizens.

Thus we are committed to building security into every delivery, solution and relationship, and to complying with all applicable privacy laws – mainly the GDPR regulation – in the countries and regions where we operate. The importance of securing a safe and secure digital world is increasing as human interactions become more data driven. Security risk management, business continuity, security awareness, and well-functioning security services and response routines are important building blocks for establishing good security resilience and meeting our stakeholders' expectations.

We've focused our attention on the situation in Ukraine, where ensuring the safety of our local employees is our highest priority. In addition, we have ensured the continuity of services and responded to the heightened threat situation by reviewing our business continuity plans. This includes intensifying the security monitoring of our services, verifying the security of internet-facing critical services, and hardened internal IT security. There have been no service disruptions or security breaches related to the war. Read more [here](#).

## TOTAL NUMBER OF SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMERS' PRIVACY AND LOSSES OF CUSTOMER DATA

Target 2023, %



Result 2022 %





### Our approach to cybersecurity

Our comprehensive approach to cybersecurity covers confidentiality, integrity, and the availability of IT services and data. Updated on an annual basis and endorsed by our CEO, the Security Policy and related security rules set our security objectives and principles in alignment with Tietoevry's strategy.

We manage risks and mitigate negative impacts by building resilient operations, interpreting the evolving threat landscape to be prepared against cybersecurity threats, ensuring processes to manage incidents and crises are understood and well-rehearsed, and by actively cooperating with other companies, authorities and communities (including National Cybersecurity Centres and the global Information Security Forum).

The Group Security team, led by our Chief Security Officer, is responsible for security at the Tietoevry Group level. The Group level roles work in tight collaboration with security experts in each of our businesses. Security is teamwork: our company-wide security networks regularly share information, experiences and best practices.

Our dedicated Cybersecurity Services team provides cybersecurity services and solutions to our external customers, as well as for the protection of Tietoevry itself. Security incident response teams handle cybersecurity incidents in cooperation and collaboration with internal and external stakeholders.

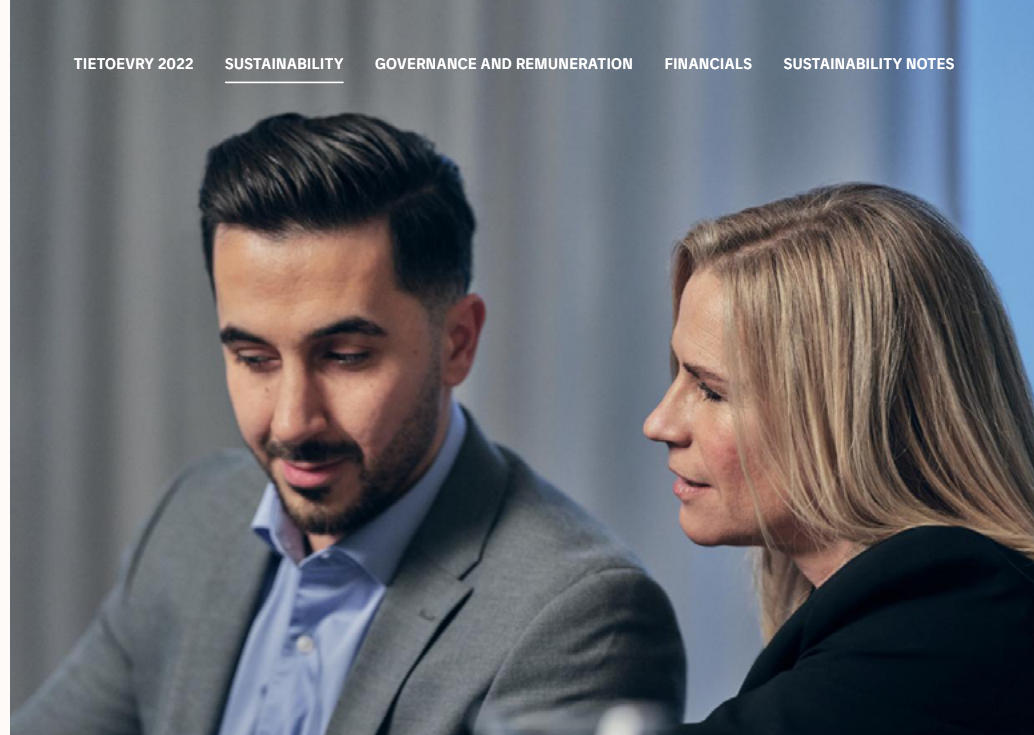
To ensure compliance and security, we perform regular internal and external security audits. Our Information Security Management System is audited and certified by an external accreditation service. Annual ISO 27001, ISAE 3000 and ISAE 3402 audits are conducted by external parties on our data centres, selected business units, and customer-specific infrastructure services.

Due to Tietoevry services being critical to societies, it's our responsibility to maintain regular contact with relevant external stakeholders and to participate in various security forums. For example, we are a long-time member of the global Information Security Forum (ISF), where our Chief Security Officer is also a member of the Supervisory Board. ISF provides us with tools, research and networking opportunities across markets and borders.

### Our approach to privacy

Tietoevry has a systematic and holistic approach to governing data privacy. Our Privacy Governance Framework, continuously updated and reviewed annually, covers the necessary accountability requirements.

Business leaders are responsible for data privacy, and there are responsible privacy personnel nominated to support and coach businesses in their daily privacy tasks. Group-level Data Protection Officers ensure, in an independent manner, that the organization adheres to the laws protecting individuals' personal data. The most important areas where



We are committed to building security into every delivery, solution and relationship, and to complying with all applicable privacy laws.





we work for individuals privacy and GDPR compliance and support human rights are: product and service development, sourcing and supplier management, sales and contract management, program and project delivery, personal data breach management, continuous service delivery, TietoEvry internal services, individuals rights request management, and privacy governance.

TietoEvry has embedded GDPR's Data Protection by Design and Default requirements into our continuous product and service development rules and processes as mandatory practical tasks and activities.

TietoEvry's internal Privacy policy, rules and practical processes – including roles and responsibilities, instructions and support systems – shape our common ways of working for GDPR compliance as a Data Controller and a Data Processor.

TietoEvry employees are responsible for completing mandatory annual GDPR and Privacy trainings, which describe our ways of working to ensure privacy compliance and enforce TietoEvry's commitment to the data privacy of individuals.

TietoEvry's GDPR compliance and privacy maturity are regularly monitored and audited, with the status is reported monthly to the company's top management. Continuous performance monitoring and follow-up to improve common ways of working, increase

communication, or provide better training all ensure we are able to quickly identify and react to possible risks.

### Progress

During 2022 TietoEvry made improvements in cybersecurity maturity, maintained a low number of Security Major Incidents, reached the targeted completion rate for mandatory security training, and executed mitigation planning for all identified security risks and audit findings. We have followed the geopolitical threat situation closely and have taken additional steps to protect our networks, increase resilience to cyberattacks, improve cybersecurity for internet-facing services, secure our internal IT environment, and increase our ability to detect and react to possible attacks.

We have also focused on further boosting security awareness among our employees and customers. In October 2022 we organized a Security Awareness Month with many topical learning opportunities for employees, as well as cybersecurity briefing sessions for customers who wanted to better understand current security threats.

All TietoEvry employees are expected to perform mandatory training to maintain their knowledge of our requirements and expectations related to cybersecurity, physical security and travel safety. In 2022, 97% of our employees completed the security training, which is well above our goal of a 90% completion rate. During the year 95% of TietoEvry employees also completed the

mandatory annual GDPR and Privacy trainings. More than 90% of our employees are now users of our internal phishing simulation, and we can clearly see the benefits of these training activities through raised awareness and changes in our employees' behavior.

During 2022 we participated in the Finland National Cybersecurity Exercise TIETO22. In this exercise we were able to practice cooperation between other organizations and authorities, gaining situational awareness and solving issues in teamwork with colleagues from other companies.

TietoEvry received zero substantiated complaints in 2022 regarding breaches of our customers' privacy, thereby meeting our annual target.

The Schrems II EU decision of July 2020 imposes strict controls on transfers of personal data to most countries outside the EU/EEA, due to potentially insufficient privacy protections in those countries. TietoEvry has delivered a one-time corporate level program during 2021-2022 to ensure we are able to demonstrate Schrems II compliance as a data processor and as a data controller. Long-term data transfer compliance is ensured as a part of TietoEvry's continuous Privacy Governance Framework.

### Looking ahead

It is essential for TietoEvry to maintain a consistent and positive security and privacy culture, promoting the benefits of sound practices. We will continuously offer security and privacy guidance and training to our employees to ensure compliant behavior across our organization.

We will also continue to measure and improve the maturity of our cybersecurity and privacy against known risks, evolving cybersecurity threats, current and upcoming local and EU regulatory requirements, audit findings, and our customers' business needs. In addition, we will actively pursue a constructive dialogue on cybersecurity issues with all our stakeholders.

Lastly, we will continue offering state-of-the-art security services for our customers.







# CASE

## Hydro-powered sovereign cloud protects Sweden's industrial heartland

A new sovereign-cloud platform for the 14 municipalities in Sweden's Norrbotten county combined 28 data centres into just a single one powered by renewables. Energy consumption fell by more than 90%, while citizens' data stays on Swedish soil and service access is guaranteed.

Sweden's largest and northernmost county, Norrbotten (North Bothnia), is of huge strategic importance to the country's economy.

The city of Kiruna has the world's largest underground iron-ore mine. Base metals and gold can be found in the area too. Norrbotten is also rich in timber manufacturing. In addition to these traditional industries, the region produces massive volumes of both hydro and wind power. This renewable energy has led to the establishment of multiple eco-friendly data centres, as well as Europe's largest factory producing lithium-ion batteries.

With so much critical infrastructure to support – as well as 250,000 citizens to serve – the region's 14 municipalities came together to introduce a

sovereign-cloud solution developed by TietoEvry and powered by cloud-software leader VMware.

Cloud sovereignty is a principle whereby a network complies with strict regulations and security protocols. For Sweden and other EU countries, data must be stored locally and managed by a company under EU jurisdiction. It's about protecting critical infrastructure from outside interference and keeping people's data from falling into the wrong hands.

"With the introduction of a sovereign-cloud platform in Norrbotten, the region is protecting

its vital interests, securing citizens' data, and ensuring equal access to digital services. There's a significant environmental benefit too," says Alberto Valero, Vice President, Technology and Growth at TietoEvry Connect.

### Security meets energy efficiency

Prior to the implementation, Norrbotten's municipalities were running their IT operations through 28 local data centres. The new platform is hosted in a local data centre that runs on 100% hydropower. More than half the centre's heat can be recovered, and water-usage efficiency is approximately 30 times higher than a standard



solution. It's thought to be one of the greenest data centers in the world.

"Digital infrastructure is critical infrastructure, as other industries are dependent on it," says Valero. "Cloud sovereignty helps to guard against disruptions from the outside so that citizens can continue with their daily lives. This is especially important in highly digitized societies like we have in the Nordics, where cloud penetration is the highest in Europe."

"Data storage is a big part of the cloud-sovereignty picture too. Approximately 92% of the data produced in the western hemisphere is stored in the United States. Yet data has value and should

be protected and reinvested into the societies and communities where it's produced. This way it can fuel local digital services and AI-led innovation," he says.

**Keeping remote citizens securely connected**

One of Norrbotten's features is its sheer size. The county is larger than Portugal and accounts for approximately one quarter of Sweden's landmass. Half of Norrbotten's 250,000 citizens are concentrated in four of the 14 municipalities – the rest are spread out across the vast and remote region. A three-hour drive to the nearest urban centre is not uncommon.

But isolated does not mean inaccessible in Norrbotten. The region's municipalities have long been interconnected via a modern fibre network. Now their collaboration has taken a leap forward with the introduction of the sovereign-cloud platform for all the region's key digital services, including those for healthcare, education, employment, permits and more.

"The mission with this project was to create an easier everyday life for individuals and businesses, while being secure and sustainable," says Valero. "Municipalities are the closest touchpoint to citizens, so the services they provide need to be continuous across rural regions. Service continuity is also critical for local industries and businesses."

"This was a very special case for TietoEvry and VMware. It's the first time we've been able to test the power of our sovereign-cloud solution, which we believe is the most powerful in Europe. Cloud sovereignty at European grade is built into the entire Norrbotten network," he says.

The Norrbotten municipalities' sovereign cloud has become the blueprint for municipal cloud across Sweden, Norway and Finland. Following the implementation, TietoEvry has continued to expand its sovereign-cloud capabilities with the aim of enhancing the digital sovereignty of all segments and industries in the Nordics.



# Human rights

We are convinced that technology presents an opportunity to have a positive impact on people, through the conscious use of smart and equal technical solutions and data. However, the increased use of information technology can also pose challenges and risks to human rights. As a company we have to be aware of any risks and impacts and to be able to mitigate and manage these. The task is complex and covers not only the technology we provide, but also our own operations, our suppliers, and our business partners. Therefore, we need to understand, improve and cooperate with relevant stakeholders to fulfil our commitments.

## How we work

TietoEvry is a member of the UN Global Compact and is committed to following the UN Guiding Principles on Business and Human Rights (UNGPs). We strive to respect and support all internationally recognized human rights of all people affected by our business across all societies where we operate. Our commitments are set by the following policies and related rules:

- [TietoEvry Human Rights Policy](#)
- TietoEvry Code of Conduct Policy
- TietoEvry Supplier Code of Conduct Rule
- TietoEvry Privacy Policy
- TietoEvry Security Policy
- TietoEvry AI Policy and Rule

These policies and related rules outline the company's commitment and expectations. Guidelines relate to respect for human rights in internal relationships as well as in business activities across the value chain.



## HUMAN RIGHTS IMPACT ASSESMENT

### Target

Conduct a formal Human Rights Impact Assessment

### Result 2022

Group-wide human rights risk screening conducted in 2021 with completion in 2022. Human rights impact assessment initiated.





### Human rights due diligence at TietoEvry

We aim to implement our commitment to human rights by ensuring the following approaches, set out in the United Nations Guiding Principles for Business and Human Rights. These efforts include:

- Human rights due diligence: Execute human rights due diligence on an ongoing basis across our business to address potential human-rights impacts. This includes identifying, assessing, investigating, preventing, mitigating, ending, monitoring and remedying any actual or potential adverse human rights impacts that TietoEvry may cause, contribute to through its own activities, or that may be directly linked to our operations, products or services by our business partners
- Tracking performance and communicating: We aim to follow up implementation on an ongoing basis through measurable and transparent indicators. Throughout the tracking, monitoring and evaluation process, we aim to engage and seek feedback from impacted human-rights holders. We are also committed to promptly and efficiently, both internally and externally, communicate our human-rights performance, including due diligence and responses
- Provide for grievance and remediation: We commit to maintain, ensure and promote channels for transparent and open communication, where all internal and external stakeholders can raise concerns without fear of retaliation or reprisal, and to provide fair

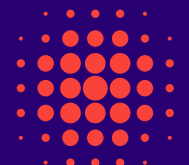
investigation and access to effective grievance mechanisms. Reports of violations can always be made anonymously through our external whistleblowing channel

### Salient human-rights issues and value-chain management

We recognize that among the most salient human-rights issues are freedom of opinion and expression, discrimination, privacy, and labour rights. Additional areas with human-rights implications concern conflict minerals when sourcing hardware, corruption, and negative impacts on the environment. Where in the value chain the salient issues are relevant is illustrated in the table below.




We are convinced that technology presents an opportunity to have a positive impact on people, through the conscious use of smart and equal technical solutions and data.



Value chain	Human rights risk
Supply chain	Labour rights Discrimination
TietoEvry employees and other workers	Labour rights Discrimination
Potential technology misuse	Freedom of opinion and expression Privacy Discrimination

### Our Supply Chain

With our responsible sourcing programme we hold our suppliers accountable to the same expectations we have set for ourselves. This also applies to human rights. During 2022 we reviewed and updated our Supplier Code of Conduct and risk review model to ensure alignment with the UN Guiding Principles. Read more under [Responsible Sourcing](#).

### Our operations

Our goal is to have a culture built on our core values of openness, trust and diversity. See [Employee Experience](#) and [Diversity & Inclusion](#) for more detail. During 2022 we developed a human-rights training course for all employees. The aim is to help raise their awareness about our efforts with the topic and ways they can take action in their roles to support respect for human rights. The course will be deployed in 2023 and supplemented with additional relevant resources.

### Our offerings and deliveries

TietoEvry is committed to respecting and protecting privacy and security related to all deliveries, solutions and relationships, with the aim of keeping information safe under all circumstances. We also aim to consider security and privacy requirements in our product and services development. See [Cybersecurity and privacy](#) for more information.

TietoEvry strives to conduct third-party sanction screening when establishing a business relationship with a new counterpart. TietoEvry shall also conduct enhanced Know-Your-Customer checks through questionnaires on an as-needed basis.

We have also developed a method called 'Ethical design' to identify and assess potential negative impacts in software development. The model enables our development and delivery teams to uncover and mitigate any human-rights risks in the software we develop.

### Progress

During 2022 we continued our efforts to enforce respect for human rights across our value chain and into all elements of our work. A corporate-wide human-rights risk screening focusing on our own operations and downstream activities was conducted with the aim of identifying our salient human-rights risks. We also carried out an analysis of our current sourcing practices against the Norwegian Transparency Act to identify areas for improvements. These analyses made up a foundation for our work to consolidate the human-rights activities into a human-rights due diligence framework. Activities related to this included review as well as development of group-wide steering documents, including the development and launch of the TietoEvry Human Rights Policy. During the year we also reviewed oversight mechanisms and clarified governance and responsibilities for the area.

Human-rights assessments were conducted on specific salient topics and areas, and one more in-depth human-rights impact assessment (HRIA) was initiated related to a specific business area.

During the year zero severe human-rights breaches related to TietoEvry's operations were identified.<sup>1</sup>

<sup>1</sup> The definition of severe human rights breaches include the following covering the latest financial year: a) whether TietoEvry has had conviction in court cases on labour law or on human rights and/or b) if a National Contact Point (NPC) has accepted a human rights case, but TietoEvry has refused to engage with the party initiated, or if TietoEvry has been found to be non-compliant with the OECD guidelines by an NCP and/or c) if the Business and Human Rights Resource Center (BHRRC) has taken up an allegation against TietoEvry and TietoEvry has not answered for three months.

### Looking ahead

Our efforts to consolidate the human-rights due diligence framework will continue during 2023. The main focus areas will include reviewing of processes and steering documents, as well as development of supporting tools such as trainings and guidance for risk assessment. In connection with the development of the new sustainability strategy for the company, relevant KPI's and targets will also be developed.

In 2023, we will finalize the human rights impact assessment (HRIA) initiated in 2022 and follow up on the findings. The work on human-rights assessments on selected salient issues will continue.



# CASE

## AI speeds up diagnosis of rare diseases

Joint research by Tietoevry Care and Helsinki University Hospital is using artificial intelligence to accelerate the diagnosis of certain rare diseases. The project holds promise for relieving patient suffering and reducing one of healthcare's biggest costs.

Some rare and serious diseases are notoriously difficult to diagnose. Patients who present with symptoms may be repeatedly misdiagnosed as having a condition far more benign than the underlying reality.

When the symptoms repeat – or evolve – the patient may be sent from unit to unit within a hospital and tested many times before the correct diagnosis is reached. For some rare diseases, the diagnostic process can take a decade or more. This not only means years of pain and discomfort for the patient, it's also expensive for the healthcare system. Rare disease treatment is one of the costliest areas in healthcare.

Teams from Tietoevry Care and Helsinki University Hospital (HUS) set out to tackle this diagnostic challenge with the help of Artificial Intelligence.

In a Business Finland funded research project – named eCare for Me – the joint team has spent the

past couple of years developing algorithms and data-lake capabilities to enable quicker and more accurate diagnosis of three groups of rare diseases: glomerulonephritides (kidney diseases), myositides (muscle diseases) and vasculitides (diseases of the veins and arteries).

### Big data in a secure pool

The team selected these three disease groups – all of which are inflammatory conditions – as they are the most difficult and expensive for the HUS system to diagnose and treat. Each year HUS diagnoses approximately 540 new cases of glomerulonephritides, 60 of myositides, and 170 of vasculitides.

“We obtained a research permit to access the HUS data pool of about 3.5 million patients, from which we identified the data of 60,000 rare-disease patients as relevant to the study,” says project lead Niina Siipola, Head of AI Solutions and Data Services at Tietoevry Care.

“When you have such a large amount of lab data available, you can train algorithms to select certain data points and from there to predict whether a patient has a specific rare disease. The aim is to be able to diagnose these patients much quicker than is currently possible, which will lead to better health outcomes and help to lower the cost of care.”





“During 2022 we got the first version of the model trained and it yielded good results. Now we’re retraining it to become even better,” says Siipola.

One of the core principles of the project is to conduct the research and build the environment in compliance with both GDPR and Finnish regulations on the secondary use of health data. There’s vast opportunity to improve diagnostics and accelerate medical research through the use of patient data, but the work needs to be done in a modern environment with the right security protocols.

**Enabling quicker diagnosis**

“These three disease areas are among the most devastating that exist. They cause considerable

pain and suffering for the patient. Vasculitis is the one we attacked first, as it’s so complicated to diagnose and treat,” says Mikko Seppänen, Head of the Rare Diseases Unit at HUS.

Vasculitides diseases present as systemic inflammation of the arteries or veins. This inflammation can occur anywhere in the body, potentially causing life-threatening conditions such as thrombosis or infarction (the death of tissue due to a lack of oxygen).

While the exact cause of most vasculitides remains a mystery, the majority of cases can be attributed to a combination of genetic predisposition and environmental factors. The conditions often seem to be triggered by viral or bacterial infections.

“Nowadays our medical practices are so siloed that it can be many years before specialists reach the right diagnosis,” says Seppänen. “For example, when only the inner ear and the sinuses are inflamed, an Ear, Nose and Throat Specialist will not necessarily think of vasculitis.”

“The data show that patients with vasculitides progressively increase their use of medical services for about 10 years prior to diagnosis. The longer it takes to diagnose any of these diseases, the more destructive they become,” he says. “Patients in all these disease groups end up being treated in intensive care if diagnosis becomes extremely delayed.”

The research project is continuing through 2023, with the team further training the model and developing features that will allow doctors to receive notifications. The team’s vision is that the AI capability will eventually be able to proactively alert doctors to the possibility that one of their patient’s may be suffering from a rare disease. This would mean integrating the algorithms with doctors’ patient notes for pattern recognition.

“We’re still training the model and doing a lot of studies related to natural language processing so that the AI can find certain indications in doctors’ notes,” says Siipola. “There’s a lot of work to be done, but preliminary findings show the algorithms getting close to our goals.”

# Responsible sourcing

At TietoEvry we recognize the importance of sustainable development in all our operations and across our supply chain. We monitor and support our suppliers' performance with regards to upholding human rights, labour rights, and fair working conditions, as well as complying with health and safety legislation, business ethics, and climate and environmental practices with Science Based Targets. Through our policies and processes we ensure transparency and alignment with international norms and regulations – including the United Nations Global Compact – with the aim of creating value for all our stakeholders.

Alignment with our Supplier Code of Conduct is the key building block for collaboration with our suppliers. By striving for a higher standard through our sourcing requirements, we can support our suppliers in applying sustainable practices and making a positive impact beyond our own direct operations.

## How we work

TietoEvry's suppliers provide a wide range of solutions, products and services that are needed for delivering value to our customers and supporting our own operations. They provide hardware, software, and IT consultants, as well as services related to human resources, facility management, travel and more. The main expenditure categories are hardware, software, and IT consultants as part of customer deliveries, and in our six end-to-end businesses.

The work is guided by the TietoEvry Supplier Code of Conduct, which includes a common set of ethical and business principles for our daily work with suppliers. The Supplier Code of Conduct is based on the United Nations Global Compact, with principles for human rights, labour conditions, the environment, and anti-corruption.

The Supplier Code of Conduct forms the foundation for the operative framework of the company's Responsible Sourcing practice. The

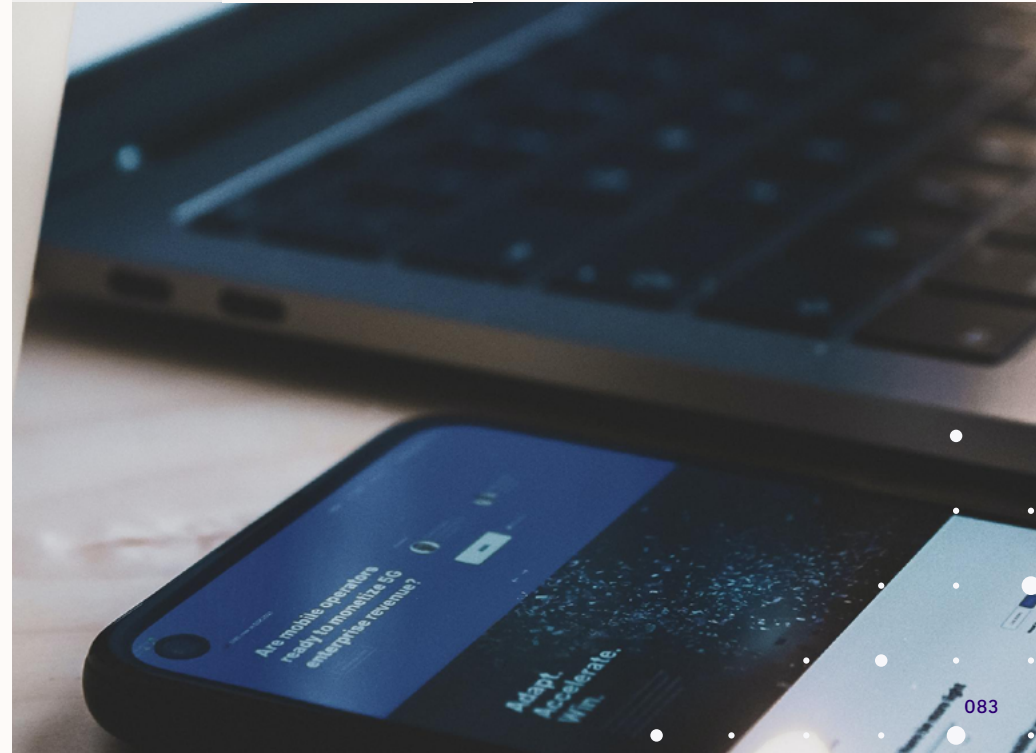
## NEW OR RENEWED SUPPLIERS AGREEING TO TIETOEVRY'S SUPPLIER CODE OF CONDUCT

Target 2023, %

100

Result 2022, %

100



purpose of the Code is to qualify and onboard our suppliers in a consistent way. We review our ways of working and our progress each year. In 2022 the Supplier Code of Conduct was updated to include more detail on areas such as Science Based Targets, Responsible AI, and Modern Slavery, for example. Our key ambition is to have our new and renewed suppliers sign the Supplier Code of Conduct. In addition, all onboarded suppliers need to go through a sanction check by our sourcing organization.

We identify and mitigate the risks in our supply chain by utilizing our updated risk-review model. The review produces a risk profile for our suppliers based on several prioritized actions in different segments. For instance, we perform management reviews with selected suppliers, send out self-assessments, and also conduct on-site audits of a sub-set of suppliers identified as having an elevated risk level of non-compliance with our Code of Conduct.

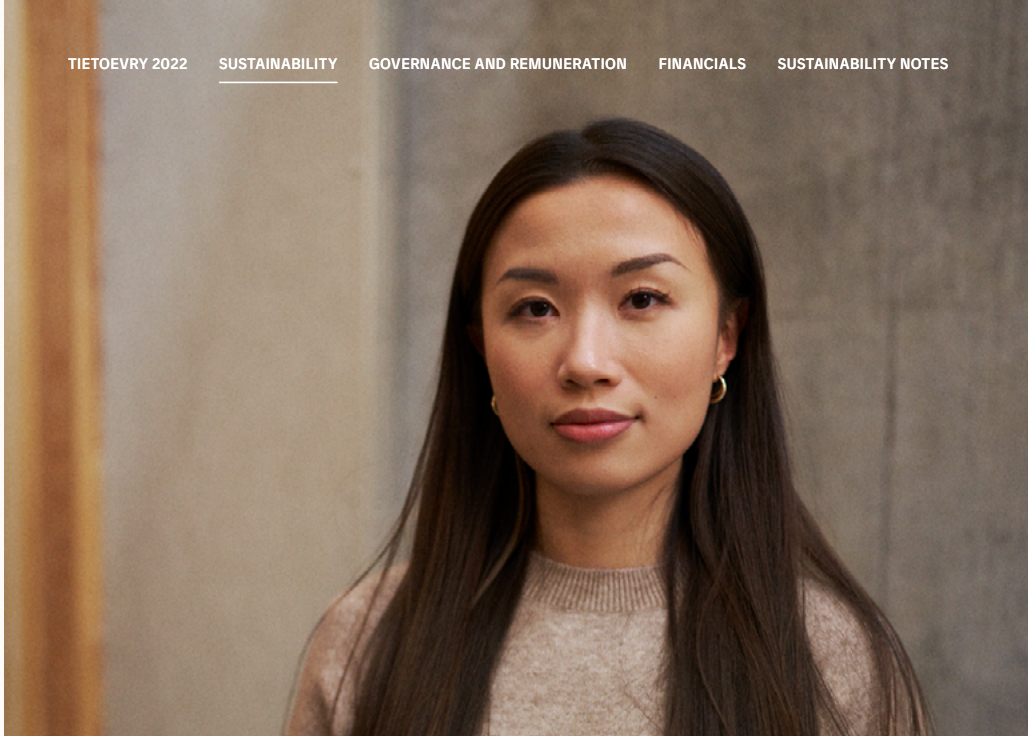
### Progress in 2022

Approximately 280 of our suppliers account for as much as 80% of Tietoevry's supplier spend. The vast majority of purchases take place in the Nordic countries. Suppliers based in Finland, Sweden and Norway represent around 90% of our total annual purchase volume. This is reflected in our review activities, which are focused on engagement with our first-tier suppliers through dialogue and surveys.

In 2022, Tietoevry's Science Based Targets (SBT) were approved by The Science Based Targets Initiative (SBTi). Tietoevry committed to increasing the annual sourcing of renewable electricity in our own offices and data centres from 80% in 2020 to 100% by 2026. We also committed to 70% of our significant suppliers by emissions – covering purchased goods and services – to have Science Based Targets by 2026. During 2022 we worked on creating a baseline and data flow for Scope 3 emissions. The development work will continue through 2023. Read more on our Science Based Targets in [Energy Usage and Greenhouse Gas Emissions](#).

Our aim is that all suppliers who regularly provide us with goods, services, or technology where our Group Sourcing Function is involved are compliant with the minimum requirements stated in our Supplier Code of Conduct. Our Group Sourcing Function, headed by CPO, tracks new and renewed supplier contracts to ensure we follow our standards and keep a high level of compliance. The measurement however does not include purchases out of the sourcing policy. Group sourcing is constantly striving to improve the sourcing process and controls and further implement the sourcing policy to include a larger scope of supplier going forward. In 2022 we reached the level of 100% supplier compliance for the contracts where Group Sourcing where involved.

\*No onsite audits during 2022 due to Covid-19 restrictions and internal organizational changes

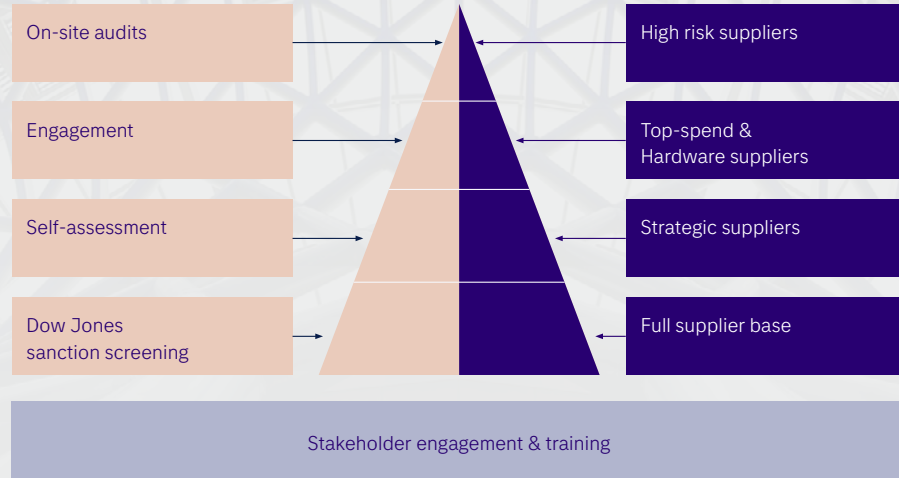


The Supplier Code of Conduct forms the foundation of the operative framework of the company's Responsible Sourcing practice.





## TIETOEVRY MODEL FOR RESPONSIBLE SOURCING



The requirements of the Norwegian Transparency Act were a key development area for Responsible Sourcing during 2022. An initial analysis was conducted to identify potential gaps and find where to improve. As a result we updated our risk-review model, which is used to assess our supplier base for elevated risk areas and to decide on review activities that match the assessed risk level.

In addition, a group-wide human rights risk screening was conducted at TietoEVRY during 2022. The findings were used to create a road map for improvement activities. Read more in the section on [Human Rights](#).

During 2022 we have continued to:

- Review the sustainability management of selected suppliers (largest by expenditure)
- Send self-assessments to selected suppliers
- Increase awareness through internal training programs within Group Sourcing
- Maintain a structured approach towards sourcing TCO-certified computers (or equivalent to TCO). In 2022, 93% of our procured computers were TCO-certified\*
- Engage in dialogues with our two main hardware suppliers around conflict minerals, both to increase our knowledge and to discuss potential risks and their severity level. No major findings regarding management and risk-detection processes were identified during the dialogues
- Assess suppliers at risk of compromised right to freedom of association and collective bargaining

During the year we established our own commitments to Science Based Targets. As part of our engagement target we distribute a survey to our high-spend suppliers to confirm if they have Science Based Targets or an absolute target on greenhouse gas reduction, and what their real emissions are for products and services provided to us. Based on the survey and analysis, 27% of suppliers in scope during 2022 have Science Based Targets. The scope entails 100% tier one suppliers and a further breakdown of key distributors' tier two suppliers\*.

We also conducted a desktop assessment aimed at identifying the geographical areas where our top-spend suppliers operate, and to assess risks related to the rights for workers to exercise freedom of association or collective bargaining. The scope of the assessment included the suppliers representing 50 % of TietoEVRY's total spend. The assessment shows that the vast majority (93%) of TietoEVRY's top-spend suppliers are based in countries where the risk is low, i.e. Nordics. The majority of the suppliers are service providers with low risk from an industry perspective as well.

Each year our Sustainability and Sourcing functions agree on supplier-related activities and annual targets. Sourcing managers working closely with the business are responsible for making sure that our Sourcing Policy is followed, and that the Supplier Code of Conduct is accepted and confirmed by all suppliers. We conduct annual performance follow-ups within our sustainable supply chain to monitor our own progress and our suppliers' performance.

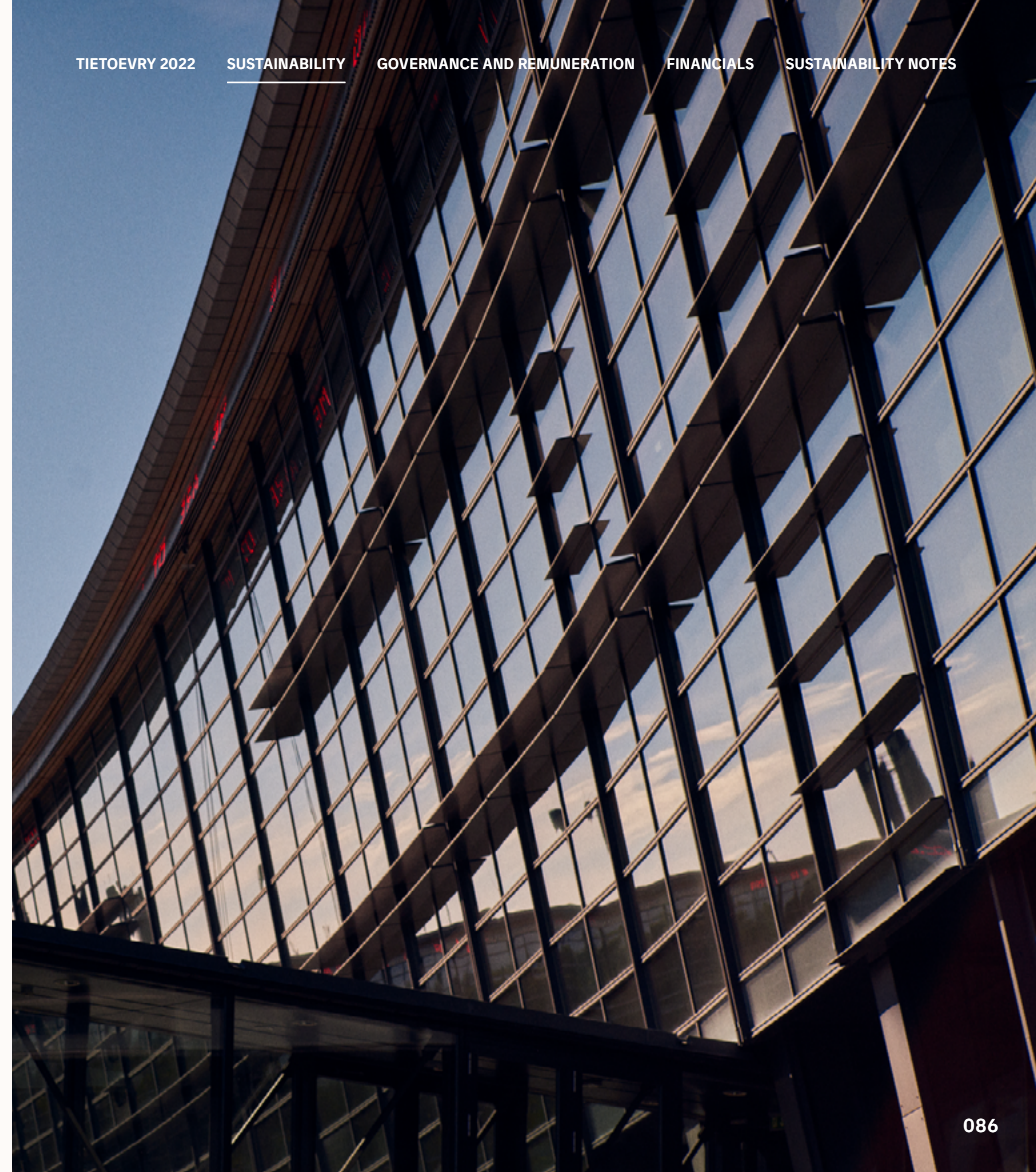
\*High spend tier one suppliers together with high emitting tier two suppliers (mainly hardware).

### Looking ahead

We continue further improving sustainability in our supply chain through activities in the Sustainable Supply Chain programme, including:

- Conducting on-site audits
- Continuing to drive supplier management reviews with key suppliers
- Further implementing our Supplier Code of Conduct, including training our suppliers
- Investigating how compliance with Science Based Targets can be a criterion in our supplier onboarding, and the implications thereof
- Improving collaboration with our main partners and important stakeholders

Throughout 2023 we will continue to evaluate the measures and risks in our supply chain, and fine tune our approach towards suppliers in different sectors and markets. As 2023 is the final year of our Sustainability Strategy 2020–2023, we will also begin desktop work preparing for the new strategy period. We are constantly working towards improving our own performance together with our suppliers.



# 03

## Governance

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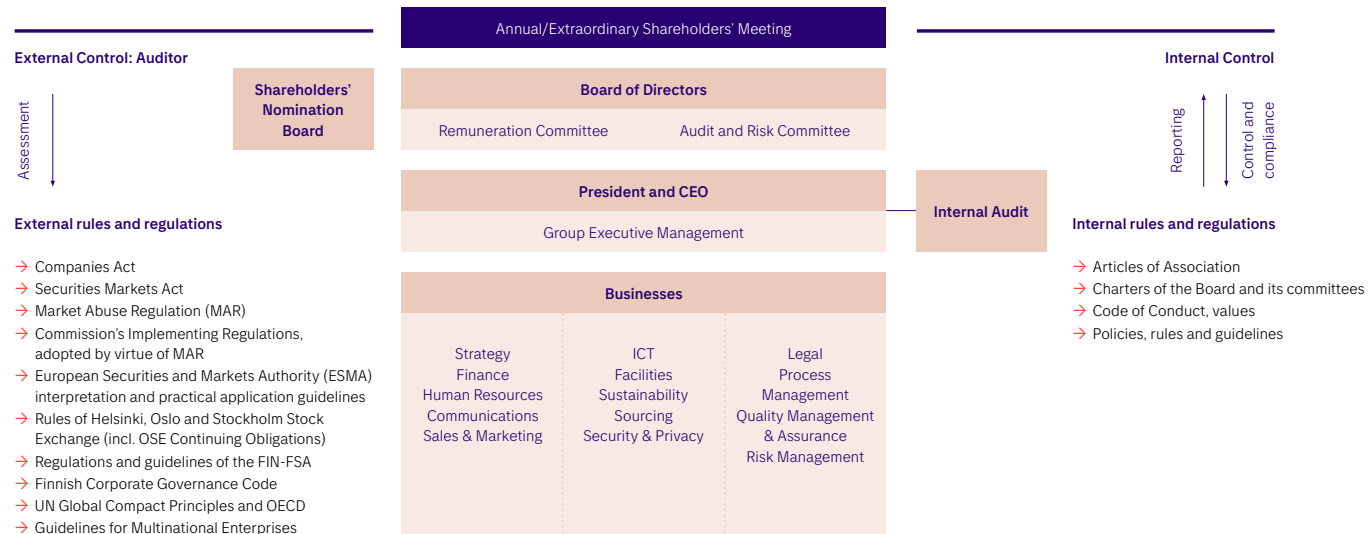


# Corporate Governance Statement

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 2022.

## 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 of Directors 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, members and new member candidates
- Group Management: President and CEO, CFO
- Auditors

For more information on the AGM 2023 and previous meetings, shareholders and participation possibilities, please visit [www.tietoevry.com/agm](http://www.tietoevry.com/agm).

## AGM 2022

- In 2022, TietoEVRY's AGM convened on 24 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 562 shareholders and 77,075,938 shares (65.1% 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 2022 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: Partner, Cevian Capital AB  
 Born: 1988  
 Nationality: Swedish  
 Education: MSc. (Finance & Accounting)

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 of TietoEVRY Oyj:  
 Tomas Franzén

The SNB convened five times and provided TietoEVRY's Board of Directors on 30 January 2023 with its proposals to the AGM 2023. The SNB proposes to the AGM that the Board of Directors shall have nine members and that the current Board members Tomas Franzén, Liselotte Hågertz Engstam, Harri-Pekka Kaukonen, Katharina Mosheim and Endre Rangnes be re-elected. Timo Ahopelto, Angela Mazza Teufer and Niko Pakalén have informed that they are not available for re-election. Bertil Carlsén, Elisabetta Castiglioni, Gustav Moss and Petter Söderström are proposed as new members. 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.tietoevry.com/en/investor-relations/governance/proposed-new-members-of-the-board/](http://www.tietoevry.com/en/investor-relations/governance/proposed-new-members-of-the-board/).



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: EUR 133 000 to the Chairperson (2022: EUR 128 500), EUR 72 000 to the Deputy Chairperson (2022: EUR 72 000) and EUR 54 500 to the other members (2022: EUR 54 500).

In addition to these fees, it is proposed that the Chairperson of a permanent Board Committee be paid an annual fee of EUR 20 000, and a member of a permanent Board Committee be paid 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 employee representatives elected as ordinary members of the Board of Directors be paid an annual fee of EUR 15 000 and the employee representatives elected as deputy members of the Board of Directors be paid an annual fee of EUR 7 500.

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 2023. 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.

The remuneration of the employee representatives elected as members of 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 as well as environmental, social and governance matters.

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 diversity 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 eight members elected by the AGM during 2022 were female. 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 two members and two deputy members to the Board of Directors. 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 the 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 2022<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)	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	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
Robert Spinelli (personnel representative) <sup>2)</sup>	1957	Swedish	General data processing	Customer Executive
Ilpo Waljus (personnel representative)	1974	Finnish	BBA	Test Manager

<sup>1)</sup> Leif Teksum and personnel representatives Tommy Sander Aldrin, Ola Hugo Jordhøy and Anders Palklint served as Board members until the AGM on 24 March 2022.

<sup>2)</sup> Board member as of the AGM on 24 March 2022.



Independence and attendance in meetings of the Board and its committees in 2022

Name	Member since	Independent of company	Independent of shareholder	Board <sup>3)</sup>	Audit and risk committee	Remuneration committee
Tomas Franzén	2019	yes	yes	14/14		6/6
Timo Ahopelto	2017	yes	no	10/14	6/6	
Harri-Pekka Kaukonen	2016	yes	yes	12/14	6/6	6/6
Liselotte Hägertz Engstam	2018	yes	yes	14/14	6/6	
Angela Mazza Teufer	2021	yes	yes	13/14		
Katharina Mosheim	2020	yes	yes	14/14	5/5	
Niko Pakalén	2019	yes	yes	14/14	6/6	
Endre Rangnes	2014	yes	yes	12/14		6/6
Leif Teksum <sup>2)</sup>	2019	yes	yes	2/2	1/1	
Robert Spinelli <sup>1)</sup>	2022	no	yes	12/12		
Ilpo Waljus	2014	no	yes	13/14		
Tommy Sander Aldrin <sup>2)</sup>	2019	no	yes	2/2		
Anders Palkint <sup>2)</sup>	2019	no	yes	2/2		
Ola Hugo Jordhøy <sup>2)</sup>	2019	no	yes	2/2		

<sup>1)</sup> Board member as from 24 March 2022.

<sup>2)</sup> Board member until 24 March 2022.

<sup>3)</sup> One Board subgroup met eight times. Meeting fees were paid for these meetings.

All Board members elected by the AGM of TietoEVRY are independent of the company and seven out of eight 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, 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, social and governance (ESG) 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 matters 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.

## 2022

- The Board convened 14 times in 2022 and the average attendance was 94.9%.
- The Board met five 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 a full 360-degree evaluation with an external consultant during autumn 2022. Assessments review the Board's knowledge of the company's operations and management, as its understanding of the field of business as well as how key ESG topics are addressed. 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 subgroups whenever it is needed for a specific topic. The entire Board remains responsible for the duties assigned to the committees/subgroups.

### Remuneration Committee

#### Composition

The Remuneration Committee (RC) comprises of 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:

- Tomas Franzén (Chairperson)
- Harri-Pekka Kaukonen
- 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, including applicable ESG targets
- 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 Management
- prepare a proposal on the Board's charter.

## 2022

- The committee convened six times in 2022 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 as well as the development of the remuneration of the Group Management.

## 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 2022, 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 Hågertz Engstam
- Katharina Mosheim
- Niko Pakalén

## 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. 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; including non-financial information, EU taxonomy and other relevant ESG reporting topics
- 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.

## 2022

- The committee convened six times in 2022 and attendance was 100%.
- In addition to its regular agenda, the committee followed up progress in delivery management and quality as well as development in privacy and cybersecurity.



# The President and CEO and operative management

## Members of the Group management as at 31 December 2022<sup>1)</sup>

Kimmo Alkio  
President and CEO  
Born: 1963  
Nationality: Finnish  
Education: BBA and Executive MBA  
Joined TietoEvry in 2011

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  
Managing Director, TietoEvry Care and TietoEvry Industry  
Born: 1969  
Nationality: Finnish  
Education: MSc. (Eng.)  
Joined TietoEvry in 2001

Satu Kiiskinen  
Managing Director, TietoEvry Transform  
Born: 1965  
Nationality: Finnish  
Education: MSc. (Econ.)  
Joined TietoEvry in 2013

Christian Pedersen  
Managing Director, TietoEvry Create  
Born: 1974  
Nationality: Norwegian  
Education: MSc. (Tech.)  
Joined TietoEvry in 2014

Christian Segersven  
Managing Director, TietoEvry Banking  
Born: 1975  
Nationality: Finnish  
Education: MSc. (Tech.)  
Joined TietoEvry in 2013

Johan Torstensson  
Managing Director, TietoEvry Connect  
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 Management, are presented on the company's [website](#).

<sup>1)</sup> Malin Fors-Skjæveland acted as Head of Operations until 31 December 2022..

### Shareholdings of the Group Management

Name	Shares at 31 Dec 2022	Shares at 31 Dec 2021
Kimmo Alkio	73 911	58 439
Malin Fors-Skjæveland <sup>1)</sup>	5 295	3 552
Kishore Ghadiyaram	16 128	12 829
Tomi Hyryläinen	7 390	4 120
Ari Järvelä	16 239	15 064
Satu Kiiskinen	22 381	25 598
Christian Pedersen	8 064	6 321
Christian Segersven	0	0
Johan Torstensson	0	1 059
Trond Vinje	32 986	33 518

<sup>1)</sup> Position ended on 31 December 2022.

# 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.

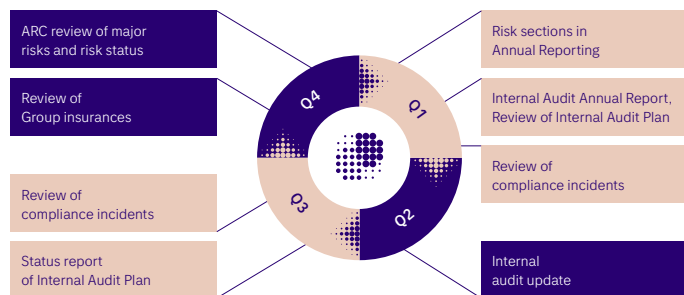
The aim of TietoEvry's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information.

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.

### ANNUAL CLOCK FOR THE AUDIT AND RISK COMMITTEE



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 Group 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 Group 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 to and consistently defined in 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. By utilizing 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 of the TietoEvry GRC (Governance, Risk & Compliance) platform with its related framework continued during 2022. Its effectiveness is validated in business operations by means of active risk assessments of the company's assets, resulting in measurable risk reductions and risk management KPIs.

The TietoEvry GRC platform now comprises the following functionalities:

- Business reporting dashboards
- Risk management and improvement opportunity
- 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, Privacy and Quality Managers in the units, and they are approved by the Tietoevry Group Executive Management 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 Executive Management 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 Executive Management 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 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 in 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 Management, 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 the 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 2023 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 2023. 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 2022 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2022. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

In 2022, TietoEVRY Group paid the auditors a total of EUR 1.3 (1.3) million in audit fees, and a total of EUR 0.6 (0.5) million for other services.

# Remuneration Report

## Chairperson letter

Dear Shareholder,

On behalf of TietoEVRY's Remuneration Committee, I am pleased to present our Remuneration Report 2022. The report includes the remuneration of the members of the Board of Directors and the President and CEO (the CEO) for the financial year 2022 and describes how the Remuneration Policy approved by the 2020 Annual General Meeting of Shareholders has been implemented in practice. We will present this report at our 2023 Annual General Meeting for an advisory shareholder vote.

## Our approach to remuneration

Our purpose as a Remuneration Committee is to ensure that remuneration plans at TietoEVRY reflect our long-standing remuneration principles of aiming to attract and retain the best talent, motivate all employees and align the goals of our shareholders, executives and other stakeholders to enhance the value of the company. We reward our employees for high performance in achieving both individual and the company's objectives. Thus, we are linking remuneration to the successful execution of our strategy, driving a major renewal of the company.

TietoEVRY is reconfiguring its businesses with a view to unlocking the full value potential of its portfolio. During summer 2022, we initiated a strategic review of our Banking business, which is expected to support a clear financial services software identity to attract the best talent. Later during the year, we announced a strategic review of TietoEVRY Transform and TietoEVRY Connect as a combined business. These actions seek to accelerate TietoEVRY's strategy implementation and position the company as a software and digital engineering business. Furthermore, they contribute to the company's uplifted financial ambitions.

Our remuneration structure aims to reinforce and support our strategic target of driving the expansion and growth of the company. With clear targets for both short- and long-term incentives, the Board of Directors aims to support sustainable value creation for all stakeholders. Therefore, our long-term incentive plans are linked both to strategic and financial measures as well as Environmental, Social and Governance (ESG) measures.

A significant proportion of our CEO's remuneration is derived from variable pay, comprising both short- and long-term incentives. The Board of Directors aims to ensure that the remuneration is well aligned with the execution of the strategy – which is particularly important during the era of significant ongoing renewal – and the financial performance of the company.

## TietoEVRY's performance and remuneration in 2022

In 2022, organic revenue growth accelerated to 6% driven by strong development in our consulting and software business. TietoEVRY was also successful in maintaining healthy profitability levels in a challenging era of high inflation and was able to deliver a Group-adjusted operating profit of EUR 379.2 million. 2022

was the final year in the Performance Share Plan (PSP) 2020–2022 with earnings per share (EPS) and relative total shareholder return (relative TSR) as performance measures. For relative TSR, TietoEVRY's share was compared to relevant share index performance between 2020 and 2022. Relative TSR reached the maximum level set for the plan and EPS achievement was between threshold and target set for the plan.

The remuneration for the Board of Directors and the CEO during the financial year 2022 was executed in accordance with the 2020 Remuneration Policy. No deviations from the Remuneration Policy have been made and no remuneration of the Board of Directors nor the CEO has been reclaimed or restated during the financial year 2022.

## Environmental, Social and Governance measures and their link to remuneration

As part of its strategy, the company has made a long-term commitment to sustainability by increasing its focus on Environmental, Social and Governance (ESG) aspects. In Performance Share Plan 2022-2024, the company included key ESG measures into the plan metrics. The reduction of CO<sub>2</sub> emissions and gender diversity in the form of female recruits are also included in the new Performance Share Plan 2023-2025 metrics with increased weight compared to the previous plan. The target levels set by the Board of Directors are based on the long-term ambitions of the company and support the execution of the strategy.

On behalf of TietoEVRY Remuneration Committee

Tomas Franzén  
Chairperson of the Remuneration Committee

Committee members during 2022:

- Tomas Franzén
- Endre Rangnén
- Harri-Pekka Kaukonen

This Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2020, and the requirements set forth in the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act, and the Decree of the Ministry of Finance.



## Remuneration of the Board

According to the decision of Tietoevry's AGM 2022, the annual remuneration of the Board of Directors is the following:

- EUR 128 500 to the Chairperson,
- EUR 72 000 to the Deputy Chairperson and
- EUR 54 500 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 Board of Director's meeting, permanent committee or temporary subgroup 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.

Furthermore, the AGM 2022 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 except the personnel representatives. 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 2022<sup>1)</sup>

Name	Annual remuneration		
	EUR <sup>2)</sup>	Shares <sup>3)</sup>	Meeting based, EUR
Tomas Franzén, Chairperson Board and RC <sup>4)</sup>	74 265	3 296	20 800
Timo Ahopelto, Deputy Chairperson <sup>4)</sup>	41 008	1 820	17 600
Harri-Pekka Kaukonen, Chairperson ARC <sup>4)</sup>	42 270	1 875	18 400
Liselotte Hägertz Engstam <sup>5)</sup>	48 396	715	15 200
Angela Mazza Teufer <sup>6)</sup>	13 644	1 814	9 600
Katharina Mosheim <sup>5)</sup>	48 396	715	14 400
Niko Pakalén <sup>7)</sup>	64 500	0	21 600
Endre Rangnes <sup>4)</sup>	32 270	1 431	13 600
Leif Teksum <sup>8)</sup>	—	—	2 400
Robert Spinelli, personnel rep.	15 000	—	—
Ilpo Waljus, personnel rep.	15 000	—	—
<b>In total</b>	<b>394 749</b>	<b>11 666</b>	<b>133 600</b>

<sup>1)</sup> The Board members have not received any other benefits.

<sup>2)</sup> Gross compensation before taxes.

<sup>3)</sup> Shares were purchased and delivered in May 2022.

<sup>4)</sup> 50% in cash, 50% in shares.

<sup>5)</sup> 75% in cash, 25% in shares.

<sup>6)</sup> 25% in cash, 75% in shares.

<sup>7)</sup> 100% in cash.

<sup>8)</sup> Board member until 24 March 2022.

Board of Directors' shareholdings in TietoEVRY<sup>9)</sup>

Name	At 31 Dec 2022	At 31 Dec 2021
Tomas Franzén, Chairperson Board and RC	10 704	7 408
Timo Ahopelto, Deputy Chairperson	7 244	5 424
Harri-Pekka Kaukonen, Chairperson ARC	9 768	7 893
Liselotte Hägertz Engstam	4 096	3 381
Angela Mazza Teufer	3 176	1 362
Katharina Mosheim	1 767	1 052
Niko Pakalén	2 786	2 786
Endre Rangnes	7 705	6 274
Leif Teksum (partly via Teklei Consulting AS)	—	8 488

<sup>9)</sup> Corporations over which the Board members exercise control did not have shares or share-based rights on 31 December 2022.

**President and CEO's total remuneration**

Kimmo Alkio	Remuneration paid during fiscal year 2022	Rewards to be paid during fiscal year 2023, STI 2022 and LTI 2020-2022
Salary	EUR 825 465	
Benefits	EUR 28 050	
Short-term incentive	EUR 484 380 (STI 2021) <sup>1)</sup>	EUR 991 586 (STI 2022)
Long-term incentive <sup>2)</sup>	EUR 705 461 (PSP 2019–2021)	55 622 gross shares (PSP 2020–2022)
<b>Total</b>	<b>EUR 2 043 355</b>	
Fixed vs. variable compensation	42% / 58%	
Pension expenditure, voluntary defined contribution	EUR 205 054 <sup>3)</sup>	

<sup>1)</sup> Incentive level adjustment downwards by the Board of Directors based on Group-wide incentive multiplier.

<sup>2)</sup> Total gross long-term incentive reward, which is partly delivered in shares, partly converted to cash to cover income tax.

<sup>3)</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.

Variable, performance-based pay, meaning short- and long-term incentives, forms a substantial part of the CEO's total remuneration. In 2022, the paid short- and long-term incentives formed 58 per cent of total compensation and the fixed annual compensation 42 per cent. The CEO is eligible for a defined contribution (DC) plan where the expenditure is 23% of the annual base salary. Retirement age is 63. No other financial benefits were paid to the CEO in 2022.

**Short-term incentive**

The incentive for the President and CEO is 75% of the annual base salary when the performance is at expected level and the maximum incentive is 150%. The incentive targets are annually set by the Board of Directors, and the payout is decided by the Board of Directors after the consolidated financial statements have been prepared.

**CEO STI 2021 (paid in April 2022)**

Reward targets	Weight	Achievement
Group revenue	30%	On target
Group adjusted profit	30%	Between threshold and target
Adjusted free cash flow	10%	At maximum
Strategic and operational goals	30%	On target
<b>Total</b>	<b>100%</b>	<b>102%</b>

**CEO STI 2022 (to be paid in 2023)**

Reward targets	Weight	Achievement
Group revenue	25%	At maximum
Group adjusted profit	25%	Between target and maximum
Adjusted free cash flow	10%	Below minimum
Strategy and portfolio targets	40%	At maximum
<b>Total</b>	<b>100%</b>	<b>159 %</b>

**CEO STI 2023 (potential reward in 2024)**

Reward targets	Weight
Group revenue	25%
Group adjusted profit	25%
Adjusted free cash flow	10%
Strategy and portfolio targets	40%
<b>Total</b>	<b>100%</b>



### Long-term incentive

Share-based plans reward leadership and key employees for company growth and achievement of defined strategic targets. TietoEVRY's Board of Directors decides each year separately on establishing new long-term incentive plans and sets the performance criteria for the performance share plan including the performance requirements for threshold, target and maximum levels. The performance criteria are set and

evaluated for the three-year performance period (except for PSP 2019–2021, for which the performance criteria were reevaluated due to the merger). The ESG performance measures for PSP 2022–2024 and PSP 2023–2025 are based on the company's responsibility targets. The Board nominates the CEO to the LTI plan and decides on the shares to be allocated to him. Shares will be delivered after the consolidated financial statements have been prepared and performance criteria evaluation can be completed.

Performance Share Plan	2019–2021	2020–2022	2021–2023	2022–2024	2023–2025
Performance criteria & criteria weight					
	EPS, weight 30%	EPS, weight 50%	EPS, weight 33%	TSR, weight 60%	TSR, weight 80%
	TSR, weight 20%	TSR, weight 50%	TSR, weight 33%	Revenue growth, weight 30%	ESG: CO <sub>2</sub> emissions, weight 10%. Target level: 87% reduction from 2020 baseline by the end of 2025
	Revenue growth, weight 50%		Revenue growth, weight 34%	ESG: CO <sub>2</sub> emission, weight 5%	ESG: Gender diversity, female recruits, weight 10%. Target level 37% female intake in 2025
				ESG: Gender diversity, weight 5%	
Achievement in total and per measure	98%	137%	n/a	n/a	n/a
	EPS 2019: below threshold	EPS: between minimum and target			
	EPS 2020-2021: at maximum	Relative TSR: at maximum			
	Relative TSR: below threshold				
	Revenue growth 2019: between threshold and target				
	Revenue growth 2020–2021: between threshold and target				
Share delivery	2022	2023	2024	2025	2026
The President and CEO share grants and deliveries					
Grant size of Annual Base Salary at share grant <sup>1)</sup>	100%	125%	125%	125%	125%
Target number of gross shares	29 433	40 600	37 900	43 212	37 900
Maximum number of gross shares	58 866	81 200	75 800	86 424	75 800
Shares earned (total gross shares) <sup>2)</sup>	28 844	55 622	n/a	n/a	n/a
Share price at delivery	EUR 24.4578	n/a	n/a	n/a	n/a

<sup>1)</sup> The CEO LTI grant size was adjusted for PSP 2020–2022 and onwards by the Board to take into account the larger company size after the merger.

<sup>2)</sup> Shares earned shows the total number of shares after performance criteria achievement. Part of the reward is converted to cash payment to cover income tax.

Updated information on the shares 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.

### Comparative remuneration data

The information in the table below is based on Tieto's data until the merger of Tieto and EVRY on 5 December 2019. The data from 2020 and onwards represent post merger values.

		2018	2019	2020	2021	2022
Revenue	EUR million	1 599.5	1 734.0	2 786.4	2 823.4	2 928.1
Operating profit (EBIT)	EUR million	154.7	126.8	146.7 <sup>4)</sup>	382.0 <sup>4)</sup>	266.5
Board remuneration <sup>1)</sup>						
Chairperson	Annual remuneration, EUR	91 000	98 000	125 000	125 000	128 500
Deputy chairperson	Annual remuneration, EUR	55 000	58 000	70 000	70 000	72 000
Board member	Annual remuneration, EUR	36 000	38 000	53 000	53 000	54 500
	Meeting fee, EUR/meeting	800	800	800	800	800
Employee representative	Annual remuneration, EUR			15 000	15 000	15 000
CEO remuneration <sup>2)</sup>	EUR	1 788 302	2 589 032	2 636 446	2 404 562	2 248 409
Employee remuneration <sup>3)</sup>	EUR, average per employee	60 710	62 155	62 452	64 084	65 454

<sup>1)</sup> Post merger, 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.

<sup>2)</sup> 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.

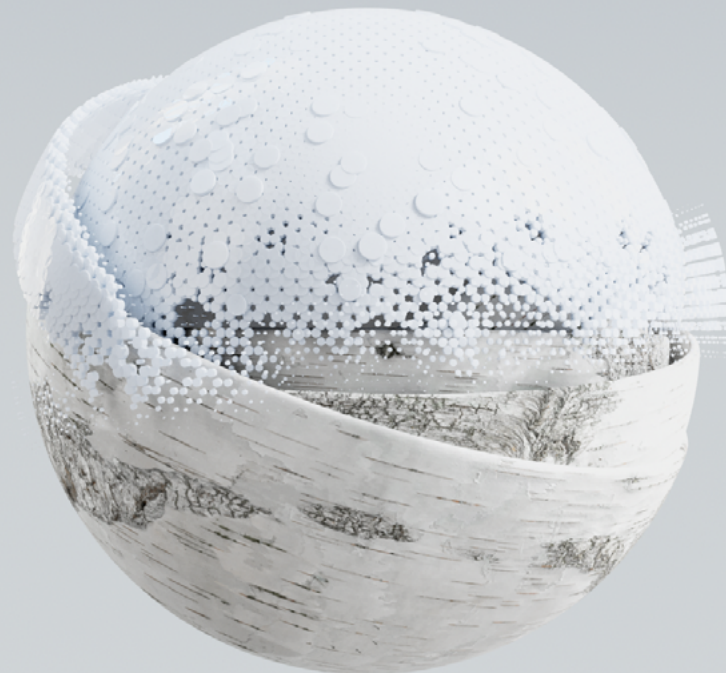
<sup>3)</sup> Employee average compensation from 2020 onwards is based on personnel expenses divided by the average number of employees, and for the other years, the end-of-year employee figures.

<sup>4)</sup> 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 operating profit (EBITA) stood at EUR 367.8 million (2021) and EUR 355.0 million (2020).

# 04

## Financials

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<sup>1)</sup> Unaudited

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This Financial Statements and Report by the Board of Directors 2022 in pdf format has been published voluntarily and is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation. TietoEVRY's Financial Statements and Report by the Board of Directors 2022 in accordance with ESEF regulations are available at [www.tietoevry.com/investors](http://www.tietoevry.com/investors).



## About TietoEVRY

TietoEVRY Corporation ("TietoEVRY") is a Finnish public limited liability company. Headquartered in Finland, TietoEVRY is a leading Nordic digital services and software company that employs around 24 000 experts globally. TietoEVRY serves thousands of enterprise and public sector customers in more than 90 countries. The company's shares are listed on the NASDAQ in Helsinki and Stockholm and the Oslo Børs.

The company's services comprise software, data and digital engineering as well as managed services and transformation, and related capabilities to support customers' business renewal, innovation and efficient operations. TietoEVRY's role varies from consulting and advisory, designing and building solutions to running IT operations. Competitiveness is based on solutions combining best-of-breed technologies with consulting and integration capabilities, industrialized service delivery and strong global delivery capability.

To capture the momentum of the cloud-native and software market, TietoEVRY's six specialized end-to-end businesses have full operational responsibility, including go-to-market, service portfolio as well as investments and partnerships to drive scale and expansion.

The Group's segments effective as from 1 January 2022 are described in the [Strategy section](#).

## Highlights of 2022

- The new structure based on six specialized businesses took effect on 1 January.
- TietoEVRY saw accelerated growth driven by TietoEVRY Create, TietoEVRY Banking and TietoEVRY Care, and profitability remained solid even as inflation increased during the year.
- In July, the company announced a strategic review of TietoEVRY Banking with a view to separating the business as an independent company that would be listed on a stock exchange.
- In November, TietoEVRY initiated a process to evaluate strategic opportunities for the combined TietoEVRY Transform and TietoEVRY Connect businesses, including a potential sale or listing as a spin-off.
- The company upgraded its long-term financial targets in November.
- In the full year, revenue was up by 3.7%, organically<sup>1)</sup> up by 6.4%. Adjusted operating profit<sup>2)</sup> (EBITA) was up to EUR 379.2 (367.8) million, representing a margin of 13.0% (13.0). Profitability was somewhat affected by higher inflation.
- Operating profit (EBIT) amounted to EUR 266.5 (382.0) million. In 2021, operating profit included capital gains of EUR 104.0 million.

<sup>1)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

<sup>2)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

# Five-year key figures

	2022	2021	2020	2019	2018
Revenue, EUR million	2 928.1	2 823.4	2 786.4	1 734.0	1 599.5
Operating profit (EBIT), EUR million	266.5	382.0	146.7	126,8	154.7
Operating margin (EBIT), %	9.1	13.5	5.3	7.3	9.7
Adjusted <sup>1)</sup> operating profit (EBITA <sup>2)</sup> , EUR million	379.2	367.8	355.0	199.4	168.0
Adjusted <sup>1)</sup> operating margin (EBITA <sup>2)</sup> , %	13.0	13.0	12.7	11.5	10.5
Profit before taxes, EUR million	242.8	353.8	122.4	100.8	152.8
Earnings per share, EUR					
Basic	1.59	2.46	0.80	1.02	1.67
Diluted	1.59	2.46	0.80	1.02	1.66
Equity per share, EUR	14.52	15.38	13.73	14.27	6.54
Dividend per share, EUR	1.45	1.40	1.32	0.64	1.45
Capital expenditure, EUR million	92.9	80.8	83.5	51.4	45.0
Acquisitions, EUR million	—	—	0.6	175.7	14.5
Return on equity, 12-month rolling, %	10.7	16.9	5.7	7.3	25.7
Return on capital employed, 12-month rolling, %	9.9	13.7	5.2	6.9	20.9
Gearing, %	39.5	33.5	54.3	63.4	28.5
Interest-bearing net debt, EUR million	679.1	610.6	883.3	1 070.0	137.4
Equity ratio, %	51.5	51.6	45.9	44.5	41.3
Personnel on average	24 401	23 824	23 788	15 950	14 907
Personnel on 31 Dec	24 320	24 389	23 632	24 322	15 190

<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

<sup>2)</sup> Profit before interests, taxes and amortization of acquisition-related intangible assets.

See calculation of key figures on page [Alternative performance measures](#).

# IT market development

The market is expected to be dynamic in 2023 with continued macroeconomic uncertainty. Technology will continue to drive resilience and productivity improvement during uncertain times, while customer priorities are expected to adapt along evolving market conditions.

The shift to cloud native technologies continues to be at the core of customers' drive for agility, productivity and competitiveness. Cloud continues to be the foundation for business agility and data at the core of competitive products and operations. Demand for cloud native and data services is expected to remain high and to result in over 10% market growth in this area.

At the same time, the focus will be on productivity and customer experience. Customers continue to emphasize data sovereignty, security and business continuity as they adopt cloud technologies, with multi-cloud becoming a default. In the current high-inflation market, outsourcing demand with embedded transformation to cloud is expected to slightly increase, resulting in further acceleration of price erosion and anticipated decline of around 10% in traditional services. Considering the inflation across the supply chain, service providers need to balance between inflation in supplier and employee costs and customer demands for price reductions, limiting their ability to increase prices and margins.

The talent market is expected to remain active, with customers continuing to build their digital capabilities. Attrition levels were slowly declining towards the end of 2022 and are likely to be slightly lower in 2023.

# Strategy to drive value creation through specialized businesses

TietoEvry aims to drive value creation through specialization. Investments will be focused on businesses where the company sees competitive advantages and sustainable growth:

- cloud-native services
- data and software engineering
- scalable software businesses, including their global expansion potential.

## Six specialized businesses

TietoEvry's specialized businesses have full operational responsibility, including go-to-market, service portfolio, delivery capabilities, compensation models, investments and partnerships. Reflecting the distinct market dynamics of each, the individual businesses have optionality to build scale and prioritize investments. The businesses forming the reportable segments are:

**TietoEvry Create** accelerates customers' digital agenda to create competitive products and data-driven businesses utilizing design, data and cloud technologies. This is a global business with software and data engineering at its core.

**TietoEvry Banking** is a provider of scalable Banking-as-a-Service platform and leading software products to drive digital transformation and efficiency for financial institutions.

**TietoEvry Care** provides modular and interoperable software, reinventing Nordic health and social care for enhanced care personnel and citizen experience.

**TietoEvry Industry** is a portfolio of distinct competitive software and data solutions across a wide variety of industry domains. These domains include the public sector, pulp & paper and utilities.

**TietoEvry Transform** drives enterprise-wide transformation across customers' business processes, applications and infrastructure. Deep customer knowledge, global cloud & data competencies and automated operations form its foundation.

**TietoEvry Connect** is a multi-cloud platform provider with a full range of infrastructure choices at scale – ensuring security, resilience and compliance for the customer's business.

Scalable common functions, such as Finance, Strategy and HR, continue to support the businesses in driving portfolio development, performance management and efficiency across the company.

## Investment priorities to support scale in distinct businesses

The following investment priorities will drive competitiveness and value creation in each business:

- Invest to expand in TietoEvry Create, TietoEvry Care and TietoEvry Banking – invest to accelerate products, services and capabilities; prioritize M&A.
- Partner to scale in TietoEvry Transform and TietoEvry Connect – invest in capabilities to drive scale and automated managed services; seek partners to jointly invest and build scale.
- Focus for value in TietoEvry Industry – optimize investments in selected businesses and develop portfolio to increase focus.

## Long-term financial ambition

Uplifted financial ambition for TietoEvry Group is to reach annual revenue growth of 8–10% and adjusted operating margin (EBITA) of 15–16% by 2025. The revenue growth and profitability ambition of TietoEvry Group is aggregated from the businesses' ambitions.



Aggregated growth ambition for software and digital engineering businesses is 12–14% and adjusted operating margin (EBITA) 17–19%, consisting of the following:

	Annual revenue growth <sup>1)</sup> by 2025	Adjusted <sup>2)</sup> operating margin (EBITA) by 2025
TietoEvry Create	14–16%	14–16%
TietoEvry Banking	10–12%	16–18%
TietoEvry Care	12–14%	28–30%
TietoEvry Industry	8–10%	20–22%

Aggregated growth ambition for managed services and transformation businesses is 1–3% and adjusted operating margin (EBITA) 9–11%, consisting of the following:

	Annual revenue growth <sup>1)</sup> by 2025	Adjusted <sup>2)</sup> operating margin (EBITA) by 2025
TietoEvry Transform	2–4%	10–12%
TietoEvry Connect	1–3%	8–10%

<sup>1)</sup> Mainly organic, adjusted for currency effects

<sup>2)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability

TietoEvry's financial ambitions also include:

- maintaining net debt/EBITDA between 1–2
- continuing to increase dividends annually.

### Strategic reviews proceeding according to plan – aiming to accelerate value creation

In July 2022, the company announced that it has initiated a strategic review of the TietoEvry Banking business, including a process to study its potential separation into an independent company that would be listed on a stock exchange. The aim is to accelerate the growth profile, scale and profitability of TietoEvry Banking, and enhance its strategic and financial flexibility to drive value creation for all stakeholders. The strategic review process is proceeding according to plan and is expected to be completed in the second half of 2023. Should the listing assessment proceed favourably, the company aims to subsequently list TietoEvry Banking in the second half of 2023.

In November 2022, TietoEvry initiated a strategic review of its TietoEvry Transform and TietoEvry Connect as a combined business. The company aims to evaluate strategic opportunities, including a potential sale or listing as a spin-off. The review and the subsequent potential sale or listing is expected to take 12–18 months.

The intended actions will accelerate TietoEvry's strategy implementation, positioning the company as a high-growth and -margin software and digital engineering business.

# Performance in 2023

TietoEvry estimates that the good business momentum will continue and expects its organic growth to be 5–7% in the full year. Growth will be supported by strong order backlog for the year. Adjusted for the impact of exchange rates and divestments, the amount to be invoiced in 2023 is up by 6% from 2022. The company expects price increases to contribute positively while the lead time for higher customer price increases is several quarters due to the long-term nature of contracts. On the other hand, the business mix of the company and long-term contracts provide resilience in uncertain times.

Full-year adjusted operating profit margin is expected to be in the range of 13.0–13.5% (2022: 13.0). The combination of continued healthy growth and the performance improvement programmes is expected to support full-year performance while continued high inflation is anticipated to constrain profitability improvement.

## Mitigating high inflation

The company estimates salary inflation to be 4–5% on average in 2023. TietoEvry is also impacted by an increase in cost inflation, visible in items such as subcontracting, premises, electricity and software licences. The negative impact is mitigated by a number of actions including further offshoring, automation, management of the competence pyramid and overall cost efficiency across businesses. Furthermore, price increases are expected to gradually help mitigate high inflation.

# Financial performance

Full-year revenue increased by 3.7% to EUR 2 928.1 (2 823.4) million. Divestments had a negative impact of EUR 38 million and exchange rates a negative impact of EUR 36 million. Organically, revenue was up by 6%. Full-year operating profit (EBIT) amounted to EUR 266.5 (382.0) million, representing a margin of 9.1% (13.5). In 2021, operating profit included capital gains of EUR 104.0 million.

Operating profit includes EUR -66.0 (61.5) million in adjustment items. Adjusted<sup>1)</sup> operating profit (EBITA) stood at EUR 379.2 (367.8) million, or 13.0% (13.0) of revenue. Further details on adjusted items are available in the [Alternative Performance Measures](#) paragraph.

## Performance improvement programmes continue to contribute to profitability

The performance improvement programmes in TietoEvry Connect and TietoEvry Banking, initiated in 2022, started to contribute to profitability in the second half of the year. In the case of TietoEvry Connect, around half of the targeted savings of EUR 50 million from the programme was visible in the cost base for 2022. TietoEvry Transform's efficiency measures started to accelerate performance towards the end of the third quarter of 2022. These measures are expected to support profitability in 2023. In 2023, one-time costs are expected to be around 1% of revenue, excluding costs for strategic reviews.

<sup>1)</sup> Adjusted for currency effects, acquisitions and divestments.

Depreciation and amortization amounted to EUR 162.3 (170.1) million, including EUR 66.4 (71.2) million in depreciation of right-of-use assets (IFRS 16 impact) and EUR 46.7 (47.3) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 23.7 (28.1) million. Net interest expenses were EUR 19.2 (21.1) million and net losses from foreign exchange transactions EUR 1.4 (losses 4.8) million. Other financial income and expenses amounted to EUR -3.1 (-2.3) million.

Earnings per share (EPS) totalled EUR 1.59 (2.46). Adjusted<sup>1)</sup> earnings per share amounted to EUR 2.36 (2.20).

<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

**Financial performance by segment**

	Revenue	Revenue	Change	Operating profit	Operating profit
EUR million	1-12/2022	1-12/2021	%	1-12/2022	1-12/2021
TietoEvry Create	847.9	756.3	12	90.2	88.6
TietoEvry Banking	521.3	475.8	10	39.8	38.1
TietoEvry Care	231.4	221.9	4	72.2	68.3
TietoEvry Industry	272.6	303.4	-10	51.9	149.8
TietoEvry Transform	470.6	467.9	1	31.6	40.8
TietoEvry Connect	879.9	907.5	-3	21.1	38.5
Eliminations and non-allocated costs	-295.6	-309.5	—	-40.2	-42.1
<b>Group total</b>	<b>2 928.1</b>	<b>2 823.4</b>	<b>4</b>	<b>266.5</b>	<b>382.0</b>

**Operating margin by segment**

	Operating margin	Operating margin	Adjusted <sup>2)</sup> operating margin	Adjusted <sup>2)</sup> operating margin
%	1-12/2022	1-12/2021	1-12/2022	1-12/2021
TietoEvry Create	10.6	11.7	13.7	13.2
TietoEvry Banking	7.6	8.0	13.8	12.7
TietoEvry Care	31.2	30.8	31.3	31.4
TietoEvry Industry	19.0	49.4	16.9	16.7
TietoEvry Transform	6.7	8.7	7.8	9.4
TietoEvry Connect	2.4	4.2	7.1	7.3
<b>Total</b>	<b>9.1</b>	<b>13.5</b>	<b>13.0</b>	<b>13.0</b>

<sup>2)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

In **TietoEvry Create**, revenue was organically up by 14%. The market for cloud native services and software engineering remained active. Create saw high growth in international business with the new Nanjing R&D centre contributing to growth. The impact of the war in Ukraine on business was limited. While inflation had a negative impact on profitability, adjusted operating margin improved from the previous year's level, supported by price increases during the year.

In **TietoEvry Banking**, revenue was organically up by 10%. Healthy growth was driven by the Cards, Financial Crime Prevention and Payments and businesses. Adjusted operating margin was above the previous year's level, supported by measures to drive competitiveness and efficiency.

In **TietoEvry Care**, revenue was organically up by 6%. Growth was driven by the Healthcare and Welfare businesses. Profitability remained at a strong level throughout the year while investments focusing on software roadmap acceleration and reinforced go-to-market continued.

In **TietoEvry Industry**, revenue was organically up by 3%, driven by TietoEvry's case management and education software businesses as well as pulp and paper software. A large customer contract ending in Data Platform Services had a negative impact on growth. Profitability was healthy, somewhat above the previous year's level.

In **TietoEvry Transform**, revenue was organically up by 2%. The Industry & Forest unit saw healthy growth while revenue was declining in the Telecom & Consumer unit. Profitability was impacted by the combination of slow growth and high inflation. Profitability was below the previous year's level while measures to drive improved performance started to contribute to profitability in the second half of the year.

In **TietoEvry Connect**, revenue was organically down by 2%. Cloud platforms and security services grew by 11% and traditional infrastructure services' revenue was down by 8%. Profitability was down while the performance improvement programme started to contribute to profitability in the second half of the year.

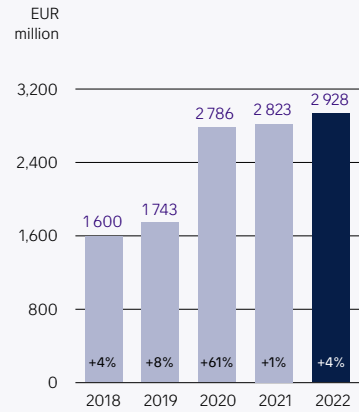
Reportable segments are described in the [tables section](#).

**Cash flow**

Full-year net cash flow from operations amounted to EUR 276.9 (367.5) million, including an increase of EUR 82.1 (increase of 26.9) million in net working capital.

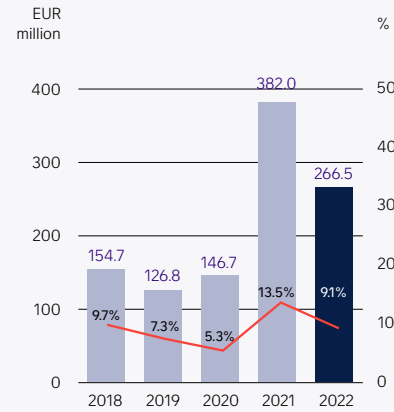
Full-year tax payments were EUR 59.8 (40.6) million. Effective tax rate was 22.3% (17.6%).

### REVENUE AND GROWTH



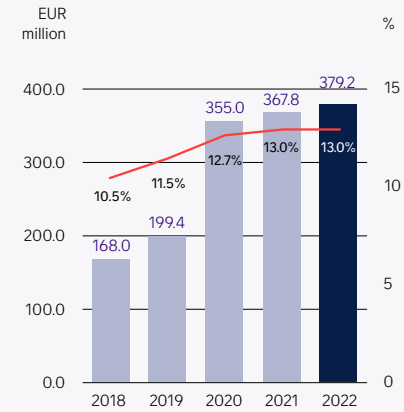
EVERY consolidated as from 5 Dec 2019

### OPERATING PROFIT (EBIT) AND MARGIN



EVERY consolidated as from 5 Dec 2019

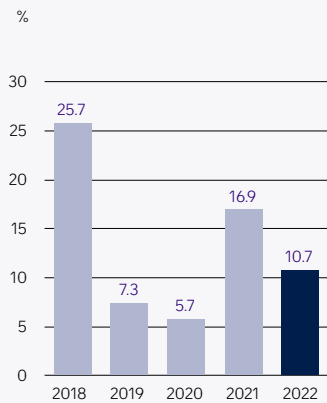
### ADJUSTED OPERATING PROFIT (EBITA) AND MARGIN



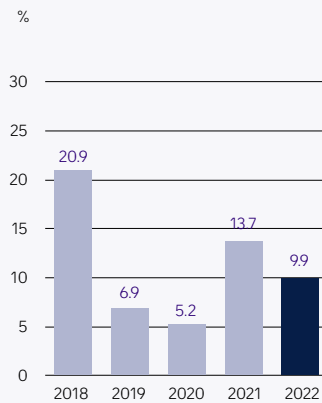
EVERY consolidated as from 5 Dec 2019



RETURN ON EQUITY, %



RETURN ON CAPITAL EMPLOYED, %



# Investments and development

TietoEvry is seeking to accelerate growth. A significant part of the company's investments will be made in areas such as its own industry-specific software, data & analytics and cloud services. TietoEvry's development costs amounted to around EUR 124 (2021: 127 and 2020: 135) million, representing 4.2% (2021: 4.5% and 2020: 4.8%) of the Group's revenue, including capitalized costs.

Capital expenditure totalled EUR 92.9 (80.8) million, mainly consisting of business-related software licences, investments in data centres and the capitalized costs for the development of software. Capitalized costs for industry-specific software amounted to EUR 37.2 (42.6) million. Capital expenditure represented 3.2% (2.9) of revenue.

# Order backlog

TietoEvry's order backlog amounted to EUR 3 327 (3 513) million at the end of December. Of the backlog, 54% (50) is expected to be invoiced during 2023. Adjusted for the impact of exchange rates and divestments, the amount to be invoiced in 2023 is up by 6% from 2022. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

The significance of traditional measures for the order backlog is impacted by the shift from traditional large outsourcing agreements towards agile methods and consumption-based business models. Additionally, traditional development programmes are cut into smaller projects.

# Major agreements

TietoEvry has signed a number of new agreements during the period with customers across all the businesses. However, according to the terms and conditions of these agreements, TietoEvry is not able to disclose most of the contracts.

In February, S Group, one of the largest retail groups in Finland, chose TietoEvry Transform as its partner to speed up the modernization of its IT functions and to support changes in its operating model. This co-operation will increase automation and the utilization of data in S Group's business operations. The five-year agreement covers co-operation in the management and development of services for next-generation applications.

In February, International Card Services and TietoEvry Connect prolonged the contract for the infrastructure carrying TietoEvry Banking cards software for a minimum of five additional years with an option of two more years. The agreement covers transformation of a private cloud infrastructure to a top of class hybrid cloud solution and the enablement of cloud transformation (One Cloud Platinum) including PCI/DSS compliance. The contract value is EUR 24 million.

In February, Kammarkollegiet, a central procurement function for governmental agencies in Sweden, and TietoEvry Create signed a frame agreement, securing two out of the five tender areas: Security in IT and IT projects, and IT consultancy solutions. TietoEvry has also been awarded two additional areas while appeal processes related to these areas are ongoing. These are part of one of the most extensive procurement initiatives in Sweden, providing access to purchases from all governmental agencies in Sweden.

In February, Huddinge municipality signed an agreement with TietoEvry on a delivery of a digital student administration system handling administrative processes for preschools, compulsory schools and upper secondary schools. The solution will be delivered as a cloud service including consulting and system support. The total value of the ten-year agreement is estimated to be SEK 20 million.

In February, the Swedish Central Bank (Riksbanken) chose TietoEvry as one of three vendors for a two-year frame agreement on banking and finance consultancy services that will be provided in collaboration by TietoEvry Banking and TietoEvry Create. The frame agreement, following TietoEvry's participation in Riksbankens E-krona Pilot, covers areas such as payments, financial infrastructure, financial standards and securities settlements.

In February, TietoEvry Create renewed its agreement with Goodyear, a leading automotive tire manufacturer, and will enhance co-operation in software development for tire management digital platforms during 2022. By leveraging Goodyear's patented predictive algorithms, TietoEvry continues to further develop and enrich the set of features and services the digital platform can provide, from geolocated real-time predictive tire pressure monitoring (TPMS) for fleets of trucks, to automated tire-condition control with advanced sensors (tread depth). The digital platform helps prevent tire-related accidents, reduce fuel consumption for lower CO<sub>2</sub> emissions and increase the overall productivity of a fleet of trucks.

In March, Butterfield Bank chose TietoEvry Banking to provide a state-of-the-art credit card processing platform as well as card production and personalization services based on sustainable payment cards produced from recycled ocean plastic. TietoEvry Banking's credit ledger will enable Butterfield Bank to reimagine credit cards for the digital era. Deployed as software-as-a-service (SaaS), TietoEvry's credit ledger offers end-to-end credit card transaction processing, dispute handling, financial crime prevention, customer support and mobile and wallet-based payments.

In March, Worldline and TietoEvry Banking extended their strategic partnership for card acquiring processing services. The three-year agreement with a contract value of EUR 17 million includes all of Worldline's authorization processing services in the Nordic market. The agreement includes an option for two additional years.

In March, TietoEvry Create and Sydved extended their partnership to create a data platform for the forest industry under the working title "Forest Data Market". This initiative's main goal is to help the forest industry become truly data driven by establishing a data platform containing business information. The platform will be flexible and adapted to the forest industry's common business processes, and customers will be able to combine data sources to gain valuable insights.

In April, Reno de Medici (RDM Group) selected TietoEvry Industry to modernize their core business processes and enable digitalization at their nine mills. RDM Group is the leading producer in the recycled carton board business and the largest producer in Italy, France, the Netherlands and the Iberian Peninsula. The renewal is based on TietoEvry's Sales and Manufacturing Execution System (MES) – TIPS Industry Solutions and Services. It will increase overall efficiency, reduce waste and improve customer service.

In April, Vattenfall Nuclear decided to continue its collaboration with TietoEvry Create. TietoEvry is helping to build an enterprise search solution called Supersök, based on the company's Findwise i3 software and Elasticsearch. Supersök is a set of search-driven tools helping maintenance personnel plan and follow up on maintenance- and facility-related activities at Forsmark nuclear plant. This is the first out of two planned steps to modernize the architecture and findability tools around Forsmark's maintenance process. The first part of this project, to be implemented during 2022, is worth SEK 5 million, on top of licences for SEK 2 million for the first three years.

In April, TietoEvry Connect concluded an agreement on cloud services with Kemira. In May, Bodø Kommune chose TietoEvry Connect as a partner for cloud services.

In May, TietoEvry Create concluded a new agreement with a leading global semiconductor company – as a continuation to over ten years' partnership in the area of specialized software engineering. With the new agreement, representing total contract value of EUR 2.9 million for 2022, TietoEvry was chosen as the go-to-market partner for new telecom products in the virtual radio access networks (vRAN) market. This takes the partnership to the next level, with TietoEvry helping the customer to gain market share in both Europe

and Asia. TietoEVRY's deep domain expertise in telecom software engineering will shorten time-to-market and improve the quality of the customers' products.

In May, Region Stockholm awarded TietoEVRY Transform an outsourcing agreement to accelerate its digital transformation by transforming its entire IT infrastructure and application environment. As part of the agreement, TietoEVRY will provide leading hybrid-cloud and AI-ops capabilities based on a cost-efficient, future-proof and cohesive delivery model. The contract is valid for five years, with an option for an extension of a maximum of seven additional years. The total contract value, including the additional years, is approximately SEK 1 billion.

In June, Lassila & Tikanoja and TietoEVRY Transform decided to strengthen their strategic partnership with a new agreement with a view to speeding up digitalization at Lassila & Tikanoja and make more efficient use of data in its business operations. The five-year agreement covers end-user services, application management, service integration and management, hybrid infrastructure and transformation-related services.

In August, TietoEVRY Create and Bose, a global audio company, signed a new agreement to significantly expand their collaboration in the development of consumer electronics products and automotive sound systems. As part of this initiative, the companies decided to establish a joint centre of excellence in Warsaw, Poland. TietoEVRY's and Bose's co-operation in software engineering for consumer electronics is now expanding, and additionally, it will include capabilities for automotive sound system development as well.

In August, Statens vegvesen (The Norwegian Public Roads Administration) chose TietoEVRY in partnership with Bouvet as the exclusive supplier within the Microsoft Office 365 field. Based on the agreement, TietoEVRY is Statens vegvesen's collaboration partner for product development of the Microsoft Office 365 portfolio over time, ensuring access to the necessary capacity and expertise. The total scope over the initial two-year agreement period and four more optional years is estimated to be up to 65 consultants, including experts from TietoEVRY Create, TietoEVRY Connect and Bouvet, and representing a maximum contract value of up to NOK 590 million.

In August, TietoEVRY prolonged its agreement with Socialstyrelsen, the National Board of Health and Welfare of Sweden. The agreement covers maintenance and support for Public 360, TietoEVRY's case management solution, as well as application management. Public 360, integrated with multiple external e-Services, continues to be the key operating system for Socialstyrelsen, helping the customer to make the core processes more efficient, automated, and streamlined. Examples of activities covered by Public 360 include case handling of applications for medical staff certification and handling of government grants within the healthcare sector. It is also the document register (Public Journal) for Socialstyrelsen. The estimated value of the agreement, which has an initial period of two years with two optional years, is EUR 1.5 million.

In August, Yleisradio, the Finnish Broadcasting Company, chose TietoEVRY Transform to implement a world-leading cloud-born solution enabling modern and user-friendly employee and manager self-services across key employment and talent processes. It is planned that the solution will go live in the third quarter of 2023.

In September, Skatteetaten and TietoEVRY signed a new agreement related to infrastructure services. TietoEVRY will deliver mainframe operation services as well as optional application and database operation services. The contract value of the five-year agreement is NOK 100 million.

In October, Region Skåne, responsible for medical care and public transportation in southern Sweden, prolonged their frame agreement with TietoEVRY Connect for three more years. The frame agreement covers infrastructure, operations, storage and application management. With the prolongation, TietoEVRY will continue to support Region Skåne's digitization journey with a clear focus on providing safe and secure healthcare for the citizens of Region Skåne.

In November, TietoEVRY Create signed a frame agreement with the State Office of Construction Control in Latvia on the development of a national-level Construction Information System. TietoEVRY has been a partner to the Latvian state for more than fifteen years in digital development and innovation implementation. The new system will allow all administrative processes to be handled digitally and ensures the circulation of all construction documentation, ranging from plans through to buildings' entry into service, amongst construction process participants. The system also provides the opportunity to manage risks related to construction processes more efficiently. The total estimated contract value is over EUR 9 million.

In December, Aker BP, a Norwegian oil exploration and production company, selected TietoEVRY Transform as a new digital services partner to accelerate its transformation to become fully data-driven. The new partnership is significant in scope in terms of both the volume and breadth of services. TietoEVRY will deliver a broad set of next-generation digital services, focused on systematic modernization of Aker BP's application management and core operations as well as their cloud and infrastructure environment. The co-operation will drive flexibility and agility in the client's business operations, and pave the way for enhancing automation, enabling cloud management and driving data-driven operations. Aker BP also has an ambitious sustainability roadmap and milestones, including a decarbonization plan to be net zero across all operations by 2030 and the new partnership also contributes to these agendas.

In December, Wiener Netze chose TietoEVRY Create as a vendor for SAP consultancy services as part of an ongoing six-year frame agreement. Furthermore, WienIT, the IT company of Vienna's public energy supplier, chose TietoEVRY as a vendor for SAP S/4HANA consultancy services in December. The frame agreement, covering areas such as smart meters, logistics, financial and securities settlements, was contracted between WienIT and TietoEVRY in 2020 and is the basis for the company-wide SAP S/4HANA transition programme.

In December, Utdanningsdirektoratet (The Norwegian Directorate for Education and Training) chose TietoEVRY Create to develop a new technical solution for collecting data from primary schools and kindergartens. The development started in December and the new solution is planned to be ready for production during autumn 2024. The agreement also includes an agreement on assistance for maintenance and further development of the solution. The value of the agreement is estimated to be approximately EUR 4 million.

In December, Ystad municipality chose TietoEVRY Industry as the vendor for a student administration system covering preschool, compulsory school, upper secondary school and adult school. Ystad municipality is a new customer for TietoEVRY within the school area and the co-operation begins with the



delivery of the Edlevo school system. The Edlevo student administration solution will support school management, system administrators, teachers, students and guardians in their daily work. The agreement initially covers six years, with planned start to go live during spring 2024. Furthermore, the client has an option to prolong the agreement with three additional plus three years.

In December, Posti Group chose to continue with TietoEVRY Connect as its main partner for IT infrastructure services. The long-lasting co-operation will be fortified with a customer-centric service delivery team harnessing TietoEVRY's state-of-the-art artificial intelligence operations platform and sovereign cloud services. These will enable Posti to achieve higher agility, availability, and performance.

In December, Euronext Securities Oslo – the central securities depository of Norway, which provides an efficient infrastructure and services for the settlement of transactions in securities – chose TietoEVRY Connect as their sourcing partner for the next five years. The agreement covers the operation of critical IT infrastructure services delivered from TietoEVRY's modern data centres.

In December, the Norwegian Tax Authorities (Skatteetaten) prolonged their contract for end-user services for an additional year. The contract with TietoEVRY Connect includes delivery and lifecycle management of 18 000 devices as a service, operation of self-service PCs at Tax Offices, operation of Macs for developers and end-user support for more than 9 000 users. The contract is of crucial importance for the Norwegian Tax Authorities in order to ensure high-quality services for society.

In December, the municipality of Vellinge and TietoEVRY Connect prolonged their contract for IT services. The full stack delivery includes all parts of IT services, including application, server and network operations, workplace management as well as service desk and on-site support. TietoEVRY will continue to run the services until the end of 2024 with a possibility to prolong with one more year.

In the fourth quarter, several agencies under the Ministry of Agriculture and Forestry signed frame agreements with TietoEVRY Create, covering areas such as application development and maintenance, cloud DevOps and testing. The frame agreements, involving several vendors, are estimated to be worth a total of EUR 190 million and are valid for a minimum of four years. TietoEVRY is a high-ranked vendor and among the prioritized providers, e.g. in application development and testing

## Changes in Group structure

TietoEVRY sold its Russian operations through a local management buy-out in 2022. With this transaction, completed on 18 April, TietoEVRY has ended all its local operations in Russia and transitioned all its responsibilities including employees, customers, suppliers, legal and regulatory to the new owners.

As part of a new partnership agreement with Ilmarinen, a change in the service delivery model resulted in a decision to ramp down Tietollmarinen Oy. Related to these changes, TietoEVRY agreed to acquire the 30% share of the joint venture from Ilmarinen on 22 December, turning the entity into a wholly owned subsidiary.

Related to the strategic reviews of the Banking business as well as the Connect and Transform businesses, TietoEVRY has established companies in countries such as the Czech Republic, Finland, Slovakia and India during the year.

## Branches

The Group has branches in France, Latvia, Norway, Ukraine and Sweden.

# Personnel

The number of full-time employees amounted to 24 320 (24 389) at the end of December. The number of full-time employees in the global delivery centres totalled 12 633 (12 197), or 51.9% (50.0) of all personnel.

The 12-month rolling employee turnover stood at 14.4% (14.6) at the end of December.

Group-level salary inflation is expected to be 4–5% on average in 2023. It is offset by a number of actions including price increases, further offshoring, automation, management of the competence pyramid and overall cost efficiency across businesses.

## Group personnel and remuneration

	2022	2021	2020
Number of full-time employees, 31 December	24 320	24 389	23 632
Average number of full-time employees	24 401	23 824	23 788
12-month rolling employee turnover, %	14.4	14.6	9.7
Employee benefit expenses, EUR million	1 597	1 527	1 486

TietoEvry's Human Resources (HR) function is facilitating and enabling the development of the company's workforce. It also ensures that the company's practices and employee experience improve in line with market change. The function is led by the Head of HR, while the six business HR leads are responsible for business-specific HR operations and agendas.

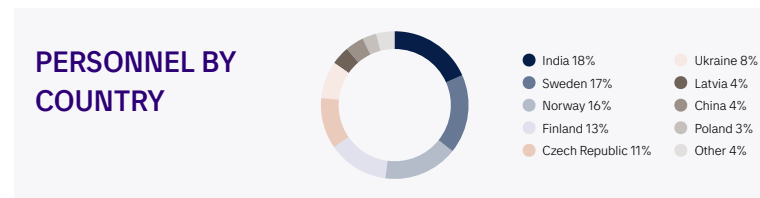
The company supports freedom of association and collective bargaining as defined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and stated in TietoEvry's Code of Conduct. European Works Councils (EWC) are bodies representing European employees. TietoEvry's management works constructively with the employee organizations through both the EWC and local works councils and unions to consult on any significant decision at a European level.

TietoEvry invests in the competence development of its employees. Curiosity and lifelong learning are crucial aspects of the company's culture and success. The company's development and performance management framework, MyGrowth, drives personal and professional growth by focusing on dynamic goal setting, regular assessment of training needs and continuous feedback.

Employee engagement activities are followed up through OurVoice, an employee engagement survey, three times a year. The employee engagement score was 82/100, up from 78 in 2021. The improvement seen during a year with the new structure taking effect was encouraging. Understanding the direction for the company and opportunities for professional growth are examples of categories with improvement.

Diversity and inclusion is a key area in TietoEvry's long-term sustainability plan. The Code of Conduct and the Diversity and Inclusion Charter outline the principles for diversity and inclusion at TietoEvry. The company's six end-to-end businesses implement diversity and inclusion in their respective units and teams. The overall responsibility for ensuring a diverse workforce where people feel included lies with the CEO and the Group Executive Management.

More about the company's sustainable practices and achievements in the section [Non-financial information](#).



# Non-financial information

This section describes Tietoevry's sustainability activities as required by Chapter 3a of the Finnish Accounting Act on non-financial information (NFI). The linkages between NFI areas and Tietoevry's sustainability focus areas are identified in the chart describing policies and processes. More information is available in the Sustainability Report, which is partly assured by an external partner.

## Tietoevry's business model

The company's services comprise software and digital engineering as well as managed services and transformation, and related capabilities to support customers' business renewal, innovation and efficient operations. Tietoevry's role varies from consulting and advisory, designing and building solutions to running IT operations. Competitiveness is based on solutions combining best-of-breed technologies with consulting and integration capabilities, industrialized service delivery and strong global delivery capability.

To capture the momentum of the cloud-native and software market, Tietoevry's six specialized end-to-end businesses have full operational responsibility, including go-to-market, service portfolio as well as investments and partnerships to drive scale and expansion.

## Management of NFI topics

Tietoevry's highest governance body, the Board of Directors, is accountable for guiding the company strategy on environmental, social and governance issues. Decision-making on and oversight of the management of Tietoevry's impact is delegated to Tietoevry's Sustainability Steering Group (SSG), which reports on a regular interval to the Group Executive Management and the Board. The SSG is chaired by the Vice President, Communications, Sustainability, Brand and Marketing, and represents different Tietoevry functions and units, with many members from the Group Executive Management.

The SSG is responsible for preparing the sustainability section of Tietoevry's combined annual report. The Audit and Risk Committee (ARC) of the Board of Directors reviews the NFI on an annual basis, including reviewing performance against sustainability goals and the management of sustainability-related risks. Operational sustainability work is facilitated by the company's Sustainability Team led by the Head of Sustainability, who is also responsible for Tietoevry's sustainability policies and processes.

During 2022, Tietoevry's management and the Board of Directors formally reviewed sustainability-related topics on three occasions. These topics included, for example, the sustainability strategy 2023, the NFI and sustainability-related risks, and the company's societal engagements in 2022. Review of operational and business-oriented sustainability topics is delegated to the SSG, which meets at a minimum every second month.

In 2020, Tietoevry launched its Sustainability Strategy 2023, supported by a materiality analysis to identify and prioritize the most important sustainability topics. This analysis continues to form the basis for the company's sustainability strategy and reporting in accordance with GRI Standards. During 2022, the work towards the goals defined in the sustainability strategy continued according to plan.

The strategy is twofold: it focuses both on the continuous development of Tietoevry's responsible operations, and on the business-impact opportunities that the company has together with its customers. Responsible operations consist of three key themes: climate action, ethical conduct, and an exciting place to work. Each theme includes publicly-stated goals, and the related action plans, implementation and reporting are managed by the designated responsibility area owners and data partners. The goals and results for responsible operations in 2022 are presented further down in this section. The business-impact opportunities include a range of solutions and services that can improve customers' sustainability performance and create a positive impact on society. These opportunities are driven by each of Tietoevry's six businesses and supported by a cross-business network.

The Sustainability Strategy 2023 is managed according to Tietoevry's sustainability management process, which follows the United Nations (UN) Global Compact Management Model and the GRI Standards. Linkages to the UN Sustainable Development Goals, which are considered a strategic tool in enabling corporations to contribute to a more sustainable society, are established by applying principled prioritization. The management of the responsibility areas, as defined in the strategy – including policies, processes, due diligence and escalation channels – is illustrated in the chart in this section.

Tietoevry's ethical guidelines are summarized in the Code of Conduct Policy, which applies to all employees and company representatives of Tietoevry, and in a separate Supplier Code of Conduct Rule applied to any third party contributing to the company's services, products, and other business activities. Both documents were updated in 2022, and are based on the UN Global Compact, the Science Based Target Initiative (SBTi), the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and ISO 14001. The policies cover all responsibility areas, which are also linked to other topic-specific policies and more detailed rules. The policies cover the relevant legal, certification and other best-practice requirements, and are reviewed annually. In 2022, Tietoevry also developed a Human Rights Policy, which is to be implemented across the Group during 2023 and beyond.

Tietoevry has a group-wide internal whistleblowing channel, which is also available to external parties such as customers and suppliers. The Tietoevry Whistleblowing Channel is operated by an external service provider. Whistleblowing notifications concerning matters such as possible Code of Conduct violations are investigated confidentially through a predefined process by the Group Compliance Officer or, if requested by the whistleblower, by a designated point of contact at certain subsidiary companies. Cases of a severe or sensitive nature are also referred to the Escalation Committee, which consists of the Group Compliance Officer, Head of Corporate Governance, Compliance and M&A, Head of Legal and Compliance, Head of Risk Management and Internal Audit, and Head of HR. If a whistleblower notification relates to managers who are members of the Group Executive Management – including the CEO – then the Chair of the Audit



and Risk Committee of the Board of Directors will be informed. If a whistleblower notification involves managers who directly report to Group Executive Management, the CEO will be informed.

In the case of serious or especially sensitive whistleblowing cases, the Group Compliance Officer will prepare a report for submission to the Audit and Risk Committee. For each such case, the Escalation Committee will consider whether the CEO or Board of Directors should also be informed. Biannual reports are prepared for the Audit and Risk Committee, covering aggregated information about notifications received through the whistleblowing channel, cases under investigation, cases closed, and rectifying measures taken. In addition, responsibility areas have separate channels for incident reporting and continuous improvement.

### Main risks for negative impacts in the operating environment

The aim of Tietoevry's internal control framework is to ensure that operations are effective and well aligned with the company's strategic goals. This includes identifying potential negative impacts that Tietoevry might have on its operating environment, and escalating the company's mitigation measures if necessary. 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. Risk management and major risks are described in detail in the Corporate Governance Statement.

Tietoevry applies a systematic risk management approach to improve the efficiency and control of business operations, as well as to manage business continuity and profitability. The risk management framework consists of the risk management organization and 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. During 2022, Tietoevry continued its efforts to improve the corporate risk management framework related to sustainability risks, including human rights and environmental risks. The risk management organization consists of the Corporate Risk Management Unit and nominated Risk Managers in the businesses. A group-wide Risk Manager Forum has been established for information sharing, setting direction for risk management, collaboration between units, and reviewing steering documents. In addition, the forum coordinates group-wide risk management activities and ensures company-wide deployment of the risk management framework.

Tietoevry defines its sustainability risks as negative impacts on people and planet that might be caused by the company's own activities across the value chain. Sustainability risks also include a reputational factor, in that negative publicity could lead to lower scores in sustainability indices or to deviations in audits conducted by independent parties. Severe breaches in these areas could also lead to loss of customer trust and the imposition of penalties.

Failing to comply with regulations, such as the GDPR, may subject the company to regulatory interventions, penalties, or sanctions imposed by customers. Fraudulent, unethical, or even illegal actions by individuals in areas such as corruption or conflict of interest can occur if company controls are not adequate, anticorruption awareness is not at a sufficient level, or organizational culture does not support appropriate behaviour. Such situations can have negative consequences, ranging from disqualification from public

tenders to sanctions. Compliance training, improvements of controls, audits and follow-ups are used to mitigate these risks.

Stress-related health issues as well as discrimination and harassment are material human and labour rights-related risks at Tietoevry. The company has a systematic approach towards mitigating these types of risks, including regular employee surveys to monitor employee satisfaction and engagement, as well as a whistleblowing channel. From an operational perspective, deliveries could be compromised if key resources are not available due to personnel taking long sick leaves. Employee health, safety and well-being have been a particular focus due to the prolonged pandemic. Global and local hybrid-working guidelines continue to provide clarity on matters such as access to support for maintaining good working conditions.

Health issues, discrimination and harassment can lead to a working environment in which employees are unable to reach their full potential. Tietoevry believes that diversity in personnel – whether in terms of gender, age or cultural background – is crucial in order to stay competitive in the fast-paced technology industry. Diversity and inclusion are therefore an integral part of the company culture, and a strategic focus area aimed at ensuring innovation and delivery capabilities as well as employee engagement.

Tietoevry's supplier base consists of direct and indirect suppliers. The supply chain can include risks related to the environment, human and labour rights, and corruption. Tietoevry strives for a fair and green supply chain in which the company neither causes nor contributes to negative impacts on people and the planet. Severe breaches against international conventions in the supply chain could lead to customers deciding to terminate contracts, or to authorities implementing sanctions. Tietoevry mitigates these risks through its responsible sourcing programme and its onboarding practices. Both of these areas are covered by compliance and audit activities. Post pandemic, there have been limited possibilities to carry out on-premises audits of Tietoevry's suppliers. However, the company is actively investigating opportunities to continue these audits.

Environmental risks are identified and mitigated within Tietoevry's Environmental Management System and include, for example, risks related to our offices, equipment, waste handling, and business travel. The environmental aspects and associated impacts are assessed once a year and in connection with any significant change, such as new business areas or products. Environmental risk analysis includes identifying, evaluating and summarizing significant environmental aspects in the environmental aspect register. Environmental aspects can create both risks and opportunities impacting Tietoevry's overall performance. Proper handling of these aspects is a prerequisite for the ISO certificate (ISO14001, Environmental Management) and our attractiveness as a supplier, partner and employer.

Tietoevry strives to mitigate the contribution to climate change by reducing own carbon emissions, increasing energy efficiency, and helping customers to reduce their carbon emissions through the company's technology solutions. During 2022, Tietoevry aligned its emission reduction ambitions with the 1.5-degree targets and had these approved by the Science Based Targets initiative.

Physical climate change impacts, such as changes in precipitation, volumes of snow and ice, rise in sea level, hurricanes, and cyclones as well as access to natural resources, may have an impact on Tietoevry or on strategic partners in our supply chain. Geotechnical assessments are part of our preliminary work prior

to any new construction of offices or datacentres. Back-up centres ensure continuity of customer operations even in cases of severe consequences from climate change.

### Policies and processes on NFI matters

	Ethical conduct	Climate action	Exciting place to work
Sustainability areas	1. Business ethics and anti-corruption	5. Energy usage and greenhouse gas emissions	7. Diversity and inclusion
	2. Human rights	6. Circular economy practices	8. Employee experience
	3. Cyber security and privacy		
	4. Responsible sourcing		
Policies	Policies, rules and guidelines		
	Code of Conduct (1, 2), Internal audit policy (2, 3), Anti-corruption rule (2), Whistleblowing rule (1, 2, 3, 7, 8), Competition rule (2), Procurement policy (4), Supplier Code of Conduct (1, 2, 4, 5), Environmental rule (4, 5, 6), Information classification rule (3), Data transfer rule (3), Security policy (3), Security rule (3), User Security rule (3), Privacy policy (3), AI policy and AI rule (1, 3), Occupational Health and Safety policy (1, 8), HR policy (1, 7, 8), Insider rule (2), Public Authority Request rule (1,3), Human rights policy (1, 2, 3, 4), Travel rule (6)		
Due diligence processes	Internal and external audits (1, 2), Governance, risk and compliance management (2, 3), Sourcing to pay (4), Supplier self assessment (4), Environmental management process (EMS) ISO14001 (4, 5, 6), ISO27001 (3), ISO31000 (3), ISAE3402 audits in Data Centers (3), ISAE 3000 Assurance over non-financial information (1, 2, 3, 4, 5, 7, 8), Information and cyber security audits and assessments (3), CDP Climate Change program (4, 5, 6), HR processes (1, 7, 8), Employee engagement survey (8), Human rights impact assessments		
	Sustainability management processes, sustainability materiality assessment for Sustainability Game Plan 2023		
	Whistleblowing channel		

### Goals and results for each sustainability area

Responsibility area	Goal	Result 2020	Result 2021	Result 2022	Trend	UN Sustainable development goal
<b>ETHICAL CONDUCT</b>						
Human rights	2021: Conduct a formal Human Rights Impact Assessment for a business entity	Assessment to be conducted in 2021	Group-wide human rights risk screening conducted in 2021 with completion in 2022	In progress		
Cybersecurity and privacy	2023: Zero substantiated complaints concerning breaches of customer privacy and losses of customer data <sup>1)</sup>	Zero	Zero	Zero		
Business ethics and anti-corruption	2023: 90% completion of ethics training (CoC e-learning) <sup>2)</sup>	91%	93%	96%		
	2023: 100% confirmation of receipt of a whistleblowing notification within four business days of receipt	100%	100%	100%		
Responsible sourcing	2023: 100% of new or renewed suppliers agreeing to Tietoevry's Supplier Code of Conduct <sup>3)</sup>	100%	99%	100%		
<b>CLIMATE ACTION</b>						
Energy usage and GHG emissions	2023: 80% reduction of scope 1 and 2 GHG emissions by 2023	Baseline	44% reduction	70% reduction		
	2023: 100% carbon-free electricity in all data centres and offices	80%	92%	95%		
Circular economy practices	2023: 100% reuse and recycling of hardware <sup>4)</sup>	Not measured	Internal: 70%, Customer: 86%	Internal: 93%, Customer: 95%		
<b>EXCITING PLACE TO WORK</b>						
Diversity and inclusion	2026: 40% female employees by 2026, 2030: 50% female employees by 2030 <sup>5)</sup>	29% female employees	29% female employees	31% female employees		
Employee experience	2023: Employee engagement score >75	76/100	78/100	82/100		

<sup>1)</sup> Substantiated complaints regarding customer privacy and losses of customer personal data is defined as security incidents where national authorities have issued financial fines to Tietoevry related to the topic.

<sup>2)</sup> Measured on an annual basis

<sup>3)</sup> Scope: Agreements made through Procurement function. Note that scope also includes supplier's versions of Code of Conducts agreed by our Head of Sustainability.

<sup>4)</sup> Scope: Result based on reuse of returned devices (mainly laptops). Data accuracy: data is based on our main hardware supplier's reports. This supplier provides close to 70% of Tietoevry's devices. Baseline for measurement is FY2021.

<sup>5)</sup> Permanent employees (headcount)

## EU Taxonomy reporting

### Mobilizing sustainable investments towards a low-carbon and resilient economy

The European Union has set a clear target of becoming the world's first climate-neutral continent by 2050. The digital transition as well as smarter and greener use of technologies are described as key enablers for achieving this. To support investment into sustainable projects, the EU has launched a classification system for sustainable business activities, the EU Taxonomy.

The European Commission adopted the Climate Delegated Act in 2021, containing the two first environmental objectives: climate change mitigation and climate change adaptation. The remaining four objectives are expected to follow in 2023.

Companies that fall under the EU's Non-Financial Reporting Directive must report how well their operations match the EU Taxonomy. For reporting on the financial year 2022, companies report both taxonomy-eligible and taxonomy-aligned KPIs: revenue as well as capital and operating expenditure.

In order for an activity to be classified as aligned, it should comply with technical screening criteria defined by the EU. According to technical screening criteria, an activity should 'substantially contribute' to at least one environmental objective and avoid causing 'significant harm' to any of the other five objectives. Furthermore, the company should comply with minimum safeguards.



## Proportion of revenue from products or services associated with taxonomy-aligned economic activities

Economic activities (1)	Code (2)	Absolute revenue (3)	Proportion of turnover (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
Text		EUR million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	–	–	–	–	–	–							0%	–			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Data processing, hosting and related activities	8.1	544.2	19%																	
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		544.2	19%													–	–			
<b>Total (A.1+A.2)</b>		544.2	19%													0%	–			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Revenue of Taxonomy-non-eligible activities (B)		2 383.9	81%																	
<b>Total (A+B)</b>		2 928.1	100%																	

## Revenue

TietoEVRY's revenue amounted to a total of EUR 2 928.1 (2 823.4) million in 2022 (Notes 5 and 6 to the Financial Statements), of which EUR 544.2 (570.2) million, or 19% (20%) was eligible. The decline of the proportion was mainly due to a change in the taxonomy interpretation, following new guidelines from the EU<sup>1)</sup>. TietoEVRY's eligible revenue comes from data platform services, falling under activity 8.1 'Data processing and hosting and related activities' in Annex I (climate change mitigation).

While the company's products and services have positive effects on environmental sustainability, revenue associated with economic activity 8.2 'Data-driven solutions for GHG emissions reductions' described in Annex I (climate change mitigation) to the Climate Delegated Act is not deemed eligible. This is due to the fact that climate change mitigation is not the predominant aim of offerings in the manner described in economic activity 8.2.

<sup>1)</sup> Based on the European Commission's notice draft on the interpretation, published on 2 February 2022, TietoEVRY conducted a reassessment of the 2021 reporting. The company's conclusion is that activity 3.6 'Manufacture of other low carbon technologies' is no longer deemed eligible in 2022 reporting.

TietoEVRY does not report any eligible revenue or investments for offerings contributing to the objective climate change adaptation. According to Annex II (climate change adaptation) to the Climate Delegated Act, the objective of increasing customers' resilience to physical climate risks is to be at the core of the activity. None of the offerings meet the criteria in the manner expected in the taxonomy regulation.

Alignment assessment was carried out for eligible offerings at the data centre level through technical screening criteria for 'substantial contribution' to climate change mitigation and criteria ensuring that each activity 'does not significantly harm' any other applicable environmental objective. TietoEVRY concluded that the eligible offerings for economic activity 8.1 'Data processing and hosting and related activities' (climate change mitigation) to a large degree met the technical screening criteria for substantial contribution, except for technical screening criteria 3: the Global Warming Potential of refrigerants used in the data centre cooling system does not exceed 675. Following this, the company does not deem any of its revenue as aligned. Furthermore, criteria for 'does not significantly harm' was met to a large degree.

**Proportion of capital expenditure from products or services associated with taxonomy-aligned economic activities**

Economic activities (1)	Code (2)	Absolute capex (3)	Proportion of capex (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy aligned proportion of capex, year N (18)	Taxonomy aligned proportion of capex, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
Text		EUR million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0%		—	—	—	—	—								0%	—		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Data processing, hosting and related activities	8.1	43.3	29%																	
Acquisition and ownership of buildings	7.7	46.3	31%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	8.0	5%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		97.6	66%																	
<b>Total (A.1+A.2)</b>		97.6	66%																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of Taxonomy-non-eligible activities (B)		50.3	34%																	
<b>Total (A+B)</b>		147.9	100%																	

### Capital expenditure

Capital expenditure amounted to a total of EUR 147.9 (128.1) million, comprising EUR 92.9 million in additions to tangible and intangible assets (see Notes 11 and 12 to the Financial Statements) and EUR 55.0 million in additions to right-of-use assets, mainly related to the company's premises and vehicles (in Note 20 to the Financial Statements, total additions of EUR 105.3 million include remeasurements and lease modifications which are excluded from the amount used in this capital expenditure calculation).

Taxonomy-eligible capital expenditure was EUR 97.6 (126.4) million, or 66% (99%) of the total amount. The decline of the proportion was mainly due to a change in the taxonomy interpretation, following new guidelines from the EU.<sup>1)</sup> Taxonomy-eligible capital expenditure fell under the following categories, defined in the EU Taxonomy regulation:

a) 'investments in assets or processes associated with taxonomy-eligible or taxonomy-aligned economic activities'

30%: taxonomy-eligible capital expenditure in this category comprises expenditure for data centres.

c) 'purchases of output from taxonomy-eligible or taxonomy-aligned economic activities'. At TietoEVRY, these purchases fall under activity 7.7 'Acquisition and ownership of buildings' and activity 6.5 'Transport by motorbikes, passenger cars and light commercial vehicles'.

36%: taxonomy-eligible capital expenditure in this category includes additions to right-of-use assets. In the c) category, the taxonomy criteria comprise several components with measurement not yet a market practice.

TietoEVRY did not include any capital expenditure under capex category b) 'part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy eligible economic activities to become taxonomy-aligned'. This category was assessed while the following taxonomy requirements create an obstacle to the company to deem its investments in category b) taxonomy eligible:

- climate change mitigation being the pre-dominant aim, described in economic activity 8.2 of Annex I (climate change mitigation) to the Climate Delegated Act, and
- climate change adaptation being at the core of the solution, described in Annex II (climate change adaptation) to the Climate Delegated Act

The company did not identify any of its capital expenditure as aligned.

<sup>1)</sup> Based on the European Commission's notice draft on the interpretation, published on 2 February 2022. TietoEVRY reassessed its interpretation on capital expenditure in relation to Annex II to the Climate Delegated Act (climate change adaptation). Associated capital expenditure is no longer deemed eligible.



**Proportion of operating expenditure from products or services associated with taxonomy-aligned economic activities**

Economic activities (1)	Code (2)	Absolute opex (3)	Proportion of opex (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Taxonomy aligned proportion of opex, year N (18)	Taxonomy aligned proportion of opex, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					Minimum safeguards (17)
<i>Text</i>		<i>EUR million</i>	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	<i>E</i>	<i>T</i>
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0%	—	—	—	—	—	—								0%	—		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Data processing, hosting and related activities	8.1	16.4	18%																	
Acquisition and ownership of buildings	7.7	5.8	6%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		22.2	24%														—	—		
<b>Total (A.1+A.2)</b>		22.2	24%														0%	—		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
OpEx of Taxonomy-non-eligible activities (B)		70.7	76%																	
<b>Total (A+B)</b>		92.9	100%																	

### Operating expenditure

Operating expenditure as defined in the EU Taxonomy amounted to a total of EUR 92.9 (90.0) million, comprising EUR 87.1 million in offering and internal development and EUR 5.8 million in maintenance of premises and short-term leases. Taxonomy-eligible operating expenditure was EUR 22.2 (89.2) million, or 24% (close to 100%) of the total amount. The decline of the proportion was mainly due to a change in the taxonomy interpretation, following new guidelines from the EU<sup>1)</sup> Eligible operating expenditure fell under the categories below, defined in the EU Taxonomy regulation:

a) 'expenditure related to assets or processes associated with taxonomy-eligible or taxonomy-aligned economic activities'

18%: taxonomy-eligible operating expenditure in this category includes offering and internal development related to data platform services.

c) 'purchases of output from taxonomy-aligned economic activities'

6%: taxonomy-eligible operating expenditure in this category relates to maintenance of premises and short-term leases.

Operating expenditure category b) 'part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned' was assessed but TietoEvry did not include any development costs under this category.

None of the company's eligible operating expenditure was identified as aligned.

<sup>1)</sup> Based on the European Commission's notice draft on the interpretation, published on 2 February 2022, TietoEvry reassessed its interpretation on operating expenditure in relation to Annex II to the Climate Delegated Act (climate change adaptation). Associated operating expenditure is no longer deemed eligible.

### Compliance with Minimum Safeguards

Compliance with Minimum Safeguards was evaluated on a Group level. The evaluation included policy reviews and focused on the alignment of existing due diligence processes with the UNGPs and OECD Guidelines for Multinational Enterprises across the company. In order to become fully aligned with Minimum Safeguards requirements, the company continues carrying out risk and impact assessments related to human rights and anti-corruption as well as related documentation.

### ACCOUNTING POLICIES FOR EU TAXONOMY REPORTING

The required key performance indicators have been determined based on the company's financial reporting prepared in accordance with IFRS. Further details about the Group's accounting policies are described in the notes to the consolidated financial statements.

#### Revenue

At Group level, revenue comprises reportable segments' total revenue and eliminations for internal revenue. TietoEvry's eligibility assessment is primarily based on Group-level aggregated lead offerings, which is a key dimension in the company's internal operative accounting. Approaching the reporting through the assessment of lead offerings, and contributing to only one objective, climate change mitigation, means that there is no risk of double counting.

#### Capital expenditure

Capital expenditure is defined as additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any remeasurements (including those resulting from revaluations and impairments) and excluding fair value changes. It also includes additions to tangible and intangible assets resulting from business combinations and additions to right-of-use assets from lease contracts.

Capital expenditure in this taxonomy reporting section includes additions to right-of-use assets, reported in [Note 20](#) in the Financial Statements, while this is excluded from capital expenditure presented in the Group's key figures in this Report by the Board of Directors. Identification of eligible capital expenditure was made based on Group-level reporting and thus there was no risk of double counting.

#### Operating expenditure

Operating expenditure is defined as expenditure related to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the servicing of assets of property, plant and equipment by TietoEvry or a third party to TietoEvry's operating expenditure consists of the following items

- costs for offering and internal development related to data platform services. In the financial reporting, these costs are included in employee benefit expenses.
- costs for maintenance and short-term lease. In the financial reporting, related costs are included in other operating expenses.

## Shareholders' Meeting

TietoEvry Corporation's Annual General Meeting (AGM) held on 24 March approved the financial statements 2021 and discharged the company's officers from liability for the financial year 2021. The meeting also approved the Remuneration Report. The AGM decided on a total dividend of EUR 1.40 per share, paid in two instalments.

The meeting reelected Timo Ahopelto, Tomas Franzén, Liselotte Hägertz Engstam, Harri-Pekka Kaukonen, Angela Mazza Teufer, Katharina Mosheim, Niko Pakalén and Endre Rangnes. Tomas Franzén was reelected as the Chairperson of the Board of Directors.

## Shareholders' Nomination Board

The composition of the Shareholders' Nomination Board was determined based on holdings on 31 August 2022. The Shareholders' Nomination Board comprises the following persons:

- Petter Söderström, Investment Director, Solidium Oy
- Alexander Kopp, Investment Manager, Incentive AS
- Gustav Moss, Vice President, Cevian Capital AB
- Mikko Mursula, Deputy CEO, Ilmarinen Mutual Pension Insurance Company and
- Tomas Franzén, Chairperson of the Board of Directors, TietoEvry Corporation.

# The Board of Directors

Board of Directors as at 31 December 2022<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)	1975	Finnish	MSc. (Tech.)	Entrepreneur, investor and professional Board member
Harri-Pekka Kaukonen (ARC Chairperson)	1963	Finnish	DSc. (Tech.)	Professional Board member
Liselotte Hågertz Engstam	1960	Swedish	MSc. (Civ. Eng.)	Expert advisor, professional Board member
Angela Mazza Teufer	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
Robert Spinelli (personnel representative) <sup>2)</sup>	1957	Swedish	General data processing	Customer Executive
Ilpo Waljus (personnel representative)	1974	Finnish	BBA	Test Manager

<sup>1)</sup> Leif Teksum and personnel representatives Tommy Sander Aldrin, Ola Hugo Jordhøy and Anders Palklint served as Board members until the AGM on 24 March 2022.

<sup>2)</sup> Board member as of the AGM on 24 March 2022..



# The President and CEO and operative management

## Members of the Group management as at 31 December 2022<sup>1)</sup>

Kimmo Alkio  
President and CEO  
Born: 1963  
Nationality: Finnish  
Education: BBA and Executive MBA  
Joined TietoEvry in 2011

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  
Managing Director, TietoEvry Care and TietoEvry Industry  
Born: 1969  
Nationality: Finnish  
Education: MSc. (Eng.)  
Joined TietoEvry in 2001

Satu Kiiskinen  
Managing Director, TietoEvry Transform  
Born: 1965  
Nationality: Finnish  
Education: MSc. (Econ.)  
Joined TietoEvry in 2013

Christian Pedersen  
Managing Director, TietoEvry Create  
Born: 1974  
Nationality: Norwegian  
Education: MSc. (Tech.)  
Joined TietoEvry in 2014

Christian Segersven  
Managing Director, TietoEvry Banking  
Born: 1975  
Nationality: Finnish  
Education: MSc. (Tech.)  
Joined TietoEvry in 2013

Johan Torstensson  
Managing Director, TietoEvry Connect  
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 Management, are presented on the company's [website](#).

<sup>1)</sup> Malin Fors-Skjæveland acted as Head of Operations until 31 December 2022..

# Auditors

The AGM 2022 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2022. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

## Auditing

The AGM 2022 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2022. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

In 2022, Tietoevry Group paid the auditors a total of EUR 1.3 (1.3) million in audit fees, and a total of EUR 0.6 (0.5) million for other services.

# Major risks

Tietoevry utilizes five risk categories within Risk Management: strategic, operational, financial, people, and compliance risks.

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

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

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

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

People risks can be driven by Tietoevry's needs to build a market-leading workforce for high performance in terms of delivering projects and customer services; people risks are also related to quality of life, human rights, and the safety of people.

Risks are registered, managed, followed-up and aggregated by utilizing the corporate GRC platform, resulting in risk maps and Risk KPIs that are reviewed by leadership teams in the units and the ARC. Tietoevry's major risks and the measures for their mitigation are described below.

## Market volatility

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

These potential risks are mitigated through multi-year contracts for continuous services. Tietoevry also aims to maintain long-term business relations and to be a preferred supplier to its customers. The company executes tight cost and investment control with continuous investment performance monitoring, accompanied with a clear structure for decision rights, which are defined in the Decision Making Authority (DMA) Policy.

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

## Change and transformation

TietoEVRY announced its new strategy to drive customer value and growth through specialization. The technology industry is being reshaped with cloud as the foundation, providing expansion opportunities for the company. Expansion will focus on cloud-native services, data & software engineering and scalable software businesses. In managed application and infrastructure services, the company will seek partnerships to invest and build scale. Strategic review of the TietoEVRY Banking Business and combined TietoEVRY Connect and Transform businesses will result in changes requiring careful change management.

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

Change management is steered by the company-wide or project-specific Program Management Office, which provides standard tools and systems for the change, including communication, target setting and training for the implementation of the new strategy.

The Group Project Excellence unit sets common standards for project management to ensure proper project risk management and compliance in project financials management and follow-up.

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

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

## Service continuity

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

A service continuity disruption can be caused, for instance, by hardware or software failures, power outages, natural disasters and different types of intentional or unintentional actions by people.

Risks related to malfunctions of systems could seriously affect TietoEVRY's ability to provide its services and have an adverse impact on the company's financials and reputation. Thus, business continuity planning is a high priority in TietoEVRY's operational management in order to ensure that redundancy and fault tolerance are at the appropriate level.

To reduce the service continuity risk and to better understand the interdependencies in solutions and data centres, TietoEVRY constantly reviews, maintains and improves its IT asset management, configuration

management and monitoring systems. In addition to a balanced global portfolio, TietoEVRY has recovery procedures and backup systems in place to handle potential service interruptions. Root cause analysis, best practices and experiences from previous incidents help in preparing for and mitigating the service continuity risk.

Also, a comprehensive and robust major incident & escalation process and crisis management process reduce service interruptions.

## Cybersecurity

TietoEVRY's business operations involve processing and storing large amounts of confidential data of public and private sector customers, business partners and own data, including sensitive personal data.

The threat landscape is constantly growing and evolving – e.g. criminal hackers, hacktivists, human errors or misconduct, and state-sponsored organizations – and may cause malfunctions or cybersecurity breaches of information against TietoEVRY, its customers, subcontractors or other third parties.

At least the following threats are risk factors that could lead to loss, misuse, destruction of data or system malfunction, compromising TietoEVRY's ability to support, manage or develop services:

- Enterprise ransomware
- Supply chain attacks
- Critical vulnerabilities
- Targeted attacks
- Digital fraud
- Denial of service attacks
- Data breaches and data leaks
- Insider threats

Such events could have an adverse impact on the company's financials and reputation.

To detect and investigate cybersecurity incidents, TietoEVRY has implemented a comprehensive and robust major incident & escalation process, a crisis management process as well as efficient cybersecurity defence with high-class detection and response capabilities to reduce service interruptions.

We regularly review our risk management and cybersecurity framework, train our employees to increase their awareness of cyber threats and continuously measure our cybersecurity maturity.

## Quality costs related to customer bidding and delivery management

Inability to appropriately understand and analyse customers' changing needs, their business processes and the exact requirements can lead to misjudgements in setting the scope of projects or services and, consequently, difficulties in meeting the specifications of customer agreements.

TietoEvry is committed to actively verifying that business processes from sales to delivery are designed, implemented and embedded to deliver customer value and actively mitigate end-to-end risk exposure along full contract life cycles. Internal and external quality assessments and audits are used to verify the effectiveness and efficiency of ways of working as well as to control the quality of outcomes through measurable and actionable KPIs (Key Performance Indicators) and key controls. At the same time, customer feedback management is an integral part of how we drive performance and safeguard quality assurance at both the operational and strategic level. As part of this, we actively ask customers for feedback to understand how well we perform individual deliveries. In addition, we engage with customers to understand how well we support them in meeting their changing business objectives through our portfolio of deliveries. Insights and actions resulting from customer feedback are prioritized and followed up regularly at all levels of the organization and integrated into change management efforts.

### Retention and attrition of employees

The competition in the market and demand for new services require ability and speed to reskill, attract new and retain existing competences and business knowledge for new services, new service models and offerings. TietoEvry's success builds on attracting talent, skills renewal, business knowledge and the maturity of the organization.

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

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

### Credit risks

Changes in the general market environment and global economy can result in additional financial risks. Credit risks might arise if customers or financial counterparties are unable to fulfil their commitments towards TietoEvry.

TietoEvry's Credit Policy defines the principles for customer credit risk management to be applied in all lines of business and controlled by a centralized credit management team. The risk assessment utilizes external risk databases and past experience as a reference. Credit risk regarding financial counterparties is managed through counterparty limits, as set out in the TietoEvry Treasury Policy.

### Currency risks

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

TietoEvry's Treasury Policy defines the principles for managing currency risks within the Group.

### Interest rate risks

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

TietoEvry's Treasury Policy defines the principles for managing interest rate risks within the Group.

### Funding and liquidity risks

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

Group Treasury monitors and manages TietoEvry's funding structure and liquidity by maintaining a sufficiently diversified loan portfolio and liquidity position. Analyses of alternative financing sources, maturities and pricing for the company are continuously updated. TietoEvry's financial risks are described in full in the notes to the consolidated financial statements.

TietoEvry's Treasury Policy defines the principles for managing funding and liquidity risks within the Group.

### Legal, regulatory and compliance risks

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

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

The risk is mitigated by company-wide privacy work. TietoEvry has a privacy governance model, which ensures that a privacy organization and resources, continuous follow up and reporting, proactive privacy development and active employee communication and training are in place. Privacy governance also



ensures that the GDPR requirements are appropriately embedded as practical rules and instructions into corporate core business processes such as offering and software development, sales and marketing, programme and project delivery, continuous service delivery and TietoEVRY's internal service.

### Supply chain risk

TietoEVRY's ability to perform its obligations to customers can be affected by a failure by any significant supplier or partner to fulfil its obligations. Such failure may expose TietoEVRY to liabilities and impact the profitability of the company. The company has, for example, outsourced certain infrastructure operations, and a potential failure in deliveries by a supplier could cause disturbances to customers. These risks are managed by partner contract management, contract renewal negotiations and continuous evaluation of partners' delivery quality.

### Global pandemic: COVID-19

The COVID-19 pandemic still creates uncertainty in the market and for the company. During the year, TietoEVRY continued to identify, evaluate, and manage risks that could have significant financial, operating, or reputational impact on the company both on a short- and long-term basis. Enterprise risk management, crisis management and business continuity have been vital in handling the effect of the pandemic on our employees, portfolio and customers. TietoEVRY follows country-specific government and healthcare guidelines for personal health and the prevention of the spread of COVID-19.

## Shares and shareholders

TietoEVRY's issued and registered share capital amounts to EUR 76 555 412.00 and on 31 December, the number of shares totalled 118 425 771. TietoEVRY's shares have no par value and their book counter value is one euro. The company's shares are listed on NASDAQ in Helsinki and Stockholm and Oslo Børs. The company has one class of shares, with each share conferring equal dividend rights and one vote.

The company had around 61 750 registered shareholders at the end of 2022 based on the ownership records of the Finnish, Swedish and Norwegian central securities depositories. TietoEVRY received the following flagging announcements during the year:

On 10 February, Silchester International Investors LLP announced that its holding had increased to 5 939 679 shares, representing 5.02% of the total number of shares.

On 31 December, TietoEVRY had one shareholder holding 10% or more of the shares: Solidium Oy.

In February, TietoEVRY purchased 145 000 own shares (0.12% of the total number of shares) in trading organized by Nasdaq Helsinki Ltd. The average purchase price was EUR 25.3516 per share. Related to the company's share-based reward plans, a total of 140 119 shares held by TietoEVRY (0.12% of the total

### Geopolitical instability

Geopolitical instability might result in disruption in areas where TietoEVRY operates. This instability might impact the company's operations, despite careful scenario planning and mitigation plans to ensure business continuity. Russia's war against Ukraine has impacted our business in Ukraine, and its status is monitored with regular business continuity and crisis management meetings to help our employees and ensure business continuity.

### Climate change

Physical climate change impacts may pose a risk for both TietoEVRY and its customers. TietoEVRY strives to mitigate its contribution to climate change by reducing carbon emissions and increasing energy efficiency in its own operations. Assessments concerning proximity of hazards such as rivers, rail lines and airports, are part of the prospecting prior to any new construction of offices or datacentres, and back-up centres ensure continuity of customer operations also in case of severe climate change implications. The ability to mitigate the impacts and adapt to climate change is becoming an increasingly important factor impacting customers' decision making. TietoEVRY can help its customers to reduce their carbon emissions through its technology solutions and facilitate customers' transition to a low-carbon and circular economy.

number of shares) were transferred to the participants of the plan during the second quarter. At the end of the year, the number of shares in the company's or its subsidiaries' possession totalled 12 468, representing 0.01% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 118 413 303.

The members of the Board of Directors, the President and CEO and their close associates together held 0.10% of the shares and votes registered in the book-entry system on 31 December 2022. The President and CEO is also participating in the company's long-term share-based incentive plans and potential rewards will be paid partly in TietoEVRY shares. As the number of additional shares related to these incentives is dependent on the company's performance, these are not included in this aggregate number.

The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting. The Articles of Association are available at [www.tietoevry.com/investors](http://www.tietoevry.com/investors).

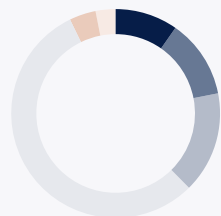
### Share-based incentive plans

TietoEVRY has the following active share-based incentive plans: a Performance Share Plan 2020, 2021 and 2022 and a Restricted Share Plan 2020, 2021 and 2022. The potential rewards will be paid partly in the company's shares and partly in cash in 2023, 2024 and 2025, respectively. The share rewards to be delivered to the participants will consist of shares to be acquired from the market and treasury shares. Thus, no new shares will be issued in connection with the plans. The rewards to be paid on the basis of the plans correspond to the value of an approximate maximum total of 3 060 000 TietoEVRY shares (including the proportion to be paid in cash). On 31 December, the value of granted and unvested share plans corresponded to 2 466 208 shares. The company has not issued any bonds with warrants and does not have any stock option programmes.

### Board authorizations

The 2022 Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares. The amount of own shares to be repurchased shall not exceed 11 800 000 shares, which currently corresponds to approximately 10% of all the shares in the company. The authorization is intended to be used to develop the company's capital structure. The Board of Directors was also authorized to decide on the issuance of shares as well as on the issuance of option rights and other special rights. The amount of shares to be issued based on the authorization (including shares to be issued based on the special rights) shall not exceed 11 800 000 shares, which currently corresponds to approximately 10% of all the shares in the company.

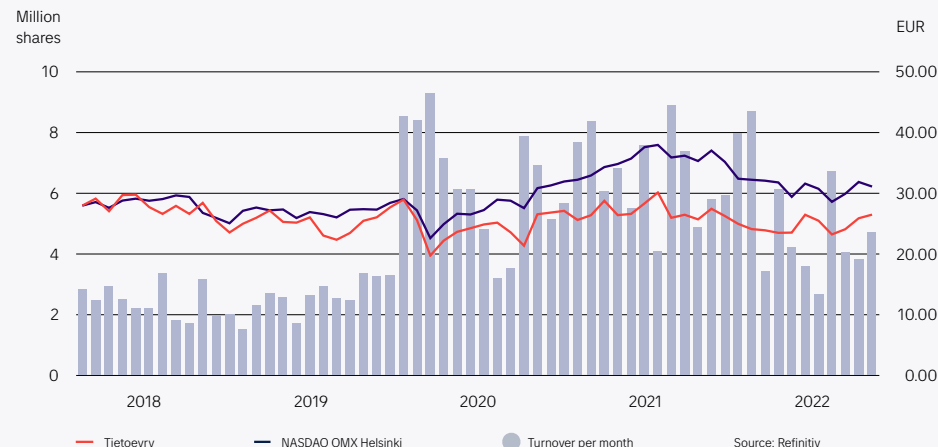
#### OWNERSHIP STRUCTURE ON 31 DEC 2022



- Non-Finnish holders 9.7%
- Financial and insurance corporations 55.2%
- Households 12.7%
- Non-profit institutions 4.1%
- General Government 15.7%
- Non-financial corporations and housing corporations 31%

Based on the ownership records of Euroclear Finland Oy

#### SHARE PRICE DEVELOPMENT AND TURNOVER, HELSINKI



	2022	2021	2020	2019	2018
<b>Number of shares</b>					
Number of shares	118 425 771	118 425 771	118 425 771	118 425 771	74 109 252
<b>Outstanding shares</b>					
At year end	118 413 303	118 418 184	118 414 793	118 253 526	73 826 349
Average	118 405 657	118 408 223	118 378 269	77 193 387	73 809 855
Share capital at year end, EUR	76 555 412	76 555 412	76 555 412	76 555 412	76 555 412
<b>Per share data</b>					
<b>Earnings per share, EUR</b>					
Basic	1.59	2.46	0.8	1.02	1.67
Diluted	1.59	2.46	0.8	1.02	1.66
Equity per share, EUR	14.52	15.38	13.73	14.27	6.54
<b>Share price performance and trading volumes</b>					
<b>NASDAQ Helsinki</b>					
Highest price of share, EUR	27.94	30.46	31.32	29.06	30.74
Lowest price of share, EUR	21.06	25.42	17.26	21.40	22.86
Average price of share, EUR	24.86	27.26	24.42	25.37	27.56
Turnover, number of shares	62 036 948	78 772 407	77 150 210	31 439 512	29 333 439
Turnover, %	52.4	66.5	65.1	26.5	39.6

	2022	2021	2020	2019	2018
<b>Market capitalization, EUR million</b>					
Market capitalization, EUR million	3 140.7	3 254.3	3 180.9	3 282.8	1 747.5
<b>Dividends</b>					
Dividend, EUR 1 000	171 699	165 785	156 308	75 190	103 465
Dividend per share, EUR	1.45	1.40	1.32	0.64	1.45
Payout ratio, %	91.0	56.8	165.3	62.3	86.8
<b>Price-weighted ratios</b>					
<b>NASDAQ Helsinki</b>					
Price per earnings ratio (P/E)	17	11	34	27	14
Dividend yield, %	5.5	5.1	4.9	4.6	6.1

#### Major shareholders on 31 December 2022

	Shares	%
1 Solidium Oy	12 857 918	10.9
2 Cevian Capital Partners Ltd1)	9 381 731	7.9
3 Incentive Investment Funds ICAV2)	6 041 221	5.1
4 Silchester International Investors LLP3)	5 939 679	5.0
5 Ilmarinen Mutual Pension Insurance Company	1 927 095	1.6
6 Elo Mutual Pension Insurance Company	1 484 000	1.3
7 The State Pension fund	1 100 000	0.9
8 Nordea funds	1 081 997	0.9
9 Evli funds	938 231	0.8
10 Swedbank Robur fonder	685 000	0.6
<b>Top 10 shareholders total</b>	<b>41 436 872</b>	<b>35.0</b>
- of which nominee registered	22 047 631	18.6
Nominee registered other	49 103 791	41.5
Others	27 885 108	23.5
<b>Total</b>	<b>118 425 771</b>	<b>100.0</b>

Based on the ownership records of Euroclear Finland Oy, Euroclear Sweden AB and Norwegian Central Securities Depository (VPS).

<sup>1)</sup>Based on the ownership records of Euroclear Finland Oy, Cevian Capital Partners Ltd's holding on 31 August 2022 was 9 381 731 shares, representing 7.9% of shares and voting rights.

<sup>2)</sup>On 21 September 2021, Incentive AS announced that the holding of Incentive Investment Funds ICAV was 6 041 221 shares, representing 5.1% of the shares.

<sup>3)</sup>On 10 February 2022, Silchester International Investors LLP has announced that its holding has increased to 5 939 679 shares, representing 5.02% of the total number of shares.

#### Number of shares

	Shareholders		Shares	
	No	%	No	%
1–100	25 628	53.2	1 159 657	1.0
101–500	15 550	32.3	3 858 554	3.3
501–1 000	3 588	7.4	2 726 903	2.3
1 001–5 000	2 821	5.9	5 847 478	4.9
5 001–10 000	282	0.6	2 010 825	1.7
10 001–50 000	177	0.4	3 680 668	3.1
50 001–100 000	29	0.1	2 122 166	1.8
100 001–500 000	26	0.1	5 616 630	4.7
500 001–	14	0.0	91 392 330	77.2

Based on the ownership records of Euroclear Finland Oy.



# Dividend

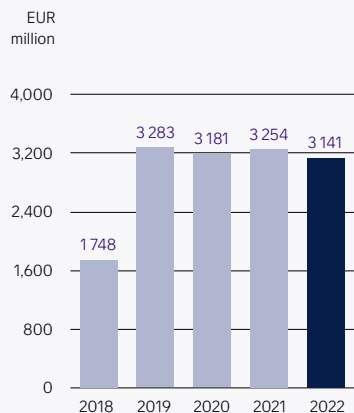
The distributable funds of the parent company amount to EUR 1 479.5 million, of which net profit for 2022 amounts to EUR 21.1 million. The Board of Directors proposes to the Annual General Meeting that for the financial year ended on 31 December 2022, a dividend of EUR 1.45 per share be paid from the distributable profits of the company. The Board of Directors proposes that the dividend shall be paid in two instalments:

- The first dividend instalment of EUR 0.725 per share shall be paid to shareholders who on the record date for the dividend payment on 27 March 2023 are recorded in the shareholders' register held by Euroclear Finland Oy or the registers of Euroclear Sweden AB or Verdipapirsentralen ASA (VPS).

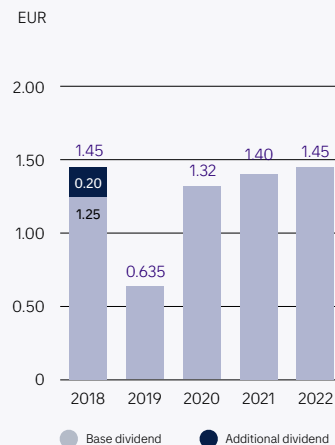
- The second dividend instalment of EUR 0.725 per share shall be paid to shareholders who on the record date for the dividend payment on 5 October 2023 are recorded in the shareholders' registers.

The proposed dividend payout does not endanger the solvency of the company.

## MARKET CAPITALIZATION



## DIVIDEND / SHARE, EUR



## Events after the period

On 12 January, TietoEvry announced that Klaus Andersen has been appointed as CEO of TietoEvry Banking effective 1 February 2023. Klaus Andersen will have the overall responsibility for the Banking business at TietoEvry, including driving a successful outcome for the ongoing strategic review. In his role as CEO of TietoEvry Banking, Klaus Andersen will report to Kimmo Alkio, CEO of TietoEvry Group, and will become a member of the Group Executive Management Team.

On 31 January, TietoEvry published the proposals of the Shareholders' Nomination Board to the Annual General Meeting 2023, including election and remuneration of the members of the Board of Directors. The Shareholders' Nomination Board proposes that the current members of the Board of Directors Tomas Franzén, Liselotte Hågertz Engstam, Harri-Pekka Kaukonen, Katharina Mosheim, and Endre Rangnes be reelected and Bertil Carlsén, Elisabetta Castiglioni, Gustav Moss and Petter Söderström be elected as new members. Timo Ahopelto, Angela Mazza Teufer and Niko Pakalén have informed that they are not available for re-election.

In November 2022, TietoEvry announced that the company is conducting a strategic review of its TietoEvry Transform and TietoEvry Connect as a combined business, including a potential sale or listing as a spin-off. On 13 February, TietoEvry announced that Satu Kiiskinen has been appointed as Managing Director of the businesses to be called TietoEvry Tech Services. TietoEvry Tech Services is planned to be operational and report its financials, as a new reportable segment, from the second quarter of 2023. TietoEvry Tech Services' Managing Director appointment becomes effective 1 April.

## Full-year outlook for 2023

TietoEvry expects its organic<sup>1)</sup> growth to be 5% to 7% (revenue in 2022: EUR 2 928.1 million).

The company estimates its full-year adjusted operating margin<sup>2)</sup> (adjusted EBITA) to be 13.0–13.5% (13.0% in 2022).

<sup>1)</sup> Adjusted for currency effects, acquisitions and divestments.

<sup>2)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

## Financial calendar 2023

23 March Annual General Meeting

TietoEvry will publish three interim reports in 2023:

4 May	Interim report 1/2023 (8.00 a.m. EET)
21 July	Interim report 2/2023 (8.00 a.m. EET)
26 October	Interim report 3/2023 (8.00 a.m. EET)

# Key figures

## Calculation of key figures and alternative performance measures

TietoEVRY presents certain financial measures, which, in accordance with the “Alternative Performance Measures” guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures. TietoEVRY believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of TietoEVRY’s operations. In addition, they are seen as useful indicators of the Group’s financial position and ability to obtain funding. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

Adjusted earnings per share	=	$\frac{\text{Net profit for the period excluding adjustment items, amortization of acquisition-related intangible assets and related tax impact per country}}{\text{Weighted average number of shares}}$
Adjustment items	=	Restructuring costs + capital gains/losses + impairment charges + other items affecting comparability
Operating profit (EBIT)	=	Net profit + interests + taxes
Operating margin (EBIT), %	=	$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$
Adjusted operating profit (EBITA)	=	Operating profit (EBIT) + adjustment items
Adjusted operating margin (EBITA), %	=	$\frac{\text{Adjusted operating profit (EBITA)}}{\text{Revenue}}$

Equity per share	=	$\frac{\text{Total equity}}{\text{Number of shares at the year-end}}$
Capital expenditure	=	Acquisitions of intangible assets and property, plant and equipment
Acquisitions	=	Acquisitions of subsidiaries and business operations, net of cash acquired
Return on equity, 12-month rolling, %	=	$\frac{\text{Profit before taxes and non-controlling interests – income taxes}}{\text{Total equity (12-month average)}} * 100$
Return on capital employed, 12-month rolling, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (12-month average)}} * 100$
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets – advance payments}} * 100$
Interest-bearing net debt	=	Interest-bearing liabilities – interest-bearing receivables – cash and cash equivalents
Net debt/EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA (12-month average)}}$
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} * 100$

**Adjusted operating profit (EBITA) by segment**

EUR million	2022	2021	Change %
TietoEvry Create	116.3	99.6	17
TietoEvry Banking	72.0	60.3	19
TietoEvry Care	72.5	69.6	4
TietoEvry Industry	46.0	50.8	-9
TietoEvry Transform	36.8	43.9	-16
TietoEvry Connect	62.4	66.3	-6
Non-allocated costs	-26.8	-22.8	18
<b>Adjusted operating profit (EBITA)</b>	<b>379.2</b>	<b>367.8</b>	<b>3</b>

**Adjusted operating margin (EBITA) by segment**

%	2022	2021	Change pp
TietoEvry Create	13.7	13.2	1
TietoEvry Banking	13.8	12.7	1
TietoEvry Care	31.3	31.4	0
TietoEvry Industry	16.9	16.7	0
TietoEvry Transform	7.8	9.4	-2
TietoEvry Connect	7.1	7.3	0
<b>Adjusted operating margin (EBITA)</b>	<b>13.0</b>	<b>13.0</b>	<b>0</b>

**Reconciliation of adjusted operating profit (EBITA)**

EUR million	2022	2021
Operating profit (EBIT)	266.5	382.0
+ Amortization on intangible assets recognized at fair value from acquisitions	46.7	47.3
<b>Adjustment items:</b>		
+ Restructuring costs	12.6	7.1
- Capital gains	-1.1	-104.0
+ Strategic reviews	2.6	—
+/- Other M&A related items	1.7	1.0
+ TietoEvry Connect performance improvement programme	31.0	—
+ War in Ukraine and exit from Russia	13.3	—
+ TietoEvry Integration	9.2	25.8
+/- Other items <sup>1)</sup>	-3.3	8.6
<b>Adjusted operating profit (EBITA)</b>	<b>379.2</b>	<b>367.8</b>

<sup>1)</sup> Costs related to new strategy implementation, insurance compensation, settlement compensation and an impairment loss related to a terminated customer project in TietoEvry Banking, and other minor non-recurring items. See also notes 5, 6 and 7.

## CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

# Income statement

EUR million	Note	2022	2021
Revenue	<a href="#">5, 6</a>	2 928.1	2 823.4
Other operating income	<a href="#">7</a>	50.2	125.1
Materials and services <sup>1)</sup>		-546.5	-513.5
Employee benefit expenses	<a href="#">8</a>	-1 597.2	-1 527.0
Depreciation and amortization	<a href="#">11, 12, 20</a>	-162.3	-170.1
Impairment losses	<a href="#">11, 12, 20, 28</a>	-20.2	-5.3
Other operating expenses <sup>1)</sup>	<a href="#">7</a>	-386.7	-352.0
Share of results in joint ventures	<a href="#">28</a>	1.0	1.5
<b>Operating profit (EBIT)</b>		<b>266.5</b>	<b>382.0</b>
Interest and other financial income	<a href="#">21</a>	3.9	1.9
Interest and other financial expenses	<a href="#">21</a>	-26.2	-25.3
Net foreign exchange gains/losses	<a href="#">21</a>	-1.4	-4.8
<b>Profit before taxes</b>		<b>242.8</b>	<b>353.8</b>
Income taxes	<a href="#">9</a>	-54.2	-62.2
<b>Net profit for the financial year</b>		<b>188.6</b>	<b>291.6</b>
<b>Net profit for the financial year attributable to</b>			
Owners of the Parent company		188.6	291.6
Non-controlling interest		—	0.0
		<b>188.6</b>	<b>291.6</b>
<b>Earnings per share attributable to owners of the Parent company, EUR per share</b>	<a href="#">10</a>		
Basic		1.59	2.46
Diluted		1.59	2.46

<sup>1)</sup> TietoEvry has clarified its accounting policy for costs related to shared platforms in infrastructure services. See [note 7](#).

# Statement of other comprehensive income

EUR million	Note	2022	2021
Net profit for the financial year		188.6	291.6
Items that may be reclassified subsequently to profit or loss			
Translation differences	<a href="#">25</a>	-126.7	60.2
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plans	<a href="#">15</a>	2.0	-1.9
Income tax related to remeasurements	<a href="#">9</a>	-0.4	0.4
<b>Total comprehensive income</b>		<b>63.5</b>	<b>350.3</b>
<b>Total comprehensive income attributable to</b>			
Owners of the Parent company		63.5	350.3
Non-controlling interest		—	0.0
		<b>63.5</b>	<b>350.3</b>

Notes are an integral part of these consolidated financial statements.



# Statement of financial position

## Assets

EUR million	Note	31 Dec 2022	31 Dec 2021
<b>Non-current assets</b>			
Goodwill	<a href="#">11, 28</a>	1 846.5	1 943.7
Other intangible assets	<a href="#">11</a>	336.7	387.9
Property, plant and equipment	<a href="#">12</a>	97.2	87.4
Right-of-use assets	<a href="#">20</a>	201.9	192.4
Interests in joint ventures	<a href="#">28</a>	14.2	16.7
Deferred tax assets	<a href="#">9</a>	14.6	19.1
Defined benefit plan assets	<a href="#">15</a>	0.6	0.7
Finance lease receivables	<a href="#">20, 22</a>	0.2	2.7
Other financial assets at amortized cost	<a href="#">22</a>	15.0	15.7
Other financial assets at fair value	<a href="#">22</a>	0.6	0.6
Other non-current receivables	<a href="#">14</a>	20.4	35.4
<b>Total non-current assets</b>		<b>2 548.0</b>	<b>2 702.3</b>
<b>Current assets</b>			
Inventories	<a href="#">13</a>	5.6	7.2
Trade and other receivables	<a href="#">14</a>	547.8	517.0
Financial assets at fair value	<a href="#">22</a>	23.6	23.3
Finance lease receivables	<a href="#">20</a>	2.4	2.9
Current tax assets		16.8	10.8
Cash and cash equivalents	<a href="#">24</a>	249.7	323.8
<b>Total current assets</b>		<b>845.8</b>	<b>884.9</b>
<b>Total assets</b>		<b>3 393.8</b>	<b>3 587.2</b>

## Equity and liabilities

EUR million	Note	31 Dec 2022	31 Dec 2021
<b>Equity</b>			
Share capital	<a href="#">25</a>	76.6	76.6
Share premium and other reserves	<a href="#">25</a>	39.3	41.5
Invested unrestricted equity reserve	<a href="#">25</a>	1 203.5	1 203.5
Retained earnings	<a href="#">25</a>	399.9	499.6
<b>Total equity</b>		<b>1 719.2</b>	<b>1 821.1</b>
<b>Non-current liabilities</b>			
Loans	<a href="#">19, 22</a>	639.4	731.6
Lease liabilities	<a href="#">19, 20, 22</a>	155.9	144.0
Deferred tax liabilities	<a href="#">9</a>	10.7	9.1
Provisions	<a href="#">16</a>	2.6	2.8
Defined benefit obligations	<a href="#">15</a>	28.4	38.7
Other non-current liabilities	<a href="#">17</a>	21.0	34.7
<b>Total non-current liabilities</b>		<b>858.0</b>	<b>960.8</b>
<b>Current liabilities</b>			
Trade and other payables	<a href="#">17</a>	616.7	672.3
Financial liabilities at fair value	<a href="#">22</a>	2.0	0.8
Current tax liabilities		13.9	18.5
Loans	<a href="#">19, 22</a>	110.6	31.5
Lease liabilities	<a href="#">19, 20, 22</a>	54.1	62.5
Provisions	<a href="#">16</a>	19.1	19.6
<b>Total current liabilities</b>		<b>816.5</b>	<b>805.3</b>
<b>Total equity and liabilities</b>		<b>3 393.8</b>	<b>3 587.2</b>

Notes are an integral part of these consolidated financial statements.

# Statement of cash flows

EUR million	Note	2022	2021
<b>Cash flow from operating activities</b>			
Net profit for the financial year		188.6	291.6
Adjustments			
Depreciation, amortization and impairment losses	<a href="#">11, 12, 20, 28</a>	182.5	175.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations		7.8	-104.1
Share of results in joint ventures	<a href="#">28</a>	-1.0	-1.5
Other adjustments		-7.5	0.2
Net financial expenses	<a href="#">21</a>	23.7	28.1
Income taxes	<a href="#">9</a>	54.2	62.2
Change in net working capital			
Change in current receivables		-41.7	-8.2
Change in current non-interest-bearing liabilities		-40.4	-18.7
<b>Cash generated from operating activities before interests and taxes</b>		<b>366.2</b>	<b>425.2</b>
Interests received		3.7	1.8
Interests paid		-22.1	-23.2
Other financial income received		25.3	24.0
Other financial expenses paid		-37.7	-21.9
Dividends received	<a href="#">28</a>	1.4	2.1
Income taxes paid		-59.8	-40.6
<b>Cash flow from operating activities</b>		<b>276.9</b>	<b>367.5</b>

Notes are an integral part of these consolidated financial statements.

EUR million	Note	2022	2021
<b>Cash flow from investing activities</b>			
Capital expenditure	<a href="#">11, 12</a>	-95.4	-80.8
Disposal of subsidiaries and business operations, net of cash disposed	<a href="#">26</a>	-0.3	179.5
Proceeds from sale of property, plant and equipment		0.5	0.8
Change in loan receivables		3.2	0.3
<b>Cash flow used in/from investing activities</b>		<b>-92.0</b>	<b>99.8</b>
<b>Cash flow from financing activities</b>			
Dividends paid		-165.8	-156.3
Repurchase of own shares		-3.7	-3.8
Repayments of lease liabilities	<a href="#">19, 20</a>	-66.3	-73.1
Other short-term financing, net	<a href="#">19</a>	-1.5	-19.7
Repayments of long-term borrowings	<a href="#">19</a>	-13.1	-145.8
<b>Cash flow used in financing activities</b>		<b>-250.4</b>	<b>-398.8</b>
<b>Change in cash and cash equivalents</b>		<b>-65.4</b>	<b>68.5</b>
Cash and cash equivalents at the beginning of period			
	<a href="#">24</a>	323.8	252.3
Foreign exchange differences			
		-8.6	3.0
Change in cash and cash equivalents			
		-65.4	68.5
<b>Cash and cash equivalents at the end of period</b>		<b>249.7</b>	<b>323.8</b>

# Statement of changes in shareholders' equity

EUR million	Note	Owners of the Parent company							Total equity
		Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings		
31 Dec 2021		76.6	41.5	-0.2	-66.0	1 203.5	565.8	1 821.1	
<b>Comprehensive income</b>									
Net profit for the period		—	—	—	—	—	188.6	188.6	
<b>Other comprehensive income, net of tax</b>									
Remeasurements of the defined benefit plans, net of tax		—	—	—	—	—	1.6	1.6	
Translation differences		—	-2.2	—	-127.5	—	2.9	-126.7	
<b>Total comprehensive income</b>		—	-2.2	—	-127.5	—	193.2	63.5	
<b>Transactions with owners</b>									
<b>Contributions and distributions</b>									
Share-based incentive plans	8	—	—	3.6	—	—	0.5	4.1	
Dividends		—	—	—	—	—	-165.8	-165.8	
Repurchase of own shares		—	—	-3.7	—	—	—	-3.7	
<b>Total transactions with owners</b>		—	—	-0.1	—	—	-165.3	-165.4	
<b>31 Dec 2022</b>		<b>76.6</b>	<b>39.3</b>	<b>-0.3</b>	<b>-193.5</b>	<b>1 203.5</b>	<b>593.7</b>	<b>1 719.2</b>	

Owners of the Parent company										
EUR million	Note	Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings	Total	Non-controlling interest	Total equity
31 Dec 2020		76.6	42.1	-0.3	-133.8	1 203.5	438.2	1 626.2	0.0	1 626.2
<b>Comprehensive income</b>										
Net profit for the financial year		—	—	—	—	—	291.6	291.6	0.0	291.6
<b>Other comprehensive income, net of tax</b>										
Remeasurements of the defined benefit plans, net of tax		—	—	—	—	—	-1.6	-1.6	—	-1.6
Translation differences		—	-0.6	—	67.8	—	-7.0	60.2	—	60.2
<b>Total comprehensive income</b>		—	<b>-0.6</b>	—	<b>67.8</b>	—	<b>283.0</b>	<b>350.3</b>	<b>0.0</b>	<b>350.3</b>
<b>Transactions with owners</b>										
<b>Contributions and distributions</b>										
Share-based incentive plans	8	—	—	3.9	—	—	1.1	5.0	—	5.0
Dividends		—	—	—	—	—	-156.3	-156.3	0.0	-156.3
Repurchase of own shares		—	—	-3.8	—	—	—	-3.8	—	-3.8
<b>Changes in ownership interests</b>										
Acquisition of non-controlling interest without change in control		—	—	—	—	—	-0.3	-0.3	0.0	-0.3
<b>Total transactions with owners</b>		—	—	<b>0.1</b>	—	—	<b>-155.4</b>	<b>-155.3</b>	<b>0.0</b>	<b>-155.4</b>
<b>31 Dec 2021</b>		<b>76.6</b>	<b>41.5</b>	<b>-0.2</b>	<b>-66.0</b>	<b>1 203.5</b>	<b>565.8</b>	<b>1 821.1</b>	—	<b>1 821.1</b>

Notes are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

## 1. Corporate information

Tietoevry Corporation (business identity code 0101138-5) is a Finnish public limited liability company organized under the laws of Finland. It is domiciled in Espoo and the address of the Group head office is Keilalahdentie 2-4, 02101 Espoo, Finland. The company is listed on NASDAQ in Helsinki and Stockholm and the Oslo Stock Exchange.

Tietoevry is a leading Nordic digital services company serving clients across Sweden, Norway and Finland and offering software, IT solutions and consulting services, as well as operations of IT systems. In addition, the Group offers outsourcing services and services related to data communication and data security.

The Board of Directors approved these consolidated financial statements on 14 February 2023. According to the Limited Liability Companies Act, the shareholders have the right at the Annual General Meeting to either approve, amend or reject the consolidated financial statements after the publication.

### BASIS OF PREPARATION

The accounting policies applied to the consolidated financial statements as a whole are described below. A more detailed description of accounting policies and significant estimates related to specific disclosures are presented in conjunction with each note with the aim of providing understanding of each accounting area.

## 2. Principal accounting policies

These consolidated financial statements of Tietoevry have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. The financial statements also comply with Finnish accounting principles and corporate legislation complementing IFRS. The consolidated financial statements are presented in millions of euros and have been prepared under the historical cost convention, unless otherwise stated in these accounting policies. All figures presented have been rounded, and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

### Consolidation principles

The consolidated financial statements include the Parent company Tietoevry Corporation and all subsidiaries over which the Parent company has directly or indirectly more than one half of the voting rights, or the Parent company is otherwise in control of the company. Control exists when the company is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is achieved until the date on which control ceases by using the acquisition method. Intra-group receivables, payables and transactions including dividends and internal profit are eliminated on consolidation. When necessary, subsidiaries' accounting policies have been aligned to correspond to the Group's accounting policies. The result for the period and items of other comprehensive income are allocated to the equity holders of the company and non-controlling interests and presented in the income statement and statement of other comprehensive income. Non-controlling interests are shown separately under shareholders' equity.

### Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the Parent company's functional and presentation currency.

Foreign currency transactions are translated into local functional currencies using the exchange rates prevailing on the transaction date. The foreign currency monetary items are translated using period-end exchange rates. The foreign currency non-monetary items held at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined or remeasured. Other non-monetary items are recognized at the exchange rate prevailing on the transaction date.

For internal, long-term loans to subsidiaries, when classified as net investment in foreign operation, all related unrealized foreign exchange gains and losses are recognized in profit or loss in the separate financial statements. In the consolidated financial statements, such exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.



Other foreign exchange gains and losses related to business operations are included in operating profit. Foreign exchange gains and losses associated with financing are recognized in finance income and expenses.

For Group entities whose functional and presentation currency is other than the euro, the income statements and statements of financial position are translated into the Group presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated using the exchange rates prevailing at the reporting date;
- income and expenses for each income statement are translated using the average exchange rates of the reporting period;
- all resulting translation differences are recognized in other comprehensive income.

When a subsidiary is sold, any translation differences are recognized in the consolidated income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into euro using the exchange rates prevailing at the reporting date. Translation differences arising are recognized in other comprehensive income.

### 3. Adoption of new and amended IFRS standards and interpretations

The following amendments to IFRS standards became effective on 1 January 2022. They have not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020 Cycle Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

#### New and revised IFRS standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective and had not yet been adopted by the EU (marked with \*). Management do not expect the adoption of these to have a material impact on the Group's financial statements in the future reporting periods. Those will be adopted as of their effective date.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current\*
- IFRS 17 Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies\*
- Amendments to IAS 8 – Definition of Accounting Estimates\*
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction\*
- Amendments to IFRS 16 – Definition of lease liability in a sale-and-leaseback agreement\*

### 4. Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported and disclosed at the reporting date. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates. In addition, management judgement is required in the application of accounting policies, especially when IFRS standard has alternative accounting, valuation and presentation methods.

Management believes that the following accounting principles represent those matters, where management judgement has the most significant effect on the amounts recognised or where different estimate could result in significant adjustment to reported carrying amounts within the next financial year. These are described in more detail in the related notes.

Accounting principle	Estimates made	Judgement applied	Note
Valuation of goodwill	X	X	<u>11</u>
Provisions	X		<u>16</u>
Deferred taxes	X		<u>9</u>

## PERFORMANCE FOR THE YEAR

This section comprises disclosures related to the performance of the Group, including segment information, sources of revenue, other operating income and expenses, as well as information on employee benefits, taxes and earnings per share.

### 5. Segment information

TietoEvry has established six specialized end-to-end businesses which form the operating segments from 1 January 2022: TietoEvry Create, TietoEvry Banking, TietoEvry Care, TietoEvry Industry, TietoEvry Transform and TietoEvry Connect. The comparative segment information for 2021 has been restated accordingly. As part of TietoEvry's new strategy, the group introduced internal trade at market terms between the businesses (segments).

#### ACCOUNTING POLICIES

The operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Management, which has been identified as TietoEvry's chief operating decision maker being responsible for allocating resources and assessing performance of the operating segments as well as deciding on strategy.

The Group Executive Management assesses the profitability of segments principally on the basis of adjusted operating profit (EBITA). Operating profit (EBIT) is, however, also an essential measure and is disclosed in this segment note as it is most consistent with the result reported in accordance with IFRS. Transactions between the segments are made on a market-terms basis.

Eliminations include internal revenue between operating segments and Group function sales of internal services to the business. Non-allocated costs relate to Global management and Support functions and are shown separately in the operating profit (EBIT).

#### TietoEvry Create

TietoEvry Create is a leading accelerator for digital innovation and cloud-native development, providing business advisory and design, data engineering and specialized software R&D services across a range of industry sectors. It is a high-growth, market-leading vendor in the Nordics and expanding in international markets, which currently represent over 40% of TietoEvry Create revenue. TietoEvry Create has almost 9 000 employees in competence centres in Europe, India and China – they leverage their expertise and the latest technologies to support clients from nearly 20 countries.

#### TietoEvry Banking

TietoEvry Banking is modernizing the financial sector in the Nordics and globally with modular, pre-integrated Banking-as-a-Service and a full suite of market-leading, scalable software and services within domains such as payments, cards, wealth management, financial crime prevention and credit. Built by

unmatched industry expertise, the solutions help accelerate growth through digital customer engagement, real-time operational efficiency and regulatory compliance. TietoEvry banking's team consists of around 3 500 specialists.

#### TietoEvry Care

TietoEvry Care offers modular, open and interoperable software for customers in the health and social care sectors to enhance the care experience across the Nordics. Using advanced analytics and embedded AI, it provides decision support and process automation. Demand for software and services in healthcare segments such as hospitals, primary and secondary care, as well as elderly, home and family care is increasing rapidly on the back of the growing demand for better care outcomes, improved citizen experience, higher staff satisfaction and increased efficiency. TietoEvry Care employs over 1 400 specialists.

#### TietoEvry Industry

TietoEvry Industry provides industry-specific software and data platform services for customers looking to enhance their critical processes – with software increasingly delivered as a service. Product areas include software for case management, pulp & paper, education, and energy and utilities. Furthermore, data platform services deliver data in processes such as billing & invoicing and industry messaging. Its team consists of close to 1 700 specialists with extensive industry knowledge and in-depth expertise of utilizing data to create insights and add value across core business and operational processes.

#### TietoEvry Transform

TietoEvry Transform drives enterprise-wide transformation for customers across their business processes and applications by means of automation, cloud and data capabilities. It helps customers improve enterprise agility and reduce time to market. Its team of over 3 000 experts provides full stack IT services across modernizing existing IT infrastructure, the renewal of core business applications, next-generation services as well as data and AI services for selected large and mid-sized customers in both public and private enterprises in the Nordics.

#### TietoEvry Connect

TietoEvry Connect is a multi-cloud platform provider with a full range of infrastructure choices at scale – aiming to ensure resilience, security, and compliance for customers' business. Its business comprises cloud platforms and security services, traditional infrastructure services, end-user services and hardware/software reselling. It is the leading provider of managed services in the Nordics, and the partner of choice for businesses looking to drive and achieve cloud adoption at scale. Its team of almost 5 000 experts delivers services to customer operations in more than 90 countries.

**Disaggregation of revenue by segment**

EUR million	2022	2021	Change %
Tietoevry Create	847.9	756.3	12
Tietoevry Banking	521.3	475.8	10
Tietoevry Care	231.4	221.9	4
Tietoevry Industry	272.6	303.4	-10
Tietoevry Transform	470.6	467.9	1
Tietoevry Connect	879.9	907.5	-3
Eliminations	-295.6	-309.5	-4
<b>Group total</b>	<b>2 928.1</b>	<b>2 823.4</b>	<b>4</b>

**Operating profit (EBIT) by segment**

EUR million	2022	2021	Change %
Tietoevry Create	90.2	88.6	2
Tietoevry Banking	39.8	38.1	5
Tietoevry Care	72.2	68.3	6
Tietoevry Industry	51.9	149.8	-65
Tietoevry Transform	31.6	40.8	-23
Tietoevry Connect	21.1	38.5	-45
Non-allocated costs	-40.2	-42.1	-5
<b>Group total</b>	<b>266.5</b>	<b>382.0</b>	<b>-30</b>

For more information, see notes [6](#) and [11](#).

**Operating margin (EBIT) by segment**

%	2022	2021	Change pp
Tietoevry Create	10.6	11.7	-1
Tietoevry Banking	7.6	8.0	0
Tietoevry Care	31.2	30.8	0
Tietoevry Industry	19.0	49.4	-30
Tietoevry Transform	6.7	8.7	-2
Tietoevry Connect	2.4	4.2	-2
<b>Operating margin (EBIT)</b>	<b>9.1</b>	<b>13.5</b>	<b>-4</b>

**Customer revenue from fixed-price contracts by segment**

EUR million	2022	2021
Tietoevry Create	18.3	16.0
Tietoevry Banking	21.8	25.2
Tietoevry Care	3.5	1.0
Tietoevry Industry	2.5	5.0
Tietoevry Transform	13.8	7.1
Tietoevry Connect	1.8	6.1
<b>Group total</b>	<b>61.6</b>	<b>60.5</b>

No single customer represents 10% or more of revenue.

**Customer revenue by country**

EUR million	2022	2021	Change %
Finland	640.2	639.2	0
Sweden	947.3	947.2	0
Norway	1 016.7	981.3	4
Other	323.9	255.7	27
<b>Group total</b>	<b>2 928.1</b>	<b>2 823.4</b>	<b>4</b>

The distribution of revenue by country is based on the invoicing country.

**Non-current assets by country**

EUR million	31 Dec 2022	31 Dec 2021	Change %
Finland	119.0	85.2	40
Sweden	120.1	117.6	2
Norway	368.4	433.5	-15
Other	28.3	31.3	-10
<b>Group total</b>	<b>635.8</b>	<b>667.7</b>	<b>-5</b>

Non-current assets include property, plant and equipment, right of use assets and intangible assets excluding goodwill.

**Personnel by segment**

	End of period				Average <sup>1)</sup>	
	2022	2021	Change %	Share %	2022	2021
TietoEvry Create	8 989	8 653	4	37	8 871	8 871
TietoEvry Banking	3 454	3 495	-1	14	3 500	3 500
TietoEvry Care	1 480	1 346	10	6	1 425	1 425
TietoEvry Industry	1 682	1 819	-8	7	1 703	1 703
TietoEvry Transform	3 271	3 395	-4	13	3 381	3 381
TietoEvry Connect	4 766	4 994	-5	20	4 832	4 832
Group functions	678	687	-1	3	689	689
<b>Group total</b>	<b>24 320</b>	<b>24 389</b>	<b>0</b>	<b>100</b>	<b>24 401</b>	<b>24 401</b>

<sup>1)</sup> 2021 comparative information for the average number of personnel by segment is not available due to the implementation of the group's new organization structure as of 1 January 2022.

**Personnel by country**

	End of period				Average	
	2022	2021	Change %	Share %	2022	2021
Sweden	4 029	4 286	-6	17	4 097	4 321
Norway	3 990	4 274	-7	16	4 102	4 373
Finland	3 134	3 130	0	13	3 151	3 102
India	4 499	4 592	-2	18	4 601	4 362
Czech Republic	2 694	2 505	8	11	2 631	2 478
Ukraine	2 037	2 123	-4	8	2 135	1 996
Latvia	1 072	999	7	4	1 041	970
China	1 066	842	27	4	978	503
Poland	776	710	9	3	720	734
Other	1 023	928	10	4	947	985
<b>Group total</b>	<b>24 320</b>	<b>24 389</b>	<b>0</b>	<b>100</b>	<b>24 401</b>	<b>23 824</b>
Onshore countries	11 687	12 192	-4	48	11 869	12 296
Offshore countries	12 633	12 197	4	52	12 533	11 528
<b>Group total</b>	<b>24 320</b>	<b>24 389</b>	<b>0</b>	<b>100</b>	<b>24 401</b>	<b>23 824</b>

**Depreciation by segment**

EUR million	2022	2021	Change %
TietoEvry Create	6.7	8.0	-16
TietoEvry Banking	4.8	4.1	15
TietoEvry Care	0.9	0.7	31
TietoEvry Industry	0.6	1.0	-40
TietoEvry Transform	1.6	0.5	> 100
TietoEvry Connect	40.9	43.4	-6
Group functions	48.4	53.5	-10
<b>Group total</b>	<b>103.8</b>	<b>111.2</b>	<b>-7</b>

**Amortization on other intangible assets by segment**

EUR million	2022	2021	Change %
TietoEvry Create	0.1	0.3	-56
TietoEvry Banking	2.8	3.3	-17
TietoEvry Care	1.6	0.9	85
TietoEvry Industry	0.3	1.1	-73
TietoEvry Transform	0.2	0.1	70
TietoEvry Connect	6.4	4.1	54
Group functions	0.4	1.8	-79
<b>Group total</b>	<b>11.7</b>	<b>11.6</b>	<b>1</b>

**Amortization of acquisition-related intangible assets by segment**

EUR million	2022	2021	Change %
TietoEvry Create	10.1	10.5	-4
TietoEvry Banking	21.6	21.7	-1
TietoEvry Care	0.2	0.2	-4
TietoEvry Industry	6.2	6.3	-1
TietoEvry Transform	—	—	—
TietoEvry Connect	8.7	8.7	0
Group functions	—	—	—
<b>Group total</b>	<b>46.7</b>	<b>47.3</b>	<b>-1</b>

### Impairment losses

In 2022, TietoEVRY Banking reached a settlement with a customer following their decision to exit a Nordic market and therefore to terminate an implementation project. Capitalized development work specific for this customer was written-off resulting in an impairment loss of EUR 18.7 million. See also [note 6](#).

In addition, TietoEVRY Transform recognized an impairment loss of EUR 1.4 million for the joint venture Tietollmarinen, and bought the remaining 30% share of the company. As at 31 December, Tietollmarinen is consolidated as a 100% owned subsidiary. See also [note 28](#).

## 6. Revenue

The business models of the Group consist of continuous services, software solutions, projects and consulting. Revenue comprises the fair value for the sale of IT services and software licenses, net of discounts and exchange rate differences.

### ACCOUNTING POLICIES

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes consideration collected on behalf of third parties. The Group recognizes revenue when it transfers control of a good or service to a customer.

The Group typically provides customers with a variety of comprehensive services. The individual service delivery contracts are often structured under a common frame contract where general terms for the service delivery to the customer are defined. The content of the delivery, performance obligations and pricing, are defined in the service delivery contracts. Management judgement is used to determine the basis for the revenue recognition; either an individual service delivery contract or a group of combined contracts.

Revenue from service contracts is based on service volumes or time and materials and the performance obligations are recognized over the accounting period in which the services are rendered or project is delivered. The services are generally satisfied and the control transferred to the customer over time given that either the customer simultaneously receives and consumes the benefits provided by the Group, or the Group's performance does not create an asset with an alternative use for the Group, in which case there is an enforceable right to payment for work completed to date.

In the majority of the businesses providing continuous services, time and material projects and consulting, the performance obligations satisfied are invoiced on a monthly basis. At the time of invoicing, a receivable is recognized by the Group as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The standard payment term is 30 days according to the Group's Credit Policy.

Goods, typically distinct licenses, that provide a right to use the software, are invoiced on delivery. The license revenue is recognized at a point in time when the license is delivered, the legal title has passed, the customer has accepted the license and has access to the licensed software. Distinct licenses, that provide a right to access the software, are recognized over the contract period. Contract assets or liabilities do not typically arise in the businesses described above.

For contracts comprising fixed-price projects, revenue is recognized based on the actual service provided by the reporting date as a proportion of the total services to be provided. This is determined based on the cost of actual labour hours spent relative to the total expected cost of labour hours, as it best reflects the transfer of control to the customer. Estimates of revenues, costs or progress towards completion are revised if circumstances change and any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management. Invoicing and customer payments in the fixed-price projects follow the payment schedule defined in the customer contract. If the services rendered by the Group exceed the payment, a contract asset is recognized, and if the payments exceed the services rendered, a contract liability is recognized.

The customer contracts of the Group typically comprise several of the business models described above. The most appropriate presentation on how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors is considered to be the disaggregation of revenue by segment, presented in the segment information [note 5](#). The disaggregation of customer sales from long-term fixed-price contracts by segment represents the revenue from contracts for which the risks are different compared to other contracts with customers.

Some contracts include delivery of hardware together with a variety of services from the Group. Hardware is usually provided by another service provider. The installation of hardware is simple, does not include an integration service from the Group and could be performed by another party. It is, therefore, accounted for as a separate performance obligation. In these contracts, TietoEVRY acts as an agent, if the Group does not obtain control of the hardware provided by another party before it is transferred to the customer, or as a principal if the control is obtained.



Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices, which are observable from the contracts and represent prices for services rendered in similar circumstances to similar customers. Revenue from contracts granting a discount retrospectively to the customer is recognized based on the price specified in the contract, net of the estimated discounts. Discounts are estimated based on management's experience of the earlier purchases of the customers under similar contracts. This estimation is regularly updated during the contract period. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In settlement agreement cases, consideration paid to customers is reduced from revenue when a settlement agreement is signed with the customer. Consideration received from customers is recognized as revenue or other operating income depending on the facts and circumstances.

The Group grants assurance type of warranties which guarantee that the delivery complies with agreed specifications. These are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

The Group capitalizes material costs of set-up activities related to transition or implementation projects in the initial phase of continuous operating service contracts, when the criteria for capitalization according to IFRS 15 are met. Management judgement has been used when developing an internal guidance on what kind of tasks are defined as set-up activities in the Group. The set-up activities do not result in the transfer of a promised good or service and are not identified as a performance obligation to the customer. The capitalized costs of a contract are amortized during the period when the revenue for related continuous operating service contract is recognized.

#### Assets and liabilities related to contracts with customers

EUR million	Note	31 Dec 2022	31 Dec 2021	1 Jan 2021
Trade receivables	14	408.9	372.8	358.9
Contract assets	14	52.0	52.5	50.1
Contract liabilities, non-current <sup>1)</sup>	17	16.9	29.2	29.4
Contract liabilities, current <sup>1)</sup>	17	67.2	73.5	74.7

<sup>1)</sup> TietoEvry has aligned its presentation of contract liabilities by including advance payments and certain accruals related to customer contracts. The comparative periods have been reclassified accordingly.

Decreases due to business disposals were EUR 1.7 (1.6) million in trade receivables, EUR 0.5 (6.1) million in contract assets and EUR 1.1 (5.8) million in contract liabilities.

Revenue recognised from the opening value of contract liabilities was EUR 62.7 (67.1) million. This includes the impact from the presentation alignment of contract liabilities as noted above.

In 2022, TietoEvry Banking reached a settlement with a customer following their decision to exit a Nordic market and therefore to terminate an implementation project. TietoEvry received compensation of EUR 29.4 million, of which EUR 13.5 million was realized against unbilled revenue within contract assets and EUR 15.9 million was recognized as Other operating income.

#### Order backlog

Transaction price allocated to all fully or partially unsatisfied performance obligations (order backlog) amounted to EUR 3 327 (3 513) million at the end of the year. Of the backlog, 54% is expected to be recognized as revenue during 2023. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

#### Assets recognized from costs to fulfil a contract

EUR million	2022	2021
Capitalized set-up costs on 31 Dec	11.8	21.2
Amortization of capitalized set-up costs	8.4	6.6

In the statement of financial position, capitalized set-up costs of EUR 6.8 (15.9) million are presented within other non-current receivables and the current portion of EUR 4.9 (5.3) million in trade and other receivables.

## 7. Other operating income and expenses

Other operating income includes income other than that associated with the principal activities of TietoEvry, such as capital gains and foreign exchange gains on derivatives. Other operating expenses mainly relates to information and communication technology and premises related costs as well as professional services such as consulting and marketing. Costs related to shared platforms in infrastructure services are recognized in other operating expenses when they are not directly linked to any specific customer.

### ACCOUNTING POLICIES

#### Government grants

Government grants are recognized as other operating income on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

#### Research and development costs

Research costs are expensed when incurred. Development costs related to major new software products are capitalized as intangible assets when it is probable that the development will generate future economic benefits for the Group, and certain criteria related to commercial and technological feasibility are met. Development costs comprise service and solution development focusing on, for example, industry-specific software, customer experience management and security services, as well as cloud services. Additionally, the costs for related internal development, e.g. automation in infrastructure services, are included in development costs.

### Other operating income

EUR million	2022	2021
Gain on sale of tangible assets, subsidiaries and business operations	1.4	104.1
Change in fair value of derivatives	9.2	7.4
Joint venture management fees	1.3	1.6
Other <sup>1)</sup>	38.3	11.9
<b>Total</b>	<b>50.2</b>	<b>125.1</b>

<sup>1)</sup> In 2022, TietoEvry Banking reached a settlement with a customer following their decision to exit a Nordic market and therefore to terminate an implementation project. TietoEvry received compensation of EUR 29.4 million, of which EUR 15.9 million was recognized as Other operating income. See [note 6](#). In addition, TietoEvry Industry received insurance compensation of EUR 12.3 million related to the ending of TietoEvry's SmartUtilities platform in 2020.

### Other operating expenses

EUR million	2022	2021
Information and communication technology <sup>1)</sup>	231.1	238.0
Premises related costs	51.3	44.4
Professional services and marketing	43.0	42.5
Other operating expenses	61.1	27.0
<b>Total</b>	<b>386.7</b>	<b>352.0</b>

<sup>1)</sup> TietoEvry has clarified its accounting policy for costs related to shared platforms in infrastructure services. These costs are recognized in other operating expenses when they are not directly linked to any specific customer. Due to the clarification, TietoEvry reclassified costs between Materials and Services and Other operating expenses in the comparative periods.

### Development costs

TietoEvry's development costs amounted to approximately EUR 125 (127) million, representing 4.3% (4.5) of the Group's revenue. Of these costs, EUR 37.2 (42.6) were capitalized. In 2022, the focus was on Industry Software, especially solutions for Financial Services and Health & Care.

### Fees to auditors

EUR million	2022	2021
Audit fees	1.3	1.3
Audit related	0.1	0.2
Tax advisory	0.1	0.1
Other services	0.4	0.2
<b>Total</b>	<b>1.9</b>	<b>1.8</b>

## 8. Employee expenses

Employee expenses consist of wages and salaries and related social costs. Tietoevry has also post-employment benefit plans as well as share-based incentive plans for key employees. Termination benefits refer to benefits arising from termination of employment, not performance of work.

### ACCOUNTING POLICIES

Employee benefits are recognised in the period in which services are rendered by the employees. Termination benefits are recognised at the time an agreement between the Group and the employee is made and no future service is rendered by the employee in exchange for the benefits.

### Share-based incentive plans

Tietoevry has share-based incentive plans for its key employees which are accounted for as equity-settled. The plans are valued at fair value based on the market price of Tietoevry shares at the grant date and recognized as an employee benefit expense during the vesting period with a corresponding entry in equity. At each reporting date, the number of shares that are expected to vest from the Group's share-based incentive plans is revised. As part of this evaluation, the changes in the forecasted performance of the Group, the expected turnover of the personnel participating in the plans and other information impacting the number of shares to vest, is taken into consideration. Any adjustments to the initial estimates is recognized in profit or loss and a corresponding adjustment is made to equity.

### Employee expenses

EUR million	2022	2021 <sup>1)</sup>
Wages and salaries <sup>1)</sup>	1 247.9	1 174.3
Post-employment benefits		
Defined contribution plans	100.1	104.5
Defined benefit plans	-2.1	1.5
Other benefits	23.8	20.2
Other pay-related statutory social costs	219.7	217.8
Share-based payments	6.9	8.7
Other personnel expenses	0.8	0.0
<b>Total</b>	<b>1 597.2</b>	<b>1 527.0</b>

<sup>1)</sup> Includes termination benefits

<sup>2)</sup> Employee expenses have been reclassified between the above line items and comparative figures were updated accordingly.

### Management remuneration

EUR thousand	2022		2021	
	President and CEO	Leadership team	President and CEO	Leadership team
Salaries and benefits	853.5	3 079.9	842.3	3 938.1
Bonuses <sup>1)</sup>	698.5	1 053.4	484.4	1 224.6
Share-based payments	514.4	906.2	922.2	1 808.4
Statutory pensions	136.5	356.6	250.3	483.4
Supplementary pensions	205.1	286.3	205.1	354.1
<b>Total</b>	<b>2 408.0</b>	<b>5 682.4</b>	<b>2 704.3</b>	<b>7 808.6</b>

<sup>1)</sup> 2022 based on estimated amount. Comparative figure updated with the actual amount paid.

The President and CEO, Kimmo Alkio is entitled to a bonus corresponding to a maximum of 150% of the annual base salary based on the Group's external revenue, profit, cash-flow and achievement of strategic goals when achievements exceed the targets set. The annual contribution for the President and CEO's supplementary pension arrangement is 23% of the annual base salary. The President and CEO's retirement age is 63. In case his assignment is terminated, the period of notice is 12 months and the severance payment is equivalent to the base salary and the short-term target incentive for six months, in addition to the salary for the notice period. The President and CEO participates in the Long-term incentive programmes according to respective terms and conditions decided by the Board of Directors. In 2022, after deductions for applicable taxes, a total of 15 472 (9 729) shares were delivered to the President and CEO.

The other Leadership team members are entitled to a bonus corresponding to a maximum of 100% of the annual base salary based on their individual goals when achievements exceed the targets set. The annual contribution for the Leadership team members' supplementary pension arrangement is 15% of the annual base salary. The retirement age of the Leadership team members is according to national legislation. The termination terms vary and the amounts correspond to the periods of notice. The Leadership team members participate in the Long-term incentive programmes according to respective terms and conditions decided by the Board of Directors. In 2022, after deductions for applicable taxes, a total of 22 201 (20 797) shares were delivered to the Leadership team members.

**Remuneration for the Board of Directors**

EUR thousand	2022	2021
<b>Board members at 31 Dec 2022</b>		
Tomas Franzén, Chairperson Board and RC	169.3	168.2
Timo Ahopelto, Deputy Chairperson	99.6	98.4
Liselotte Hägertz Engstam	79.7	85.4
Harri-Pekka Kaukonen, Chairperson ARC	102.9	109.4
Angela Mazza Teufer	64.1	61.8
Katharina Mosheim	78.9	70.6
Niko Pakalén	86.1	82.2
Endre Rangnes	78.1	79.8
Leif Teksum <sup>1)</sup>	2.4	78.2
Rohan Haldea <sup>2)</sup>	—	60.2
Salim Nathoo <sup>3)</sup>	—	70.2
Tommy Sander Aldrin, personnel rep. <sup>1)</sup>	—	15.0
Ola Hugo Jordhøy, personnel rep. <sup>1)</sup>	—	15.0
Anders Palkint, personnel rep. <sup>1)</sup>	—	15.0
Robert Spinelli, personnel rep. <sup>4)</sup>	15.0	—
Ilpo Waljus, personnel rep.	15.0	15.0
<b>Total</b>	<b>791.1</b>	<b>1 024.4</b>

<sup>1)</sup> Until 24 March 2022

<sup>2)</sup> Until 8 September 2021

<sup>3)</sup> Until 20 July 2021

<sup>4)</sup> As of 24 March 2022

Each member of the Board of Directors receives a fixed annual remuneration and additional meeting based remuneration. According to the decision by the Annual General Meeting, the yearly remuneration is as follows: Chairperson EUR 128 500, Deputy Chairperson EUR 72 000, and ordinary member EUR 54 500. 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 Board of Director's meeting, permanent committee or temporary subgroup meeting. Further, remuneration for employee representatives elected as ordinary members of the Board of Directors is an annual fee of EUR 15 000, which is paid in cash only.

The Annual General Meeting also approved 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 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, or
5. 100% in cash, no shares.

The shares will be purchased in accordance with an acquisition programme prepared by the company. If the remuneration cannot be paid in shares due to insider regulation, termination of the Board member's term of office or other reason relating to the member of the Board, the remuneration shall be paid fully in cash. 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 except the employee representatives.

The Shareholders' Nomination Board based on shareholdings as at 31 August 2022 consisted of the following representatives announced by Tietoevry's shareholders:

- Petter Söderström, Investment Director, Solidium Oy
- Gustav Moss, Vice President, Cevian Capital AB
- Alexander Kopp, Investment Manager, Incentive AS
- Mikko Mursula, Deputy CEO, Ilmarinen Mutual Pension Insurance Company
- Tomas Franzén, Chairperson of the Board of Directors, Tietoevry Corporation.

### Share-based incentive plans

The aim of Tietoevry's share-based incentive plans is to align the objectives of shareholders and key employees in order to increase the value of the company in the long-term. At the end of 2022, Tietoevry's share-based incentive plans included Performance Share Plans 2020–2022, 2021–2023 and 2022–2024 as well as Restricted Share Plans 2020–2022, 2021–2023 and 2022–2024. The rewards from the plans will be paid partly in the company's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward.

As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment. The Board of Directors anticipates that share rewards to be delivered to the participants under the plans will consist of shares to be acquired from the market. Thus, no new shares will be issued in connection with the plans.

The Performance Share Plan 2019–2021 and the Restricted Share Plan 2019–2021 ended in 2022. Based on the achievements of the targets, a total of 211 277 gross shares were earned and of these 113 677 net shares were delivered to the participants. Tietoevry used its treasury shares for the reward payments.

Future cash payment to be made to the tax authorities from share-based payments is estimated at the end of the period at EUR 18.5 million.

#### Main terms and conditions of the share-based incentive plans

Performance Share Plan			
	2020–2022	2021–2023	2022–2024
Plan launched	18 December 2019	16 February 2021	16 February 2022
Performance period	2020–2022	2021–2023	2022–2024
Vesting conditions	Total Shareholder Return of Tietoevry share (TSR) and Tietoevry's Earnings per Share (EPS). Valid employment or director agreement of a key employee upon the reward payment.	Total Shareholder Return of Tietoevry share (TSR), strategic target related to Tietoevry's growth and Tietoevry's Earnings per Share (EPS). Valid employment or director agreement of a key employee upon the reward payment.	Relative and absolute Total Shareholder Return of Tietoevry share (TSR), Revenue growth and ESG target. Valid employment or director agreement of a key employee upon the reward payment.
Exercised	In shares and cash in 2023	In shares and cash in 2024	In shares and cash in 2025
Number of participants on 31 Dec 2022	156	99	523
Other	On 31 Dec 2022, rewards to be paid correspond to the value of approximate number of 521 292 Tietoevry gross shares.	On 31 Dec 2022, rewards to be paid correspond to the value of approximate number of 464 180 Tietoevry gross shares.	On 31 Dec 2022, rewards to be paid correspond to the value of approximate number of 980 904 Tietoevry gross shares.

Restricted Share Plan			
	2020–2022	2021–2023	2022–2024
Plan launched	18 December 2019	16 February 2021	16 February 2022
Vesting period	2020–2022	2021–2023	2022–2024
Vesting conditions	Valid employment or director agreement of a key employee upon the reward payment.		
Exercised	In shares and cash in 2023	In shares and cash in 2024	In shares and cash in 2025
Number of participants on 31 Dec 2022	371	421	157
Other	On 31 Dec 2022, rewards to be paid correspond to the value of approximate number of 221 352 Tietoevry gross shares.	On 31 Dec 2022, rewards to be paid correspond to the value of approximate number of 216 680 Tietoevry gross shares.	On 31 Dec 2022, rewards to be paid correspond to the value of approximate number of 61 800 Tietoevry gross shares.



### Assumptions made in determining the fair value of TietoEVRY's Share-based incentive plans

For Performance Share Plans and Restricted Share Plans, the fair value has been determined at grant using the fair value of the company share as of the grant date and expected dividends, market-based performance metric outcome probability is estimated using Monte-Carlo simulation.

The fair value of social costs settled in cash are remeasured at each reporting date until settlement.

For share plan grants made in 2022, the fair value of the part recognised into equity has been determined at grant date using the following assumptions. The part recognised into liability is based on the share price at the end of the reporting period:

- Share price at grant: EUR 24.86
- Expected dividends: EUR 4.32
- Risk-free interest rate: 0.52%
- Expected volatility (historical daily observations over corresponding maturity): 26.0%
- Contractual life: 2.7 years
- Fair value at grant: EUR 13.97
- Share price at year-end: EUR 26.52

### Share option programme transferred from EVRY

As part of the Merger plan, it was agreed that EVRY's incentive plans will continue and will be transformed in a value neutral way into restricted stock units or performance shares in the combined company, with equivalency on all material respects with regards to economic value, vesting conditions and other terms and conditions, taking into account the strike price of the options and by applying an option conversion ratio of 1:0.1423. Any existing right for EVRY to settle options and/or restricted stock units under the plans in cash, will continue as a right for the combined company.

The final reward instalment from Long-Term Incentive Plan 2018 was paid in 2022. Based on the achievements of the targets, a total of 54 061 gross shares were earned and of these, 26 442 net shares were delivered to the participants. TietoEVRY used its treasury shares for the reward payments.

### Share-based payments included in employee benefit expenses

EUR million	2022	2021
Equity-settled share-based incentive plans	6.9	8.7
Social costs settled in cash <sup>1)</sup>	1.3	1.4
<b>Total</b>	<b>8.2</b>	<b>10.1</b>

<sup>1)</sup> TietoEVRY's share-based incentive plans are accounted for as equity-settled. Social costs from the plans are reported as cash-settled.

## 9. Income taxes

Income tax expenses comprise current and deferred tax. Deferred tax assets and liabilities charged by the same tax authority are netted and, therefore, shown net on the statement of financial position.

### ACCOUNTING POLICIES

Tax expense for the period includes current taxes of the Group companies based on taxable profit for the year, together with tax adjustments for previous years and changes in deferred taxes. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related income tax is also recognized in other comprehensive income or directly in equity, respectively. The share of results in joint ventures is reported in the income statement based on the net result and thus, including the income tax effect.

Deferred income tax is recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements as well as on tax loss carry forwards. Deferred income tax is determined using the tax rates and laws which have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred taxes are not recognized on temporary differences related to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The deferred tax assets and liabilities arising from consolidation are recognized in the consolidated statement of financial position if it is probable that the related tax effects will occur.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

At each reporting date, management estimates the amount of probable future taxable profits against which unused tax losses can be utilized. As the actual profits may differ from the forecasts, the change will affect the taxes in future periods.

The group operates globally and is, therefore subject to changing tax laws in multiple jurisdictions. The interpretation of tax legislation requires management judgement, and the applied interpretations may include uncertainties.

### Income tax expense in income statement

EUR million	2022	2021
Current taxes	43.7	48.9
Change of deferred taxes	5.8	7.3
Taxes for prior years	4.7	6.0
<b>Total</b>	<b>54.2</b>	<b>62.2</b>

### Reconciliation of income tax expense

Profit before taxes	242.8	353.8
Tax calculated at the domestic corporation tax rate of 20%	48.6	70.8
Effect of different tax rates in foreign subsidiaries	2.4	3.8
Taxes for prior years	4.7	6.0
Deferred taxes from previous year	-4.9	-4.2
Tax effect of non-deductible expenses and tax exempt income	2.3	-16.3
Tax on foreign dividend distribution	2.9	4.1
Other items	-1.8	-2.0
<b>Total</b>	<b>54.2</b>	<b>62.2</b>
Effective tax rate, %	22.3	17.6

### Deferred tax assets and deferred tax liabilities

EUR million	31 Dec 2022	31 Dec 2021
Deferred tax assets	14.6	19.1
Deferred tax liabilities	10.7	9.1
<b>Net deferred tax asset</b>	<b>3.9</b>	<b>10.0</b>

The majority of the deferred tax assets and liabilities is expected to be recovered after more than 12 months.

**Movements in deferred tax assets and liabilities during the year**

EUR million	1 Jan 2022	Charged to income statement	Charged to other comprehensive income	Other changes	31 Dec 2022
<b>Deferred tax asset</b>					
Provisions	3.6	-0.4	—	-0.2	3.0
Employee benefits	11.8	-0.7	-0.4	-0.5	10.2
Depreciation difference	7.7	3.2	—	-0.1	10.8
Other temporary difference	9.8	-1.6	—	-0.1	8.1
Revenue recognition	9.5	-2.8	—	-0.4	6.3
Tax losses carried forward	49.6	-9.8	—	-0.8	39.0
<b>Total gross</b>	<b>92.0</b>	<b>-12.1</b>	<b>-0.4</b>	<b>-2.1</b>	<b>77.4</b>
Offset against deferred tax liabilities	-72.9				-62.8
<b>Total net</b>	<b>19.1</b>				<b>14.6</b>
<b>Deferred tax liability</b>					
Intangible assets	64.1	-14.4	—	-1.3	48.4
Untaxed reserves	9.5	2.0	—	-0.8	10.7
Other temporary difference	8.4	6.1	—	-0.1	14.4
<b>Total gross</b>	<b>82.0</b>	<b>-6.3</b>	<b>—</b>	<b>-2.2</b>	<b>73.5</b>
Offset against deferred tax assets	-72.9				-62.8
<b>Total net</b>	<b>9.1</b>				<b>10.7</b>
<b>Net deferred tax asset</b>	<b>10.0</b>	<b>-5.8</b>	<b>-0.4</b>	<b>0.1</b>	<b>3.9</b>

On 31 December 2022, the Group's unused tax loss carry forwards amounted to EUR 177.4 (239.3) million pertaining to deferred tax assets of EUR 39.0 (49.6) million. These losses relate mainly to Norway and Sweden and have no expiry date. Based on profit forecasts, it is probable that there will be sufficient future taxable profits available against which these tax losses can be utilized.

On 31 December 2022, the Group had tax loss carry forwards amounting to EUR 0.7 (0.8) million pertaining to deferred tax assets of EUR 0.1 (0.2) million, which were not recognized due to uncertainty of utilization.

The Group does not have any material uncertain tax positions in accordance with IFRIC 23 Uncertainty over Income Tax Treatments.

EUR million	1 Jan 2021	Charged to income statement	Charged to other comprehensive income	Acquisitions and disposals	Other changes	31 Dec 2021
<b>Deferred tax asset</b>						
Provisions	4.8	-0.9	—	-0.6	0.3	3.6
Employee benefits	12.1	-1.6	0.4	—	0.9	11.8
Depreciation difference	11.4	-3.8	—	—	0.1	7.7
Other temporary difference	8.4	1.2	—	—	0.2	9.8
Revenue recognition	9.5	-0.4	—	—	0.4	9.5
Tax losses carried forward	57.4	-9.7	—	—	1.9	49.6
<b>Total gross</b>	<b>103.6</b>	<b>-15.2</b>	<b>0.4</b>	<b>-0.6</b>	<b>3.8</b>	<b>92.0</b>
Offset against deferred tax liabilities	-68.0					-72.9
<b>Total net</b>	<b>35.6</b>					<b>19.1</b>
<b>Deferred tax liability</b>						
Intangible assets	72.1	-10.8	—	—	2.8	64.1
Untaxed reserves	13.0	3.4	—	—	-6.9	9.5
Other temporary difference	2.7	-0.5	—	-1.0	7.2	8.4
<b>Total gross</b>	<b>87.8</b>	<b>-7.9</b>	<b>—</b>	<b>-1.0</b>	<b>3.1</b>	<b>82.0</b>
Offset against deferred tax assets	-68.0					-72.9
<b>Total net</b>	<b>19.8</b>					<b>9.1</b>
<b>Net deferred tax asset</b>	<b>15.8</b>	<b>-7.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>10.0</b>

## 10. Earnings per share

The total number of TietoEvry's shares on 31 December 2022 amounted to 118 425 771. At the end of the reporting period, the number of own shares totalled 12 468, representing 0.01% of the total number of shares and voting rights.

### ACCOUNTING POLICIES

Basic Earnings per share (EPS) is calculated by dividing the net profit attributable to the shareholders of the Parent company by the weighted average number of shares in issue during the year, excluding shares purchased by TietoEvry and held as own shares.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding during the year with the shares estimated to be delivered based on the share-based incentive plans.

	2022	2021
Net profit for the financial year attributable to owners of the Parent company (EUR million)	188.6	291.6
Earnings per share (EUR)		
Basic	1.59	2.46
Diluted	1.59	2.46
Weighted average number of shares during the year		
Basic	118 405 657	118 408 223
Effect of dilutive share-based incentive plans	203 952	276 585
Diluted	118 609 609	118 684 808



## INVESTED CAPITAL AND WORKING CAPITAL ITEMS

This section includes disclosures describing the assets that form the basis for the activities of TietoEvry and the related liabilities.

### 11. Intangible assets and impairment testing of goodwill

TietoEvry's intangible assets comprise mainly of goodwill, internally developed software (capitalized development costs), and intangible assets acquired in business combinations, such as technology, trademarks and customer relationships. Intangible assets also include software licenses. TietoEvry does not have any intangible assets with indefinite useful lives other than goodwill.

#### ACCOUNTING POLICIES

Intangible assets other than goodwill are recognized initially at cost. An intangible asset is recognized only if it is probable that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. All other costs are expensed as incurred.

After initial recognition, intangible assets are measured at cost less amortizations and accumulated impairment losses. Intangible assets are amortized over their useful lives with the straight-line method. Assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of the intangible asset exceeds its recoverable amount, an impairment loss equal to the difference is recognized in profit or loss.

#### Internally developed software

Development costs related to major new software products are capitalized as intangible assets when it is probable that the development will generate future economic benefits for the Group, and certain criteria related to commercial and technological feasibility are met. Development projects are analysed individually to determine the moment when the project has reached a milestone after which capitalization of development costs can start. Capitalization is subject to CFO's approval. Only costs which are directly attributable to the development are capitalised.

Subsequent to initial recognition, these costs are measured at cost less accumulated amortization and impairment losses. The amortization period for internally developed software depends on the technology renewal cycle and contract duration. Internally developed software for which amortization has not yet started are tested for impairment on an annual basis by comparing the asset's carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss equal to the difference is recognized in profit or loss.

#### Intangible assets recognised from acquisitions

Intangible assets acquired in business combinations are measured at fair value at the acquisition date. These are usually customer or technology related and have finite useful lives.

Gains and losses on disposal of intangible assets are included in other operating income and expenses.

The Group applies the following useful lives:

	Years
Software acquired separately	3
Other intangible assets	3–10
Technology related intangible assets recognized at fair value from acquisitions	3–15
Customer related intangible assets recognized at fair value from acquisitions	2–10
Trademark recognized at fair value from acquisitions	6
Internally developed software (capitalized development costs)	5–15

#### Goodwill

Goodwill arising on a business combination represents the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. It is not amortized, but tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, goodwill is allocated to the operating segments of the Group, which are the cash generating units (CGU) expected to benefit from the synergies of the business combination. If the carrying amount of goodwill allocated to the operating segments exceeds its recoverable amount, an impairment loss equal to the difference is recognized in profit or loss. The recoverable amount is the higher of the value in use represented by the net present value of future cash flows and the fair value less costs to sell. Impairment losses on goodwill are not reversed.

In respect of joint ventures, goodwill is included in the carrying amount of the investment.

#### ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are made when determining the fair values of assets acquired in a business combination. The valuation requires management to determine the appropriate valuation technique and inputs for fair value measurements, such as discount rate.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGUs and an appropriate discount rate to calculate present value.

While management believes that the used estimates and assumptions are sufficiently reasonable, there are uncertainties which could materially affect the valuations.

TietoEVRY has reorganized its reporting structure in 2022 and reallocated the goodwill to the new CGUs which are the operating segments of the Group. The reallocation of the goodwill has required management judgement.

**Intangible assets**

EUR million	Goodwill	Software acquired separately	Intangible assets recognized from acquisitions <sup>1)</sup>	Internally developed software <sup>2)</sup>	Other	Advance payments	Total
<b>Acquisition cost 1 Jan 2022</b>	<b>1 943.7</b>	<b>49.6</b>	<b>308.6</b>	<b>285.3</b>	<b>38.2</b>	<b>3.5</b>	<b>2 628.9</b>
Additions	—	2.7	—	37.2	0.9	2.7	43.5
Disposals	—	-25.2	—	—	-9.7	-0.7	-35.7
Reclassifications	—	3.6	—	-1.9	0.1	-2.2	-0.5
Translation differences	-97.1	-1.1	-17.3	-12.2	-0.1	-0.0	-128.0
<b>Acquisition cost 31 Dec 2022</b>	<b>1 846.5</b>	<b>29.5</b>	<b>291.3</b>	<b>308.3</b>	<b>29.3</b>	<b>3.3</b>	<b>2 508.2</b>
<b>Accumulated amortization and impairments 1 Jan 2022</b>	<b>—</b>	<b>-42.5</b>	<b>-115.4</b>	<b>-103.3</b>	<b>-35.3</b>	<b>-0.7</b>	<b>-297.3</b>
Disposals	—	25.2	—	—	9.7	0.7	35.7
Amortization	—	-6.0	-46.7	-4.8	-0.9	—	-58.5
Impairments	—	—	—	-18.7	—	—	-18.7
Reclassifications	—	-0.4	—	—	0.3	—	0.0
Translation differences	—	1.0	8.5	4.3	0.1	—	13.9
<b>Accumulated amortization and impairments 31 Dec 2022</b>	<b>—</b>	<b>-22.6</b>	<b>-153.6</b>	<b>-122.6</b>	<b>-26.1</b>	<b>0.0</b>	<b>-324.9</b>
Carrying value 1 Jan 2022	1 943.7	7.1	193.2	182.0	2.8	2.8	2 331.6
<b>Carrying value 31 Dec 2022</b>	<b>1 846.5</b>	<b>6.9</b>	<b>137.7</b>	<b>185.7</b>	<b>3.2</b>	<b>3.3</b>	<b>2 183.3</b>

<sup>1)</sup> Includes technology and customer related intangible assets as well as trademark recognized at fair value from acquisitions.

<sup>2)</sup> Comprises mainly the development of TietoEVRY's Lifecare and Core banking & Payment solutions. In 2022, TietoEVRY Banking reached a settlement with a customer following their decision to exit a Nordic market and therefore to terminate an implementation project. Capitalized development work specific for this customer was written-off resulting in an impairment loss of EUR 18.7 million. See also [note 5](#).

EUR million	Goodwill	Software acquired separately	Intangible assets recognized from acquisitions <sup>1)</sup>	Internally developed software <sup>2)</sup>	Other	Advance payments	Total
<b>Acquisition cost 1 Jan 2021</b>	<b>1 974.4</b>	<b>48.2</b>	<b>301.7</b>	<b>240.0</b>	<b>40.3</b>	<b>1.3</b>	<b>2 605.9</b>
Additions	—	5.0	—	42.6	1.3	2.7	51.7
Disposals	-77.6	-5.0	-2.7	-6.0	-3.8	—	-95.1
Reclassifications	—	1.2	—	-0.9	0.0	-0.4	-0.1
Translation differences	46.9	0.2	9.6	9.6	0.3	-0.0	66.6
<b>Acquisition cost 31 Dec 2021</b>	<b>1 943.7</b>	<b>49.6</b>	<b>308.6</b>	<b>285.3</b>	<b>38.2</b>	<b>3.5</b>	<b>2 628.9</b>
<b>Accumulated amortization and impairments 1 Jan 2021</b>	<b>—</b>	<b>-42.4</b>	<b>-67.8</b>	<b>-97.3</b>	<b>-38.3</b>	<b>-0.7</b>	<b>-246.6</b>
Disposals	—	5.0	2.1	3.8	3.7	—	14.6
Amortization	—	-4.5	-47.3	-6.6	-0.4	—	-58.9
Reclassifications	—	-0.4	—	0.5	0.0	—	0.1
Translation differences	—	-0.2	-2.4	-3.7	-0.3	0.0	-6.5
<b>Accumulated amortization and impairments 31 Dec 2021</b>	<b>—</b>	<b>-42.5</b>	<b>-115.4</b>	<b>-103.3</b>	<b>-35.3</b>	<b>-0.7</b>	<b>-297.3</b>
Carrying value 1 Jan 2021	1 974.4	5.8	233.9	142.7	1.9	0.5	2 359.3
<b>Carrying value 31 Dec 2021</b>	<b>1 943.7</b>	<b>7.1</b>	<b>193.2</b>	<b>182.0</b>	<b>2.8</b>	<b>2.8</b>	<b>2 331.6</b>

<sup>1)</sup> Includes technology and customer related intangible assets as well as trademark recognized at fair value from acquisitions.

<sup>2)</sup> Comprises mainly the development of TietoEvry's Lifecare and Core banking & Payment solutions.

### Impairment testing of goodwill

The annual impairment testing was carried out in the fourth quarter of 2022 in line with Group accounting policy. The Group implemented a new reporting structure on 1 January 2022 and is now organized into six businesses which are TietoEvry Create, TietoEvry Banking, TietoEvry Care, TietoEvry Industry, TietoEvry Transform and TietoEvry Connect. These six businesses form the Group's operating segments, see [note 5](#) for more information on the segments. The businesses form the cash-generating units (CGU) providing services to selected customers in their market segments, and represent the lowest level at which goodwill is monitored for internal management purposes.

### Allocation of goodwill

The Group goodwill has been reallocated to the CGUs of the new reporting structure in 2022. The goodwill was reallocated proportionally based on the estimated fair value of each CGU, reflecting the business moves in the reorganization. The comparative information has been restated accordingly.

#### Carrying amount of goodwill by CGU

EUR million	31 Dec 2022	31 Dec 2021
TietoEvry Create	575.5	600.8
TietoEvry Banking	325.9	344.6
TietoEvry Care	273.5	289.1
TietoEvry Industry	197.5	208.8
TietoEvry Transform	171.1	180.5
TietoEvry Connect	303.0	319.9
<b>Total</b>	<b>1 846.5</b>	<b>1 943.7</b>

Compared to 31 December 2021, the goodwill decreased by EUR 97.1 million due to exchange rate fluctuations.

As a result of the impairment testing, no impairment was identified.

### Recoverable amounts

The recoverable amounts of the CGUs of TietoEvry are determined based on value-in-use calculations which are prepared using discounted cash flow projections. Annually, management of the Group defines the long-term ambitions and strategic objectives for the next years taking into account for example industry growth forecasts obtained from external sources as well as salary increase assumptions. The strategic objectives serve as basis for the businesses' long-term plans which are reviewed and approved by the Group's top management.

The planning horizon covers a five-year period including key assumptions for sales growth rate, development of EBITDA, capital expenditure including investments for right-of-use assets, tax payments and changes in net working capital. Forecasted EBITDA margins are adjusted for expected efficiency

improvements. The key assumptions used are based on past experience and reflects management's expectations of future development of sales prices, business mix, costs, market shares and volumes.

Subsequent to the five-year projection period, the growth rate used is 1%, which does not exceed the expectations of growth in real terms.

### Discount rate

The discount rate applied to the cash flow projections is the weighted average pre-tax cost of capital (WACC). The components of the WACC rates are risk-free rate, market risk premium, country risk premium, industry specific beta, cost of debt and debt equity ratio. The risk-free rate is based on 30-year German government bond adjusted by the weighted average inflation differential between Germany and the countries where each CGU has operations. The discount rates are also adjusted for the additional business risk of the CGUs. The pre-tax discount rates for the CGUs vary between 8.7% and 11.8%.

#### Assumptions used in discounting the cash flow projections by the CGUs:

2022	Five-year period 2023–2027	
	Terminal growth rate %	Pre-tax WACC %
TietoEvry Create	1.0	11.8
TietoEvry Banking	1.0	9.0
TietoEvry Care	1.0	8.7
TietoEvry Industry	1.0	8.8
TietoEvry Transform	1.0	8.9
TietoEvry Connect	1.0	8.7

### Sensitivity analysis

The value-in-use calculation for each CGU is most sensitive to changes in WACC and EBITDA margin assumptions. No reasonable change in key assumptions would result in recognition of an impairment loss in any of the CGUs. In TietoEvry Connect, a decrease of 3–4 percentage points in the long-term EBITDA margin would cause the recoverable amount of this CGU to equal the carrying amount.



## 12. Property, plant and equipment

Tietoevry's property, plant and equipment comprise mainly information and communication technology (ICT) equipment.

### ACCOUNTING POLICIES

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated. Property, plant and equipment acquired in business combinations are measured at fair value at the acquisition date. Depreciation is recognized according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method. The assets' residual useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets that are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss equal to the difference is recognized in profit or loss.

The group applies the following useful lives:

	Years
Buildings and structures	25–40
Data processing equipment <sup>1)</sup>	1–5
Other machinery and equipment	5
Other tangible assets	5

<sup>1)</sup> Purchases of personal computers are expensed immediately.

## Property, plant and equipment

EUR million	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
<b>Acquisition cost 1 Jan 2022</b>	<b>1.2</b>	<b>3.8</b>	<b>408.3</b>	<b>61.5</b>	<b>12.7</b>	<b>487.5</b>
Additions	—	—	29.4	4.5	16.2	50.0
Disposals	—	—	-50.3	-1.5	-1.1	-52.9
Reclassifications	—	—	10.6	1.9	-8.3	4.1
Translation differences	—	—	-12.3	-1.7	-0.3	-14.3
<b>Acquisition cost 31 Dec 2022</b>	<b>1.2</b>	<b>3.8</b>	<b>385.6</b>	<b>64.7</b>	<b>19.1</b>	<b>474.4</b>
<b>Accumulated depreciation and impairments 1 Jan 2022</b>	<b>—</b>	<b>-2.0</b>	<b>-356.9</b>	<b>-40.3</b>	<b>-0.9</b>	<b>-400.1</b>
Disposals	—	—	49.1	1.5	0.9	51.6
Depreciation	—	-0.1	-29.9	-7.4	—	-37.4
Impairments	—	—	—	—	—	—
Reclassifications	—	—	-3.5	-0.1	0.0	-3.6
Translation differences	—	—	10.9	1.4	—	12.3
<b>Accumulated depreciation and impairments 31 Dec 2022</b>	<b>—</b>	<b>-2.1</b>	<b>-330.3</b>	<b>-44.9</b>	<b>0.0</b>	<b>-377.2</b>
Carrying value 1 Jan 2022	1.2	1.8	51.4	21.2	11.8	87.4
<b>Carrying value 31 Dec 2022</b>	<b>1.2</b>	<b>1.7</b>	<b>55.4</b>	<b>19.8</b>	<b>19.1</b>	<b>97.2</b>

EUR million	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
<b>Acquisition cost 1 Jan 2021</b>	<b>1.2</b>	<b>3.8</b>	<b>398.8</b>	<b>72.5</b>	<b>8.0</b>	<b>484.3</b>
Additions	—	—	19.1	0.7	10.4	30.2
Disposals	—	—	-30.0	-1.4	-0.1	-31.5
Reclassifications	—	—	17.2	-10.7	-5.7	0.8
Translation differences	—	—	3.3	0.4	0.0	3.6
<b>Acquisition cost 31 Dec 2021</b>	<b>1.2</b>	<b>3.8</b>	<b>408.3</b>	<b>61.5</b>	<b>12.7</b>	<b>487.5</b>
<b>Accumulated depreciation and impairments 1 Jan 2021</b>	<b>—</b>	<b>-1.9</b>	<b>-340.3</b>	<b>-44.3</b>	<b>-0.9</b>	<b>-387.4</b>
Disposals	—	—	29.6	1.4	—	31.0
Depreciation	—	-0.1	-33.3	-6.7	—	-40.0
Impairments	—	—	0.0	—	—	0.0
Reclassifications	—	—	-10.3	9.5	0.0	-0.8
Translation differences	—	—	-2.6	-0.3	—	-2.8
<b>Accumulated depreciation and impairments 31 Dec 2021</b>	<b>—</b>	<b>-2.0</b>	<b>-356.9</b>	<b>-40.3</b>	<b>-0.9</b>	<b>-400.1</b>
Carrying value 1 Jan 2021	1.2	1.9	58.4	28.2	7.1	96.9
<b>Carrying value 31 Dec 2021</b>	<b>1.2</b>	<b>1.8</b>	<b>51.4</b>	<b>21.2</b>	<b>11.8</b>	<b>87.4</b>

### 13. Inventories

Inventories comprise mainly cards and chips for sale to customers.

#### ACCOUNTING POLICIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined based on average cost and net realisable value represents the estimated selling price under normal commercial conditions less estimated costs of sale.

No impairments have been booked on the inventories in 2022 or in 2021.

## 14. Trade and other receivables

Trade receivables represent amounts that Tietoevry expects to collect from other parties in the ordinary course of business. Trade receivables are non-interest bearing and the standard payment term is 30 days, according to the Group's Credit Policy. Contract assets relate to fixed-price projects where the customer invoicing is based on agreed milestones and the services rendered by the reporting date exceeds the payment received. License fees relate to prepaid license costs that will be realized on an accrual basis in the future periods. Other interest-bearing receivables relate to assets that are financed as part of customer deliveries and where the contracts are treated as service contracts.

Trade receivables to be sold via non-recourse factoring arrangements, but not yet derecognized as of the reporting date, are classified as Financial assets at fair value. More information in [note 22](#).

### ACCOUNTING POLICIES

Trade receivables are initially recognised at fair value and subsequently at amortized cost less expected credit loss allowance (ECL). Tietoevry has elected to use the practical expedient and calculate lifetime ECL based on a pre-defined allowance matrix with customer segment specific credit characteristics, based on the following criteria:

- Country Group (Finland, Sweden, Norway, Other European Union countries, Other countries)
- Customer Industry Group (Financial Services, Public Healthcare & Welfare, Industrial customer Services)
- Balance due status (Not yet due, overdue 1–7 days, 8–30 days, 31–60 days, 61–90 days, over 90 days)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Default is defined as 90 days past due or a write off event, due to inability to collect debt.

For each segment, the ECL rate (expressed as a percentage) indicates the historical average defaults identified during the past three years and also the Group's assessment of the possible impact from changes in the overall economic environment in which its customers operate. These collective allowances can be increased if the customer has filed for bankruptcy but has not yet registered the fact or if there are any facts or circumstances indicating that the customer's credit risk is above industry/country average.

No ECL is calculated for the portion of trade receivables, where the credit risk is covered by collateral, such as credit insurance. When calculating ECL for contract assets, Tietoevry uses the ECL rate set for "not yet due" invoices in the allowance matrix. Trade receivables under business model sell are accounted at fair value through profit or loss (FVTPL) and, therefore, those are not subject to ECL provisions.

Trade receivables are permanently written off when there is no reasonable expectation to recovery. Subsequent recoveries of amounts previously written off are credited to income statement. Other interest-bearing receivables are initially recognized at fair value and subsequently at amortized cost during the contract period. The carrying amount of the trade and other receivables approximate to their fair values due to their short-term nature.

### Trade and other receivables

EUR million	31 Dec 2022	31 Dec 2021
<b>Non-current</b>		
Prepaid expenses and accrued income	9.0	12.7
Other	11.4	22.6
<b>Total</b>	<b>20.4</b>	<b>35.4</b>
<b>Current</b>		
Trade receivables at amortized cost	408.9	372.8
Prepaid expenses and accrued income		
Contract assets	52.0	52.5
Licence fees	30.6	30.6
Other prepaid expenses	28.2	34.2
Other interest-bearing receivables	13.6	13.8
Other	14.4	13.0
<b>Total</b>	<b>547.8</b>	<b>517.0</b>

**Group trade receivables maturity and expected credit losses**

31 Dec 2022							
EUR million	Not yet due	Overdue 1–7 days	Overdue 8–30 days	Overdue 31–60 days	Overdue 61–90 days	Overdue over 90 days	Grand Total
Gross trade receivables subject to impairment	227.9	16.4	1.4	3.2	0.5	2.3	251.7
Average expected credit loss rate applied	-0.12 %	-0.62 %	-1.49 %	-1.82 %	-3.71 %	-51.61 %	-0.66 %
Collective loss allowance	-0.3	-0.1	-0.0	-0.1	-0.0	-1.2	-1.7
Individual loss allowance	-0.4	-0.0	—	-0.4	-0.1	-0.2	-1.1
<b>Total loss allowance</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-0.0</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-1.4</b>	<b>-2.7</b>
<b>Trade receivables net of ECL</b>	<b>227.3</b>	<b>16.2</b>	<b>1.4</b>	<b>2.7</b>	<b>0.4</b>	<b>1.0</b>	<b>248.9</b>
Trade receivables covered by collateral	142.2	15.0	0.6	1.3	0.5	0.4	160.0
<b>Total trade receivables at amortized cost</b>	<b>369.5</b>	<b>31.2</b>	<b>2.0</b>	<b>4.0</b>	<b>0.9</b>	<b>1.4</b>	<b>408.9</b>

There are no major concentrations of credit risk in the Group, whether through exposure to individual customers, specific industry sectors and/or regions. The maximum exposure to customer related credit risk at the reporting date is the carrying value of trade receivables.

31 Dec 2021							
EUR million	Not yet due	Overdue 1–7 days	Overdue 8–30 days	Overdue 31–60 days	Overdue 61–90 days	Overdue over 90 days	Grand Total
Gross trade receivables subject to impairment	195.8	12.8	3.8	3.4	1.4	3.7	220.9
Average expected credit loss rate applied	-0.18%	-0.27%	-1.40%	-6.11%	-7.64%	-63.29%	-1.40%
Collective loss allowance	-0.3	—	-0.1	-0.2	-0.1	-2.3	-3.1
Individual loss allowance	—	—	0.0	0.0	0.0	0.3	0.2
<b>Total loss allowance</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-2.1</b>	<b>-2.9</b>
<b>Trade receivables net of ECL</b>	<b>195.4</b>	<b>12.7</b>	<b>3.8</b>	<b>3.2</b>	<b>1.3</b>	<b>1.6</b>	<b>218.0</b>
Trade receivables covered by collateral	131.8	17.0	0.2	0.8	0.6	4.3	154.7
<b>Total trade receivables at amortized cost</b>	<b>327.3</b>	<b>29.8</b>	<b>4.0</b>	<b>4.0</b>	<b>1.8</b>	<b>5.9</b>	<b>372.8</b>

**Net contract assets**

EUR million	Not yet due 2022	Not yet due 2021
Contract assets	52.1	52.6
Average ECL applied	-0.25%	-0.06%
Collective loss allowance	-0.1	—
<b>Net contract assets</b>	<b>52.0</b>	<b>52.5</b>

**Movement of expected credit loss allowances**

EUR million	Trade receivables		Contract assets	
	2022	2021	2022	2021
1 Jan	2.9	4.2	0.0	0.0
Translation differences	-0.1	0.1	—	—
Impairment losses recognized	3.7	3.2	0.1	—
Amounts written off this year as uncollectible	—	-0.2	—	—
Impairment losses reversed	-3.7	-4.3	—	—
Disposed companies	-0.1	-0.1	—	—
<b>31 Dec</b>	<b>2.7</b>	<b>2.9</b>	<b>0.1</b>	<b>0.0</b>

Impairment losses recognized on trade receivables and contract assets are included in other operating expenses in the income statement.



## 15. Defined benefit plans

Group companies in different countries have a number of different post-employment benefit plans in accordance with local requirements and practices. The majority of the plans are classified as defined contribution plans. Post-employment benefit plans other than defined contribution plans are classified as defined benefit plans.

### ACCOUNTING POLICIES

The fixed contributions to defined contribution plans are recognized as employee benefit expenses in the period to which they relate. The Group has no further legal or constructive payment obligations once the contributions have been paid.

Defined benefit plans typically define an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Defined benefit plans are funded with payments to insurance companies.

For defined benefit plans, the net liability recognized in the statement of financial position equals the present value of the defined benefit obligation at the closing date less the fair value of the plan assets. The present value of the defined benefit obligation is determined separately for each plan by independent actuaries using the projected unit credit method. The actuarial calculations include several financial and demographic assumptions and any change in these will impact the carrying amount and future expense of the defined benefit obligation.

Current service costs, past service costs and gains or losses on settlements are recognized in employee benefit expenses. Net interest expense or income is recognized in financial items under interest expense or interest income. All remeasurements of the defined benefit liability or asset arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income.

The Group manages defined benefit plans through insurance companies. The employer has guaranteed to the members of the plans a certain level of benefit after their retirement, which depends on the length of service and salary base. The salary base is an average of last years' salaries indexed with common salary index. After the retirement, the benefit payable is indexed yearly.

In Sweden, the Group's risk is only on active employees, but in Finland the Group's risk covers also approximately 170 non-active employees. When the pensioner who has a vested pension retires, the final amount of the pension is revised in the Finnish pension plan and as a result, the employer may incur additional costs. In addition, in the Finnish pension plan, the index increases that are borne by the employer during the period between the grant date of the vested pension and the beginning of the pension are charged only in the year when the pension is granted. In some insurance contracts, under certain conditions, the insured person has the right to retire earlier than at the normal retirement age. These additional expenses are charged at the beginning of the retirement.

In 2022, the majority of the defined benefit plans in Finland have been converted to defined contribution plans, resulting in costs of EUR 2.1 million and a settlement gain of EUR 7.5 million as well as a reduction of defined benefit obligations of EUR 8.4 million.

In Sweden, the plan covers 63 active employees. As the Group does not have actuarial or investment risk for those plan members whose employment has ceased, the plan members are removed from the pension plan and a settlement is recognized annually. In 2022, a settlement loss of EUR 0.6 million was recognized in personnel expenses and the net defined benefit liability increased by the corresponding amount.

In Norway, the collective defined benefit pension scheme is closed and the Group has instead established an unfunded compensation scheme for the employees. The size of the compensation and the profile for its accrual are calculated based on parameters at the time of the change and are accounted for as a defined benefit pension scheme in the financial statements. The accrual formula and profile of the compensation scheme are used as the basis to make provisions in the accounts so that the total compensation earned to date by employees at any time is provided for as a liability in the consolidated statement of financial position. The plan covers 785 employees and pensioners. In addition, there are various other closed and unfunded pension plans in Norway covering 334 employees and pensioners.

### Defined benefit cost recognized in income statement and in other comprehensive income

EUR million	2022	2021
<b>Service cost</b>		
Current service cost	2.7	3.4
Settlement gains	-6.9	-1.9
Conversion costs	2.1	—
Net interest	-0.2	-0.3
<b>Total</b>	<b>-2.3</b>	<b>1.1</b>
<b>Amounts recognized in other comprehensive income</b>		
<b>Remeasurement</b>		
Gains (-)/losses (+) from change in demographic assumptions	0.0	0.1
Gains (-)/losses (+) from change in financial assumptions	-4.5	-1.4
Gains (-)/losses (+) from experience adjustments	-0.5	0.5
Gains (-)/losses (+) on plan assets	3.0	2.7
<b>Total</b>	<b>-2.0</b>	<b>1.9</b>

## Amounts recognized in the statement of financial position

EUR million	Present value of defined benefit obligation <sup>1)</sup>		Fair value of plan assets <sup>2)</sup>		Net liability	
	2022	2021	2022	2021	2022	2021
1 Jan	74.2	103.7	-36.4	-65.5	38.0	38.2
Current service cost	2.7	3.3	—	—	2.7	3.3
Interest expense/income	0.5	0.8	-0.2	-0.5	0.2	0.3
Employer contribution	—	—	-2.9	-5.2	-2.9	-5.2
Benefits paid	-2.4	-4.5	2.4	4.5	—	—
Curtailed and settlement	-35.2	-28.9	28.4	27.0	-6.9	-1.9
Actuarial gains/losses	-5.1	-0.7	3.1	2.7	-2.0	2.0
Businesses acquired/divested	0.2	—	-0.1	—	0.1	—
Exchange rate differences	-1.9	0.6	0.6	0.7	-1.4	1.3
<b>31 Dec</b>	<b>33.0</b>	<b>74.2</b>	<b>-5.2</b>	<b>-36.4</b>	<b>27.8</b>	<b>38.0</b>

<sup>1)</sup> Of which EUR 6.1 (39.0) million in Finland, EUR 0.7 (7.2) million in Sweden and EUR 26.2 (28.1) million in Norway.

<sup>2)</sup> Of which EUR 3.9 (28.5) million in Finland and EUR 1.2 (7.9) million in Sweden.

EUR million	2022	2021
Defined benefit obligations	28.4	38.7
Defined benefit plan assets	-0.6	-0.7
<b>Net liability</b>	<b>27.8</b>	<b>38.0</b>

## Allocation of plan assets

	2022		2021	
	EUR million	%	EUR million	%
<b>In Sweden, plan assets are comprised as follows</b>				
Equity instruments	0.2	19.8	2.1	26.6
Debt instruments	0.5	41.8	3.2	40.8
Property	0.1	9.8	0.7	8.9
Other	0.4	28.6	1.9	23.7
<b>Total</b>	<b>1.2</b>	<b>100.0</b>	<b>7.9</b>	<b>100.0</b>

In Finland, the plan assets are accrued from the insurance premiums paid to the insurance company and accumulated up to the reporting date. The assets are part of the insurance company's investment assets and they are responsible for reporting the assets. A specification of the plan assets is not available.

## Actuarial assumptions

%	2022	2021
<b>Finland</b>		
Discount rate	3.1	1.0
Future salary increases	4.3	3.7
Future pension increases	2.8	2.3
Inflation rate	2.6	2.0
<b>Sweden</b>		
Discount rate	3.7	1.9
Future salary increases	2.0	2.2
Future pension increases	2.0	2.2
Inflation rate	2.0	2.2
<b>Norway</b>		
Discount rate	3.0	1.9
Future salary increases	3.5	2.8
Growth in the basic state pension (G)	3.3	2.5

### Sensitivity analysis of actuarial assumptions

The following table shows how a change in one assumption, while holding all other assumptions constant, would affect the defined benefit obligation.

	Change in assumption	Increase in assumption	Decrease in assumption
<b>Impact on defined benefit obligation in Finland</b>			
Discount rate	0.5%	-7.3%	8.1%
Future pension increase	0.5%	7.6%	-6.9%
Life expectancy	+1 year	4.9%	
<b>Impact on defined benefit obligation in Sweden</b>			
Discount rate	0.5%	-11.9%	13.4%
Future salary increase	0.5%	15.5%	-14.4%
Future pension increase	0.5%	9.9%	-9.2%
Life expectancy	+1 year	4.3%	
<b>Impact on defined benefit obligation in Norway</b>			
Discount rate	0.5%	-1.8%	2.1%
Future salary increase	0.5%	0.2%	-0.2%
Future pension increase	0.5%	1.6%	—%
Life expectancy	+1 year	1.1%	

### Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation is 16 years in Finland, 18 years in Sweden and 15 years in Norway. The following table shows the maturity profile of the future benefit payments which are the basis for the calculated undiscounted defined benefit obligation.

EUR million	2022
Maturity under 1 year	1.8
Maturity 1–5 years	8.9
Maturity 5–10 years	11.9
Maturity 10–30 years	30.2
Maturity over 30 years	2.6
<b>Total future benefit payments</b>	<b>55.5</b>

### Expected contributions in 2023

Expected contributions to post-employment benefit plans for the year ending 31 December 2023 are EUR 0.9 million.

### Multi-employer plans

The ITP pension plans operated by Alecta and Collectum in Sweden are multi-employer defined benefit pension plans which pool the assets contributed by various entities that are not under common control and the assets provide benefits to employees of more than one entity. It has not been possible to get sufficient information for the calculation of obligations and assets by employer from Alecta and Collectum and, therefore, these plans have been accounted for as defined contribution plans in the consolidated financial statements. In TietoEVRY, 4 567 employees are included in these pension plans. The yearly contributions to the plans are around EUR 25 million.

3 643 employees in the Group's Norwegian companies are members of an early retirement scheme (AFP), which is a multi-company defined benefit scheme, and is financed by premium payments determined as a percentage of salary. There is no reliable measurement and allocation of liabilities and assets between the companies that participate in the scheme. The scheme is, therefore, treated for accounting purposes as a defined contribution plan and the premiums paid are recognized as costs through profit or loss. The premium rate for 2022 was 2.6% (2.5) corresponding to EUR 4.8 (4.5) million. The scheme is underfunded, and the administrator (Fellesordningen for AFP) assumes that premiums will have to increase over time in order to ensure sufficient buffer capital to cope with increased payments. Companies that participate in the AFP scheme are jointly and severally liable for two-thirds of the pension payments due to employees who satisfy the terms and conditions at any time. The liability applies both to shortfalls in premium payments and if the premium rate applied proves insufficient to meet the liabilities. In the event that the scheme is terminated, the participating companies have a duty to continue to make premium payments to provide for pension payments to employees who are members of the scheme or who satisfy the requirements of collective agreements for such pension arrangements at the date of termination.

## 16. Provisions

Provisions at TietoEvry Group mostly comprise restructuring and contract-related provisions.

### ACCOUNTING POLICIES

A provision is a liability of uncertain timing or amount which is recognized when the entity has a present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be measured reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and are split between amounts expected to be settled within 12 months at the end of the reporting period and amounts expected to be settled later (non-current).

#### Provisions for restructuring

Restructuring provision is only recognized when a formal plan has been approved and the implementation of it has either commenced or the plan has been announced.

#### Provisions for loss-making contracts

Provision is recognised for any unavoidable net loss arising from the contract.

#### Other provisions

Other provisions include employee related provisions other than restructuring as well as warranty provisions.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

Provisions require management to assess the best estimate of the future costs needed to settle the present obligation at the reporting date. The actual costs may differ from the estimated costs.

EUR million	Provisions for restructuring	Provisions for loss-making contracts	Other provisions	Total
1 Jan 2022	11.3	3.4	7.7	22.4
Translation differences	-0.7	-0.2	-0.2	-1.0
Increases in provisions	33.4	0.6	3.5	37.6
Use of provisions	-21.7	-3.0	-1.7	-26.4
Reversal of provisions	-8.5	-0.2	-2.1	-10.8
<b>31 Dec 2022</b>	<b>13.9</b>	<b>0.6</b>	<b>7.2</b>	<b>21.7</b>
of which				
Non-current	0.6	—	2.0	2.6
Current	13.3	0.6	5.2	19.1
<b>Total</b>	<b>13.9</b>	<b>0.6</b>	<b>7.2</b>	<b>21.7</b>

In 2022, restructuring measures were taken in TietoEvry Connect, TietoEvry Transform and TietoEvry Banking.

EUR million	Provisions for restructuring	Provisions for loss-making contracts	Other provisions	Total
1 Jan 2021	24.4	12.9	11.5	48.8
Translation differences	0.0	-0.2	0.1	-0.1
Increases in provisions	10.1	0.7	2.1	13.0
Use of provisions	-21.1	-9.3	-3.9	-34.2
Reversal of provisions	-2.2	-0.7	-2.1	-5.0
<b>31 Dec 2021</b>	<b>11.3</b>	<b>3.4</b>	<b>7.7</b>	<b>22.4</b>
of which				
Non-current	0.8	0.0	2.0	2.8
Current	10.6	3.4	5.7	19.6
<b>Total</b>	<b>11.3</b>	<b>3.4</b>	<b>7.7</b>	<b>22.4</b>

In 2021, restructuring provisions related to TietoEvry Connect.

## 17. Trade and other payables

Trade and other payables represent unpaid, non-interest bearing liabilities at the end of the reporting period. Contract liabilities represent where a customer has paid consideration or payment is due, but Tietoevry has not yet transferred goods or services to the customer.

### ACCOUNTING POLICIES

Trade and other payables are presented as current liabilities if they are due to be settled within 12 months from the end of the reporting period. They are recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

The carrying amount of the trade and other payables approximate their fair values due to their short-term nature.

EUR million	31 Dec 2022	31 Dec 2021
<b>Non-current</b>		
Contract liabilities <sup>1)</sup>	16.9	29.2
Accruals	4.2	5.5
<b>Total</b>	<b>21.0</b>	<b>34.7</b>
<b>Current</b>		
Trade payables	233.9	260.8
Contract liabilities <sup>1)</sup>	67.2	73.5
Accrued liabilities		
Employee-related accruals	193.2	210.5
Interest	4.3	3.8
Other accrued expenses <sup>1)</sup>	32.7	40.6
Value added tax liabilities	54.5	51.0
Payroll tax liabilities	30.9	32.1
<b>Total</b>	<b>616.7</b>	<b>672.3</b>

<sup>1)</sup> Tietoevry has aligned its presentation of contract liabilities by including advance payments and certain accruals related to customer contracts. The comparative periods have been reclassified accordingly. See also [note 6](#).



## FINANCIAL RISK MANAGEMENT AND CAPITAL STRUCTURE

This section includes notes related to TietoEvry's financial risk and capital structure management. The financial risks are monitored and managed via TietoEvry's Group Treasury.

### 18. Management of financial risks and capital structure

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity risk), credit risk and liquidity risk. The operative management of the treasury activities of TietoEvry is centralized into Group Treasury. The Group Treasury is responsible for managing the Group's financial risk position and maintaining adequate liquidity. The Treasury Policy, which has been approved by the Board of Directors, defines the principles for measuring and managing liquidity risk, interest rate risk, foreign exchange risks and counter-party risk of the Group. The Treasury Policy also defines the division of responsibilities with regard to financial risk management. The Group reviews and monitors financial risks on a regular basis.

#### Market risk

##### Currency risk management

##### Transaction risk

Currency risk means the risk that the result or economic situation of the Group changes due to changes in exchange rates. Foreign trade, Group internal transactions and liquidity management in non-euro countries generate transaction exposure to the Group. The objective of the Group's currency risk policy is to secure the profitability of operative business by managing recognized exposures while maintaining sufficient flexibility to adjust to changing currency markets. The underlying exposure includes financial items denominated in the non-functional currencies of operating companies, such as internal funding, foreign currency bank account balances, and estimated cash flows such as firm commitments and future trade transactions.

Swedish krona, Norwegian krone, Czech koruna, Indian rupee, Polish zloty and US dollar are the main currencies with this exposure. Other currencies, which do not have material impact on group exposure individually, are the Ukraine hryvnia and the Russian rouble. During 2022, currency forward contracts were used to mitigate the risks. Gains and losses from foreign exchange contracts are recognized in the consolidated income statement.

Group Companies must hedge their identified currency risks with the Group Treasury unless there are legal restrictions preventing this. The benchmark for the Group's currency position is a situation where all the identified currency risks are eliminated. A deviation from this benchmark is defined as an open position. The following deviations can be made based on the total size of the Group's gross currency position (identified currency risks, excluding the hedging transactions):

- +/- 15 %: Group Treasury
- +/- 25 %: Treasury Committee
- Greater deviation: Board of Directors

The overall operational hedging ratio at the end of December 2022 was 98% (101%).

**Identified currency transaction risk exposure and sensitivity analysis**

EUR million	Loans and Cash	Estimated cash flows	Leases	Total foreign exchange exposure	External foreign exchange hedges	Transaction exposure sensitivity <sup>1)</sup>	Foreign exchange hedge sensitivity <sup>2)</sup>	Net effect gain/(loss)
<b>SEK</b>								
<b>31 Dec 2022</b>	<b>-96.2</b>	<b>24.0</b>	<b>—</b>	<b>-72.2</b>	<b>72.7</b>	<b>9.6</b>	<b>-7.3</b>	<b>2.3</b>
31 Dec 2021	-125.6	23.4	—	-102.2	103.6	12.6	-10.4	2.2
<b>NOK</b>								
<b>31 Dec 2022</b>	<b>-25.5</b>	<b>16.8</b>	<b>—</b>	<b>-8.7</b>	<b>5.0</b>	<b>2.6</b>	<b>-0.5</b>	<b>2.1</b>
31 Dec 2021	17.1	10.8	—	27.9	-31.0	-1.7	3.1	1.4
<b>PLN</b>								
<b>31 Dec 2022</b>	<b>-1.1</b>	<b>-23.6</b>	<b>1.4</b>	<b>-23.3</b>	<b>23.5</b>	<b>—</b>	<b>-2.4</b>	<b>-2.4</b>
31 Dec 2021	-0.7	-8.8	0.7	-8.8	8.9	—	-0.9	-0.9
<b>CZK</b>								
<b>31 Dec 2022</b>	<b>-1.6</b>	<b>-52.6</b>	<b>2.6</b>	<b>-51.6</b>	<b>54.2</b>	<b>-0.1</b>	<b>-5.4</b>	<b>-5.5</b>
31 Dec 2021	-0.2	-47.6	5.9	-41.9	48.4	-0.6	-4.8	-5.4
<b>INR</b>								
<b>31 Dec 2022</b>	<b>—</b>	<b>-34.9</b>	<b>—</b>	<b>-34.9</b>	<b>34.7</b>	<b>—</b>	<b>-3.5</b>	<b>-3.5</b>
31 Dec 2021	—	-31.1	—	-31.1	31.0	—	-3.1	-3.1
<b>USD</b>								
<b>31 Dec 2022</b>	<b>-1.1</b>	<b>2.8</b>	<b>—</b>	<b>1.7</b>	<b>-3.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>
31 Dec 2021	-0.6	0.5	—	-0.1	-0.5	0.1	0.1	0.1
<b>Other</b>								
<b>31 Dec 2022</b>	<b>-1.1</b>	<b>—</b>	<b>—</b>	<b>-1.1</b>	<b>—</b>	<b>0.1</b>	<b>—</b>	<b>0.1</b>
31 Dec 2021	-1.9	—	—	-1.9	—	0.2	—	0.2

<sup>1)</sup> The maximum pre-tax effect (EUR million) of 10% negative change in exchange rates on the Group's foreign exchange position over the following year.

**Translation risk**

According to the Treasury Policy, hedging translation exposure is subject to the Board of Directors' decision. Exposure includes the acquisition price, share capital and restricted and non-restricted reserves of subsidiaries in non-euro countries, as well as the result of the period. NOK 16 369 and SEK 6 673 million exposure forms the majority of the translation risk. The translation position was unhedged at the end of 2022. See also [note 25](#).

**Interest rate risk management**

The most significant part of the Group's interest rate risk arises from its borrowings and financial investments. The objective of interest rate risk management is to minimize the effect of interest rate fluctuations on TietoEVRY's annual results and economic positions. Group Treasury is responsible for the monitoring and operative management of the Group's interest rate position. The interest rate position includes loans, financial investments and interest rate derivative contracts. According to the Treasury Policy, 30 months is defined as a benchmark for the Group's interest rate position, in terms of weighted average time to re-pricing. At the end of 2022, the ratio was at 19 months (24 months in 2021).

31 Dec 2022 EUR million	Amount	Average rate, %	Rate sensitivity <sup>1)</sup>
Capital markets <sup>2)</sup>	-398.4	1.8	—
Money markets	244.6	0.4	0.1
Other loans	-348.0	2.9	-3.2
Other receivables	28.0	3.1	—
Leasing	-207.4	6.0	2.1

31 Dec 2021 EUR million	Amount	Average rate, %	Rate sensitivity <sup>1)</sup>
Capital markets <sup>2)</sup>	-397.8	1.8	—
Money markets	318.7	0.2	0.1
Other loans	-360.2	0.9	-3.3
Other receivables	28.8	3.5	—
Leasing	-200.9	4.3	-2.0

<sup>1)</sup> The maximum pre-tax effect (EUR million) of 1% rise in interest rates on the Group's net interest expenses over the following year.

<sup>2)</sup> The duration of underlying instruments was 2.2 years (3.2 in 2021).

### Commodity risk management

The majority of electricity procurement has been centralized to selected suppliers and under the selected model, the Group does not enter into any new electricity derivative agreements in its own name.

### Credit risk management

Credit risk is managed on Group level. Credit risk derives from financial investments, derivative contracts and customer-related risks, such as accounts receivable. Group Treasury maintains a list of approved counterparts for commercial paper investments and other financial transactions. Core banks of the Group should have a minimum long-term rating of Baa3 or BBB-.

Customer-related credit risks are assessed based on payment history and financial strength in accordance with the Credit Policy. The Credit Policy defines the limits for the acceptable level of customer credit risk in terms of invoicing schedules and payment terms. In addition, the Group uses customer credit insurance, given by global credit insurer, as a collateral. Excluded from credit insurance cover are all Public Sector customers and some other selected customers. In case of default by a customer under insurance, the credit insurer covers 90% of the open accounts receivable, or up to customer specific limit received from credit insurer. The maximum exposure to customer related credit risk at the reporting date is the carrying value of trade receivables. There are no major concentrations of credit risk in the Group, whether through exposure to individual customers, specific industry sectors and/or regions.

### Liquidity risk management and funding

Liquidity risk management and funding principles are defined in the Treasury Policy. One of the key tasks of Group Treasury is to secure adequate funding for the Group. The Group has a committed EUR 250 million revolving credit facility, which matures in 2027 with 2 optional extension years. The Group has also overdraft facilities and an uncommitted EUR 250 million commercial paper programme available to maintain flexibility in funding. In addition, the Group has two facilities for the sale of receivables, EUR 50 million and SEK 500 million.

**Debt structure**

31 Dec 2022		Amount drawn	Amount available	Maturity structure					
EUR million				2023	2024	2025	2026	2027	2028–
Loans	Bonds	400.0	—	—	100.0	300.0	—	—	—
	Commercial paper programme	—	—	—	—	—	—	—	—
	Revolving credit facility	—	250.0	—	—	—	—	—	—
	Liabilities towards joint ventures	3.5	—	3.5	—	—	—	—	—
	European Investment Bank	65.4	—	13.1	13.1	13.1	13.1	13.1	—
	Syndicated term loan	254.2	—	80.0	174.2	—	—	—	—
	Other loans	28.7	—	14.1	8.6	4.7	1.2	0.1	—
		<b>751.8</b>	<b>250.0</b>	<b>110.7</b>	<b>295.9</b>	<b>317.7</b>	<b>14.2</b>	<b>13.2</b>	<b>—</b>
	Interest payments	—	—	17.1	13.2	7.5	1.0	0.5	—
Trade payables	Outflow	233.9	—	233.9	—	—	—	—	—
Other liabilities	Lease liabilities	241.2	—	61.8	47.1	32.7	23.7	19.1	56.8
<b>Total</b>		<b>1 226.9</b>	<b>250.0</b>	<b>423.4</b>	<b>356.2</b>	<b>357.9</b>	<b>38.9</b>	<b>32.8</b>	<b>56.8</b>

31 Dec 2021		Amount drawn	Amount available	Maturity structure					
EUR million				2022	2023	2024	2025	2026	2027–
Loans	Bond	400.0	—	—	—	100.0	300.0	—	—
	Commercial paper programme	—	—	—	—	—	—	—	—
	Revolving credit facility	—	250.0	—	—	—	—	—	—
	Liabilities towards joint ventures	5.1	—	5.1	—	—	—	—	—
	European Investment Bank	78.5	—	13.1	13.1	13.1	13.1	13.1	13.1
	Syndicated term loan	254.2	—	—	80.0	174.2	—	—	—
	Other loans	29.0	—	13.3	8.8	3.9	1.9	0.4	—
		<b>766.8</b>	<b>250.0</b>	<b>31.4</b>	<b>101.9</b>	<b>291.2</b>	<b>315.0</b>	<b>13.5</b>	<b>13.1</b>
	Interest payments	—	—	10.6	9.8	8.6	6.1	—	—
Trade payables	Outflow	260.8	—	260.8	—	—	—	—	—
Other liabilities	Lease liabilities	242.3	—	69.2	47.2	33.2	20.4	13.2	59.0
<b>Total</b>		<b>1 269.8</b>	<b>250.0</b>	<b>372.1</b>	<b>158.9</b>	<b>333.0</b>	<b>341.5</b>	<b>26.8</b>	<b>72.1</b>

### Capital management

The objective is to keep the capital structure on a level securing adequate financial flexibility for the operations. The capital structure of the Group is being continuously monitored through Net debt/EBITDA ratio. The ratio is calculated by dividing interest-bearing net debt with the last 12 months' EBITDA of the Group. Net debt/EBITDA ratio is a covenant used in certain funding arrangements. Tietoevry Group is within limits for this covenant as at the reporting date and comparative period.

	31 Dec 2022	31 Dec 2021
Net debt	679.1	610.6
12 months EBITDA	449.0	557.4
Net debt/EBITDA	1.5	1.1



## 19. Interest-bearing loans and borrowings

The Group's interest-bearing liabilities consist of bonds, other loans, lease liabilities and cash pool liabilities towards joint ventures.

### ACCOUNTING POLICIES

Interest-bearing loans and borrowings are initially recognized at fair value, net of transaction costs which are recognized in the income statement as interest expenses over the loan term. Debt is classified as short term if it is payable within 12 months, otherwise it is classified as non-current.

EUR million	31 Dec 2022	31 Dec 2021
<b>Non-current</b>		
Bonds	398.4	397.8
Other loans	241.0	333.8
Lease liabilities	155.9	144.0
<b>Total</b>	<b>795.3</b>	<b>875.6</b>
<b>Current</b>		
Other loans	107.1	26.4
Cash pool liabilities towards joint ventures	3.5	5.1
Lease liabilities	54.1	62.5
<b>Total</b>	<b>164.7</b>	<b>94.0</b>
<b>Total Interest bearing loans and borrowings</b>	<b>960.1</b>	<b>969.6</b>

More information on debt structure and carrying interest rates is disclosed in [note 18](#).

## Change in liabilities arising from financing activities

EUR million	31 Dec 2021	Cash flows	Non-cash changes						31 Dec 2022
			Foreign exchange gains and losses	Reclassification	Acquisitions and disposals	New lease contracts	De-recognized contracts	Other	
Non-current interest-bearing loans	731.6	-13.1	—	-80.0	—	-0.3	—	1.2	639.4
Current interest-bearing loans	31.5	-1.5	—	80.0	—	0.7	—	—	110.6
Lease liabilities	206.5	-66.3	-7.9	—	-0.1	104.7	-27.0	0.2	210.0
<b>Total</b>	<b>969.6</b>	<b>-81.0</b>	<b>-7.9</b>	<b>—</b>	<b>-0.1</b>	<b>105.0</b>	<b>-27.0</b>	<b>1.4</b>	<b>960.1</b>

EUR million	31 Dec 2020	Cash flows	Non-cash changes				Other	31 Dec 2021
			Foreign exchange gains and losses	Reclassification	New lease contracts	De-recognized contracts		
Non-current interest-bearing loans	885.9	-145.8	0.1	-13.1	3.3	—	1.2	731.6
Current interest-bearing loans	39.7	-19.7	—	13.1	—	—	-1.4	31.5
Lease liabilities	243.1	-73.1	4.5	—	46.5	-14.1	0.5	206.5
<b>Total</b>	<b>1 168.7</b>	<b>-238.6</b>	<b>4.6</b>	<b>—</b>	<b>49.8</b>	<b>-14.1</b>	<b>0.3</b>	<b>969.6</b>

## 20. Leases

TietoEvry Group mainly acts as a lessee and leases premises, IT equipment and cars. In monetary terms, the highest portion of the Group's lease portfolio is for leasing premises. TietoEvry Group also leases equipment for data centres to support continuous service delivery to its customers. Leasing a company car is part of employees' benefit package, the portion of employee share in payment being subject to local HR policies and varies between 0% to 100%.

### ACCOUNTING POLICIES

#### The Group as a lessee

Initially, lease liabilities are measured at the commencement date at the present value of the lease payments, discounted using the interest rate implicit in the lease, if it can be readily determined. If the rate cannot be readily determined, such as in real estate leases, the incremental borrowing rate is used.

The incremental borrowing rate is defined for each legal entity, differentiated based on lease contract length and updated on a yearly basis, which impacts the value of right-of-use assets, lease liabilities in the statement of financial position, and split between depreciations and interest expenses. Management judgement has been used in determining the incremental borrowing rate that would reflect the rate of interest that TietoEvry group would pay to borrow over similar term, and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The average annual incremental borrowing rate applied to discounting future cash flows for existing lease agreements at year-end is 4.7%.

The lease term includes the non-cancellable period for which the Group has the right to use the underlying asset, together with both enforceable:

- Periods covered by an option to extend the lease, if the Group is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease, if the Group is reasonably certain not to exercise that option.

The decision if extension or termination options of lease contracts would be used, is made by the organisation responsible for the underlying asset management and is in line with overall strategy and business development plans.

In determining if either lessor or lessee would incur more than insignificant penalties by using or not using either of the options, the Group considers not only penalties directly defined in contracts, but also wider economic costs, such as, reallocation costs or finding new tenants.

Lease payments include fixed payments, in substance fixed payments, lease payments that depend on index or rate and exercise price of purchase option, if it is reasonably certain to be exercised.

Subsequently, lease liabilities are measured at amortized cost, by increasing or reducing the carrying amount to reflect interest on the lease liability and the lease payments made, respectively. Lease liabilities are remeasured for lease reassessments done or modified to reflect revised in-substance fixed lease payments.

Interest expenses are recognized in profit or loss.

Right-of-use assets are initially measured at the amount equal to lease liability:

- less payments made at or before commencement date and lease incentives received adding initial direct costs; and
- adjusting by estimated dismantling or site restoration costs.

Subsequently, right-of-use assets are measured applying a cost model, where asset cost is reduced by accumulated depreciation and impairment losses and adjusted by remeasurement of a respective lease liability.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

TietoEvry has applied the recognition exemptions allowed by the standard not to capitalize short-term leases (lease term less than 1 year at commencement, where there is no purchase option) and leases of low value assets. Typically, such assets would include lease of individual IT equipment and office furniture. Payments for such assets are recognized in profit or loss on a straight-line basis during the lease term.

The Group has also elected to separate the service component of a lease for all asset types, except for cars, where only variable lease payments are excluded from the measurement of lease liability.

Non-lease components are separated from lease payments on a fair market value basis. If such information is not readily available, management judgement has been applied in estimating the

The Group presents cash payments for the principal portion of lease liabilities as cash flows from financing activities and interest portion within cash flows from operating activities. Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented as part of operating activities.

#### The Group as a lessor

If an arrangement conveys a right to use a specific asset to a purchaser, often together with related services, the assets, mainly technical equipment, are classified as embedded finance leases. Further the lease is classified either as Operating lease or Finance lease. As of 31 December 2022, all such cases have been classified as Finance leases. Sales derived from these embedded finance leases are recognized at the beginning of the agreement period. The annual payments are disclosed as amortization of the finance lease loan receivable and interest income.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Lease term, use of extension and termination options

Management judgement has been applied in determining the lease term, where there are either extension or termination options included in lease contracts. Lease terms are negotiated on an individual basis and contain a wide range of renewal and termination options. As of 31 December 2022, weighted average residual lease term for lease contracts is 5.4 years (residual terms vary between 0.1–17.3 years). The lease term for premises leases referred to as "evergreen leases" or "rolling" leases has been determined based on the internally defined site categories. Those take into consideration the number of full time employees and strategic importance of the site, allowing a longer lease term for larger Level 1 sites (5 years and more) and recognizing more flexibility for smallest Level 1 sites (1 year, short-term lease exemption from balance sheet treatment not applied). Total annual leasing expenses (depreciation and interest) for such leases amounted to EUR 7.0 million during year 2022, weighted average remaining lease term being 2.3 years.

#### Leases impact on income statement

EUR million		31 Dec 2022	31 Dec 2021
Tietoenvy as a Lessee	Buildings	-54.2	-57.7
	Equipment and machinery	-12.3	-13.5
	<b>Depreciation expenses of right-of-use assets</b>	<b>-66.4</b>	<b>-71.2</b>
Tietoenvy as a Lessee	<b>Impairment losses</b>	<b>—</b>	<b>-5.3</b>
Tietoenvy as a Lessee	Variable lease payments	-7.9	-6.6
Tietoenvy as a Lessee	Short-term leases and low value leases	-5.2	-4.0
	<b>Other income and expenses</b>	<b>-13.1</b>	<b>-10.6</b>
Tietoenvy as a Lessor	<b>Revenue</b>	<b>0.8</b>	<b>2.0</b>
Tietoenvy as a Lessor	<b>Materials and services</b>	<b>-0.7</b>	<b>-1.8</b>
Tietoenvy as a Lessor	Finance income on the net investment in lease	0.1	0.1
Tietoenvy as a Lessee	Interest expense on lease liabilities	-9.7	-9.5
	<b>Expenses reported in financial items</b>	<b>-9.6</b>	<b>-9.4</b>
	<b>Total impact on income statement from leasing contracts</b>	<b>-89.0</b>	<b>-96.2</b>

#### Leases impact on statement of cash flows

EUR million		31 Dec 2022	31 Dec 2021
Tietoenvy as a Lessee	Interest paid (cash flow from operating activities)	-9.4	-9.0
	Principal paid (cash flow from financing activities)	-66.3	-73.1

## Leases impact on the statement of financial position

### Right-of-use assets

EUR million		Buildings	Machinery and Equipment	Total
Tietoevry as a Lessee	31 Dec 2021	171.5	21.0	192.4
	Divestment of subsidiary	-0.1	—	-0.1
	Additions <sup>1)</sup>	95.7	9.6	105.3
	Terminations	-19.9	-1.8	-21.7
	Depreciation	-54.2	-12.3	-66.4
	Currency translation differences	-7.1	-0.5	-7.6
	<b>31 Dec 2022</b>	<b>185.9</b>	<b>16.0</b>	<b>201.9</b>

EUR million		Buildings	Machinery and Equipment	Total
Tietoevry as a Lessee	31 Dec 2020	208.6	23.1	231.7
	Additions <sup>1)</sup>	33.2	14.1	47.3
	Terminations	-11.0	-2.9	-13.8
	Depreciation	-57.7	-13.5	-71.2
	Impairment	-5.3	—	-5.3
	Subleased	1.4	-1.2	0.2
	Currency translation differences	4.3	0.2	4.4
	<b>31 Dec 2021</b>	<b>171.5</b>	<b>21.0</b>	<b>192.4</b>

<sup>1)</sup> Additions represent increase in right-of-use assets both due to new lease contracts, as well as remeasurements and lease modifications.

### Lease liabilities

EUR million	31 Dec 2022	31 Dec 2021
Current	54.1	62.5
Non-current	155.9	144.0
<b>Total</b>	<b>210.0</b>	<b>206.5</b>

The movement in lease liabilities over reporting period is presented in [note 19](#).

The maturity structure of contractual undiscounted lease payments is presented in [note 18](#).

### Lease receivables

#### Net investment in lease

EUR million	31 Dec 2022	31 Dec 2021
Current	2.4	2.9
Non-current	0.2	2.7
<b>Total</b>	<b>2.6</b>	<b>5.6</b>

#### Maturity analysis - contractual undiscounted cash flows for finance leases

EUR million	31 Dec 2022	31 Dec 2021
Within one year	2.4	3.0
One to two years	0.2	2.2
Two to three years	—	0.5
Three to four years	—	—
Four to five years	—	—
<b>Total undiscounted lease receivable</b>	<b>2.7</b>	<b>5.7</b>
Unearned finance income	0.0	-0.1
<b>Net investment in lease</b>	<b>2.6</b>	<b>5.6</b>



## 21. Financial income and expenses

Finance income and expenses comprise interest, foreign exchange gains and losses and other financial income and expenses, such as fees to banks.

2022 EUR million	Interest income	Interest expenses	Foreign exchange gains and losses	Other financial income	Other financial expenses	Total
Financial assets at fair value through profit or loss	—	—	-7.8	—	—	-7.8
Financial assets at amortized cost	3.6	—	6.4	0.3	—	10.3
Financial liabilities measured at amortized cost	—	-22.6	—	—	-3.4	-25.9
Net defined benefit obligation	—	-0.2	—	—	—	-0.2
<b>Total</b>	<b>3.6</b>	<b>-22.8</b>	<b>-1.4</b>	<b>0.3</b>	<b>-3.4</b>	<b>-23.7</b>

2021 EUR million	Interest income	Interest expenses	Foreign exchange gains and losses	Other financial income	Other financial expenses	Total
Financial assets at fair value through profit or loss	—	—	-0.1	—	—	-0.1
Financial assets at amortized cost	1.8	—	-4.7	0.1	—	-2.7
Financial liabilities measured at amortized cost	—	-22.7	—	—	-2.3	-25.0
Net defined benefit obligation	—	-0.3	—	—	—	-0.3
<b>Total</b>	<b>1.8</b>	<b>-23.0</b>	<b>-4.8</b>	<b>0.1</b>	<b>-2.3</b>	<b>-28.2</b>

In addition, foreign exchange gains and losses included in the operating profit were EUR 9.9 (3.9) million in 2022.

## 22. Financial assets and liabilities - carrying amount and fair value and fair value hierarchy

Financial assets and liabilities of the Group consist of trade receivables, cash and cash equivalents, lease receivables and payables, trade payables, derivatives (see [note 23](#)), bonds and other interest-bearing liabilities (see [note 19](#)).

### ACCOUNTING POLICIES

All financial assets and liabilities are initially recognized at fair value, and subsequently classified either as financial assets at amortized cost or financial assets through profit or loss.

#### Financial assets at amortized cost

Financial assets are accounted at amortized cost only when the asset is held within a business model with the objective to collect contractual cash flows, which are solely payments of principal and interest.

This category of financial assets includes trade and other receivables, cash and cash equivalents, lease receivables and other interest-bearing receivables.

Financial assets in this category are carried at amortized cost in accordance with the effective interest method with interest income recognized in profit or loss under financial items, see [note 21](#).

#### Financial liabilities at amortized cost

Financial liabilities under this category are initially recognized at fair value, net of transaction costs directly associated with the borrowing. For interest-bearing liabilities, after initial recognition, liabilities are measured using effective interest rate method, taking into account any issue costs and any discount or premium on settlement. Related interest expenses are recognized in profit or loss under financial items, see [note 21](#).

#### Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities in this category are recognized on the statement of financial position at their fair value with gains or losses resulting from changes in the fair value, being recognized in income statement.

This category mostly consists of derivatives. Gains or losses from the revaluation of derivative contracts that relate to financial items (loans, cash, leases) are presented as financing costs, see [note 21](#), whereas gains or losses from derivatives, mostly currency forward contracts that relate to operating activities are included in operating profit.

Fair value measurement is also applicable to trade receivables sold under non-recourse factoring agreements, which have not yet been de-recognized from the statement of financial position as of the reporting date.

Other investments include unlisted shares, where their fair value cannot be measured reliably and, therefore, the cost is considered to be a reasonable approximation of their fair value.

#### Determination of fair values

The classification of financial assets and liabilities measured at fair value in the statement of financial position, has been done on three hierarchy levels:

- Level 1: quoted prices in active markets for given or identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

The carrying amount of all financial assets and liabilities, carried at amortized cost is considered to provide a reasonable approximation of their fair value, due to the short maturity and liquid nature of these items, except for bonds which are traded on an active market.

The fair values of derivatives are determined based on prevailing marked quotes at the reporting date. Foreign exchange derivatives' fair values are calculated according to foreign exchange and interest rates on the closing date.

**Financial assets**

EUR million	Note	31 Dec 2022	31 Dec 2021	Fair value hierarchy
Financial assets at fair value through profit or loss				
Non-current				
Other financial assets at fair value through profit or loss		0.6	0.6	Level 3
Current				
Trade receivables at fair value through profit or loss		20.2	19.1	Level 2
Current derivative receivables	<a href="#">23</a>	3.4	4.2	Level 2
Financial assets at amortized cost				
Non-current				
Other loan receivables, interest-bearing		15.0	15.7	Level 2
Lease receivables	<a href="#">20</a>	0.2	2.7	Level 2
Current				
Other loan receivables, interest-bearing	<a href="#">14</a>	13.6	13.8	Level 2
Lease receivables	<a href="#">20</a>	2.4	2.9	Level 2
Trade receivables	<a href="#">14</a>	408.9	372.8	Level 2
Accrued interest income	<a href="#">14</a>	0.0	0.1	Level 2
Cash and cash equivalents	<a href="#">24</a>	249.7	323.8	Level 2
<b>Total</b>		<b>714.1</b>	<b>755.5</b>	

**Financial liabilities**

EUR million	Note	31 Dec 2022	31 Dec 2021	Fair value hierarchy
Financial liabilities at fair value through profit or loss				
Current derivative liabilities	<a href="#">23</a>	2.0	0.8	Level 2
Financial liabilities measured at amortized cost				
Non-current				
Lease liability	<a href="#">19, 20</a>	155.9	144.0	Level 2
Bonds <sup>1)</sup>	<a href="#">19</a>	398.4	397.8	Level 1
Other loans	<a href="#">19</a>	241.0	333.8	Level 2
Current				
Trade payables	<a href="#">17</a>	233.9	260.8	Level 2
Accrued interest	<a href="#">17</a>	4.3	3.8	Level 2
Lease liability	<a href="#">19, 20</a>	54.1	62.5	Level 2
Loans	<a href="#">19</a>	110.6	31.5	Level 2
<b>Total</b>		<b>1 200.3</b>	<b>1 235.0</b>	

<sup>1)</sup> Fixed rate bond where carrying amount of EUR 398.4 million has not been adjusted to match the fair value of EUR 378.8 million. Fair value of the bond has been calculated based on the prevailing market rate at the end of the reporting period.

There has been no movement between the fair value hierarchy levels during 2022.

## 23. Derivatives

TietoEVRY Treasury uses currency forward and interest rate swap contracts to manage identified currency and interest rate risks. More information on financial risk management is in [note 18](#) and for the accounting policies applied in [note 22](#). Derivatives are used for economic purposes only.

### Nominal amounts of derivatives

Includes the gross amount of all nominal values for contracts that have not yet been settled or closed. The amount of nominal value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts.

EUR million	31 Dec 2022	31 Dec 2021
Foreign exchange forward contracts	406.5	479.7
Interest rate swaps	40.0	—

### Fair values of derivatives

EUR million	31 Dec 2022	31 Dec 2021
Gross positive fair values, foreign exchange forward contracts	3.4	4.2
Gross negative fair values, foreign exchange forward contracts	-2.0	-0.8
Gross positive fair values, interest rate swaps	2.9	—
Gross negative fair values, interest rate swaps	-2.9	—
<b>The net fair values at the reporting date</b>	<b>1.4</b>	<b>3.2</b>

The fair values of foreign exchange derivatives are calculated according to foreign exchange and interest rates on the closing date. All outstanding currency derivative contracts will expire within 12 months after the reporting date.

The fair values of interest rate swaps are based on values of corresponding agreements confirmed by the bank.

## Offsetting financial assets and liabilities

Agreements with derivatives' counterparties are based on ISDA Master Agreements or on agreements with similar content with regards to offsetting financial assets and liabilities.

Based on the terms of these agreements, offsetting is possible only under certain circumstances, such as, default of either of the parties or other force majeure events. If any of those occur, then the net position owing/receivable to a single counterparty will be taken as owing.

31 Dec 2022 EUR million	Gross amounts of recognized financial instruments in the statement of financial position <sup>1)</sup>	Related amounts not set off in the statement of financial position			Net amount
		Financial Instruments	Cash collateral received		
Derivative financial assets					
	Foreign exchange forward contracts	3.4	-1.6	—	1.7
	Interest rate swaps	2.9	-2.9	—	—
Derivative financial liabilities					
	Foreign exchange forward contracts	-2.0	1.6	—	-0.4
	Interest rate swaps	-2.9	2.9	—	—

<sup>1)</sup> No amounts have been set off in the statement of financial position

31 Dec 2021 EUR million	Gross amounts of recognized financial instruments in the statement of financial position <sup>1)</sup>	Related amounts not set off in the statement of financial position			Net amount
		Financial Instruments	Cash collateral received		
Derivative financial assets					
	Foreign exchange forward contracts	4.2	-0.8	—	3.4
Derivative financial liabilities					
	Foreign exchange forward contracts	-0.8	0.8	—	-0.1

<sup>1)</sup> No amounts have been set off in the statement of financial position

## 24. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits with banks and other liquid investments that are readily convertible to a known amount of cash within three months and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in current liabilities in the statement of financial position. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

EUR million	31 Dec 2022	31 Dec 2021
Cash in hand and at bank	233.4	309.1
Short-term deposits	16.3	14.6
<b>Total</b>	<b>249.7</b>	<b>323.8</b>

Cash and cash equivalents includes restricted cash of EUR 14.0 million held within bank accounts in Ukraine.

## 25. Share capital and reserves

TietoEVRY has one class of shares, and each share has one vote at the Annual General Meeting and equal rights to dividend and other distribution of assets. The company's Articles of Association includes a voting constraint at the Annual General Meeting that no-one is entitled to vote on more than one-fifth of the votes represented at the Annual General Meeting.

TietoEVRY's shares have no nominal value and their book value counter value is one euro. All issued shares have been fully paid.

### ACCOUNTING POLICIES

Dividends proposed by the Board of Directors are not deducted from distributable equity until approved by the Annual General Meeting of Shareholders.

When the company's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

EUR million	Number of shares	Share capital	Share issue premiums and other reserves	Invested unrestricted equity reserve	Total
1 Jan 2021	118 414 793	76.6	42.1	1 203.5	1 322.2
Purchase of own shares	-140 000	—	—	—	—
Shares delivered from the share-based incentive plans <sup>1)</sup>	143 391	—	—	—	—
Translation difference	—	—	-0.6	—	-0.6
<b>31 Dec 2021</b>	<b>118 418 184</b>	<b>76.6</b>	<b>41.5</b>	<b>1 203.5</b>	<b>1 321.6</b>
Purchase of own shares	-145 000	—	—	—	—
Shares delivered from the share-based incentive plans <sup>1)</sup>	140 119	—	—	—	—
Translation difference	—	—	-2.2	—	-2.2
<b>31 Dec 2022</b>	<b>118 413 303</b>	<b>76.6</b>	<b>39.3</b>	<b>1 203.5</b>	<b>1 319.4</b>
Own shares <sup>2)</sup>	12 468	—	—	—	—
<b>Total number of shares on 31 Dec 2022<sup>2)</sup></b>	<b>118 425 771</b>	—	—	—	—

<sup>1)</sup> Shares granted from own shares without impact on share capital.

<sup>2)</sup> On 31 Dec 2021, the number of shares in the company's possession totalled 7 587 and the total number of shares was 118 425 771.

### Share capital

The share subscription price received in connection with the share issues is entered in share capital to the extent that it has not been recorded in the invested unrestricted equity reserve according to the share issue decision.

### Share issue premiums and other reserves

Share issue premiums and other reserves include share issue premium of the parent company and the statutory reserve fund of Tieto Sweden AB.

### Invested unrestricted equity reserve

The invested unrestricted equity reserve includes the subscription price of shares to the extent that it has not been recorded in share capital according to specific resolution.

### Retained earnings

In addition to accumulated profits less dividends paid out, retained earnings include the following:

- Costs of share-based payments which are accounted for as equity-settled and recognized as an employee benefit expense during the vesting period with a corresponding entry in equity. More information is disclosed in [note 8](#).
- Remeasurements of the defined benefit plans arising from experience adjustments and changes in actuarial assumptions. More information is disclosed in [note 15](#).
- Treasury shares. In 2022, TietoEvry repurchased 145 000 own shares which were further delivered from the share-based incentive plans.
- Cumulative translation differences arising from the translation of foreign Group companies' assets and liabilities into euro; and
- other retained earnings and losses.

The cumulative translation differences were EUR -193.5 (-66.0) million. The translation differences in Other comprehensive income were EUR -126.7 (60.2) million. The majority of these arise on the NOK and SEK foreign currency translation exposures. In 2022, both currencies weakened against the Euro, NOK by 5.3% and SEK by 8.5%, resulting in negative translation differences in Other comprehensive income. In 2021, NOK strengthened by 4.6% whereas SEK weakened by 2.2%, resulting in a positive net effect on the Other comprehensive income.

### Distributable funds

On 31 Dec 2022, the distributable funds of the parent company totalled EUR 1 479.5 million of which retained earnings were EUR 250.8 million and net profit for the financial year EUR 21.1 million. The Board of Directors proposes to the Annual General Meeting in 2023 that a dividend of EUR 1.45 per share will be paid for 2022 (dividend of EUR 1.40 per share paid for 2021).



## OTHER INFORMATION

This section includes information about the Group structure, joint ventures, related parties and commitments.

### 26. Divestments

In 2022, TietoEvry sold its Russian operations through a local management buy-out. With this transaction, TietoEvry ended all its local operations in Russia and transitioned all its responsibilities including employees, customers, suppliers, legal and regulatory to the new owners. The loss recognized on the disposal was EUR 9.1 million.

In 2021, TietoEvry sold its Oil & Gas software business as well as the software businesses Alystra, Jydacon and TRYGG/2000. The businesses disposed of were reported as part of the Industry Software segment. Both divestments were part of TietoEvry's strategy to seek focus and scale.

#### ACCOUNTING POLICIES

Disposed operations are consolidated until the point in time when control is transferred. Where the disposed operation is part of a cash-generating unit (CGU) to which goodwill has been allocated, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts are expected to be recovered principally through sale and the sale is highly probable. From the date of classification, the assets are measured at the lower of the carrying amount and the fair value less costs to sell, and the recognition of depreciation is discontinued.

### Sale of Oil & Gas software business in 2021

In February 2021, TietoEvry announced an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The transaction was completed in June 2021, with a minor part of asset transfers completed in early 2022. Through this transaction, the Oil & Gas software business will have greater global market reach and growth opportunities. The Oil & Gas software business comprises hydrocarbon management, personnel and material logistics software and related services with installations in more than 50 countries. Revenue of the divested businesses amounted to around EUR 50 million in 2020 and the number of employees was around 430.

With a consideration of EUR 156.8 million including adjustments, a capital gain of EUR 73.3 million was recognized. The cash payments in total amounted to EUR 154.7 million. In addition, TietoEvry received a cash compensation of EUR 2.1 million subsequent to the completion of asset transfers taking place in early 2022. The following table summarizes the effects of the sale on the consolidated financial statements for 2021.

EUR million	
Intangible and tangible assets	0.2
Right-of-use assets	0.8
Trade and other receivables	14.1
Cash and cash equivalents	7.0
Non-current liabilities	-0.7
Trade and other payables	-14.0
<b>Fair value of net assets</b>	<b>7.4</b>
Allocation of goodwill and intangible assets on disposal	71.3
<b>Total net assets disposed</b>	<b>78.7</b>
Consideration, including adjustments	156.8
Transaction costs	-6.1
Reclassification of foreign currency translation reserve to profit or loss	1.4
Total net assets disposed	-78.7
<b>Gain on disposal, before income tax</b>	<b>73.3</b>
Income tax expense on gain	-0.5
<b>Gain on disposal, after income tax</b>	<b>72.8</b>
Consideration received in cash	154.7
Transaction costs	-5.9
Cash and cash equivalents disposed of	-7.0
<b>Net cash flow on disposal</b>	<b>141.8</b>

### Other divestments in 2021

In October 2021, TietoEVRY announced an agreement to sell its software businesses Alystra, Jydacom and TRYGG/2000 to a Nordic software company EG. The transaction was completed in December 2021. These businesses focus on creating software products for construction, retail, and transport markets. They had limited operational dependencies with the rest of TietoEVRY. Revenue of the divested businesses amounted to around EUR 13 million in 2020 and the number of employees was around 80 in Finland and Sweden. With a consideration of EUR 40.6 million including adjustments and FX impact, a capital gain of EUR 30.6 million was recognized. The following table summarizes the effects of the sale on the consolidated financial statements for 2021.

EUR million	
Intangible assets	2.3
Trade and other receivables	0.7
Cash and cash equivalents	2.1
Non-current liabilities	-0.4
Trade and other payables	-2.0
<b>Fair value of net assets</b>	<b>2.6</b>
Allocation of goodwill on disposal	7.0
<b>Total net assets disposed</b>	<b>9.7</b>
Consideration, including adjustments and FX impact	40.6
Transaction costs	-0.1
Reclassification of foreign currency translation reserve to profit or loss	-0.2
Total net assets disposed	-9.7
<b>Gain on disposal, before income tax</b>	<b>30.6</b>
Income tax expense on gain	-2.6
<b>Gain on disposal, after income tax</b>	<b>28.0</b>
Consideration received in cash	39.8
Transaction costs	—
Cash and cash equivalents disposed of	-2.1
<b>Net cash flow on disposal</b>	<b>37.7</b>

## 27. Subsidiaries

### Subsidiary shares owned by the Parent company

Company name	Domicile	Parent company's holding %	31 Dec 2022 Book value in the Parent company EUR million
EVRY Card Issuing AS	Norway	100.0	77.4
EVRY Card Payments AS	Norway	100.0	0.7
EVRY Card Services AS	Norway	100.0	84.0
Fellesdata AS	Norway	100.0	—
Infopulse Brasil Servicos Tecnologicos Ltda.	Brazil	1.0	0.0
Tieto Austria GmbH	Austria	100.0	0.8
Tieto (Beijing) Technology Co., Ltd.	China	100.0	0.8
Tieto China Co., Ltd.	China	100.0	4.3
Tieto Germany GmbH	Germany	100.0	0.5
Tieto Global Oy	Finland	100.0	1.1
Tieto Great Britain Ltd.	Great Britain	100.0	0.5
Tieto Latvia SIA	Latvia	100.0	15.2
Tieto Lietuva UAB	Lithuania	100.0	2.6
Tieto Netherlands Holding B.V.	Netherlands	100.0	24.5
Tieto Poland Sp. z o.o	Poland	100.0	3.3
Tieto Support Services Sp. z o.o.	Poland	100.0	0.4
Tieto Sweden AB	Sweden	100.0	919.3
TietoEnator Inc.	The United States	100.0	8.0
TietoEVRY Accounting AS	Norway	100.0	16.7
Tietoevry Banking Finland Oy	Finland	100.0	1.3
Tietoevry Connect Czechia s.r.o.	Czech Republic	100.0	7.5
Tietoevry Connect Finland Oy	Finland	100.0	48.9
Tietoevry Connect Slovakia s.r.o.	Slovakia	15.0	0.0
Tietoevry Czechia s.r.o.	Czech Republic	100.0	0.5
Tietoevry Czechia Support Services s.r.o.	Czech Republic	100.0	—
Tietoevry Denmark A/S	Denmark	100.0	6.5
Tietoevry DK A/S	Denmark	100.0	1.6
Tietoevry Estonia AS	Estonia	100.0	0.3
Tietoevry Finland Oy	Finland	100.0	87.1
Tietoevry Finland Support Services Oy	Finland	100.0	1.2

TietoEVRY Norway AS	Norway	100.0	1 007.9
Tietoevry Slovakia s.r.o.	Slovakia	100.0	0.0
Tietollmarinen Oy	Finland	100.0	0.2
Dormant subsidiaries (3 in total)			0.0
<b>Total</b>			<b>2 322.8</b>

### Shares in Group companies owned by subsidiaries

Company name	Domicile	Group holding %	31 Dec 2022 Book value in the Parent company EUR million
Avega Affero AB	Sweden	100.0	0.0
Avega Aquilo AB	Sweden	100.0	0.0
Avega Catalyst AB	Sweden	100.0	0.4
Avega Clarity AB	Sweden	100.0	0.8
Avega Complius AB	Sweden	100.0	0.0
Avega Dinamiko AB	Sweden	100.0	0.1
Avega Edge AB	Sweden	100.0	0.0
Avega Effectus AB	Sweden	100.0	0.8
Avega Group AB	Sweden	100.0	42.3
Avega Kipeo AB	Sweden	100.0	1.5
Avega Kite AB	Sweden	100.0	0.0
Avega Miundo AB	Sweden	100.0	0.0
Avega Mtoni AB	Sweden	100.0	0.1
Avega Nuvem AB	Sweden	100.0	0.0
Avega Primero AB	Sweden	100.0	0.0
Avega Qurio AB	Sweden	100.0	2.6
Avega Scire AB	Sweden	100.0	0.1
Avega Sempai AB	Sweden	100.0	0.5
Avega Senso AB	Sweden	100.0	0.0
Bekk Consulting AS	Norway	100.0	44.3
Emric d.o.o. Beograd	Serbia	100.0	0.0
EVRY Card Services AB	Sweden	100.0	24.1
EVRY Card Services Oy	Finland	100.0	6.1
EVRY Financial Service UK Ltd.	Great Britain	100.0	0.1
EVRY India Pvt. Ltd.	India	100.0	13.6

EVRY Sweden AB	Sweden	100.0	160.1
EVRY USA Corporation Inc.	The United States	100.0	0.4
Eye-share AS	Norway	100.0	2.3
Eye-share Singapore Pte. Ltd.	Singapore	100.0	—
Gjeldsregisteret AS	Norway	100.0	0.0
Infopulse Brasil Servicos Technologicos Ltda.	Brazil	99.0	0.1
Infopulse Bulgaria Ltd.	Bulgaria	100.0	0.1
Infopulse Europe GmbH	Germany	100.0	0.0
Infopulse Poland Sp. z o.o.	Poland	100.0	0.0
Infopulse Ukraine LLC	Ukraine	100.0	0.0
NUK Holding AB	Sweden	100.0	16.8
Tieto India Pvt. Ltd.	India	100.0	45.4
Tieto Ukraine Support Services LLC	Ukraine	100.0	0.8
Tieto U.S. Inc.	The United States	100.0	1.1
Tietoevry Connect Slovakia s.r.o.	Slovakia	85.0	0.0
Tietoevry Financing AB	Sweden	100.0	0.0
Tietoevry Financing AS	Norway	100.0	2.0
Tietoevry Sweden Support Services AB	Sweden	100.0	0.0
Dormant subsidiaries (5 in total)			0.0
<b>Total</b>			<b>366.9</b>

All subsidiaries are included in the Group consolidation. In India, the official reporting period is 1 April –31 March according to the Indian legislation.

## 28. Interests in joint ventures

TietoEVRY has established a few joint ventures in order to be able to produce high quality IT services required by customers. All other joint ventures are located in Finland except for BuyPass AS that is a Norwegian company and joint venture of TietoEVRY Norway AS.

### ACCOUNTING POLICIES

Companies, where TietoEVRY has assumed management responsibility, has contractually based joint control with a third party and has right to the net assets of the company based on the contractual arrangement are included in the consolidated financial statements as joint ventures. Joint ventures are accounted by using the equity method under which the investments in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of joint venture's losses exceeds the carrying amount of the investment, the investment is recognized at zero value in the statement of financial position and the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Sales to and purchases from joint ventures are made on normal market terms and conditions and at market prices. The Group's share of the joint ventures' result for the period is separately disclosed in the income statement.

### Joint ventures

31 Dec	Number of shares		Parent company's share %		Voting right %		Carrying value EUR million	
	2022	2021	2022	2021	2022	2021	2022	2021
Tieto Esy Oy	7 300	7 300	80.0	80.0	34.0	34.0	5.1	5.1
Tietollmarinen Oy	—	3 570	—	70.0	—	30.0	—	2.2
BuyPass AS	21 100	21 100	50.0	50.0	50.0	50.0	9.2	9.4
							<b>14.2</b>	<b>16.7</b>

### Reconciliation to carrying value

EUR million	2022	2021
Acquisition cost, 1 Jan	11.6	11.2
Translation difference	-0.7	0.4
<b>Acquisition cost, 31 Dec</b>	<b>10.9</b>	<b>11.6</b>
<b>Equity adjustments, 1 Jan</b>	<b>5.1</b>	<b>8.5</b>
Share of results	1.0	1.5
Dividends received	-1.4	-2.1
Tietollmarinen impairment	-1.4	—
Tietokarhu liquidation	—	-2.8
<b>Equity adjustments, 31 Dec</b>	<b>3.3</b>	<b>5.1</b>
<b>Carrying value, 31 Dec</b>	<b>14.2</b>	<b>16.7</b>

As part of a new partnership agreement with Ilmarinen and a change in the service delivery model, it was decided to ramp down Tietollmarinen Oy. In connection with these changes, TietoEVRY agreed to acquire the remaining 30% share of the joint venture from Ilmarinen. TietoEVRY Transform recognized an impairment loss of EUR 1.4 million for the joint venture and bought the remaining 30% share of the company in December. Tietollmarinen is consolidated as a 100% owned subsidiary as at 31 December 2022.

Equity adjustments include Group level goodwill of EUR 2.5 (4.5) million.

There are no commitments or contingencies related to joint ventures.

## Financial and personnel information of joint ventures

The summarised financial information below represents amounts in joint ventures' financial statements prepared in accordance with IFRS Standards.

31 Dec 2022			
EUR million	Tieto Esy Oy	Tietollmarinen Oy	BuyPass AS
Non-current assets	0.0	—	5.2
Current assets	4.0	—	45.5
<b>Total</b>	<b>4.0</b>	<b>—</b>	<b>50.7</b>
Non-current liabilities	0.0	—	—
Current liabilities	0.7	—	32.5
<b>Total</b>	<b>0.7</b>	<b>—</b>	<b>32.5</b>
Net sales	3.9	1.6	30.7
Expenses	-3.2	-2.4	-27.9
<b>Result before taxes</b>	<b>0.7</b>	<b>-0.8</b>	<b>2.8</b>
Income taxes	-0.2	0.0	-0.7
<b>Net result for the financial year</b>	<b>0.6</b>	<b>-0.8</b>	<b>2.1</b>
Dividends paid to TietoEvry	0.5	—	0.9
Average full-time personnel during the financial year	27	13	25

31 Dec 2021			
EUR million	Tieto Esy Oy	Tietollmarinen Oy	BuyPass AS
Non-current assets	0.0	0.0	3.5
Current assets	4.2	1.7	51.1
<b>Total</b>	<b>4.2</b>	<b>1.7</b>	<b>54.5</b>
Non-current liabilities	0.1	0.1	0.1
Current liabilities	0.8	0.5	35.6
<b>Total</b>	<b>0.8</b>	<b>0.7</b>	<b>35.7</b>
Net sales	4.6	3.4	27.9
Expenses	-3.8	-3.6	-24.9
<b>Result before taxes</b>	<b>0.7</b>	<b>-0.2</b>	<b>3.0</b>
Income taxes	-0.2	0.0	-0.8
<b>Net result for the financial year</b>	<b>0.6</b>	<b>-0.2</b>	<b>2.3</b>
Dividends paid to TietoEvry	0.6	0.7	0.9
Average full-time personnel during the financial year	34	25	76



## 29. Related party transactions

Related parties of TietoEVRY include subsidiaries, joint ventures and key management of the company and their close family members. Key management includes the members of the Board of Directors, Leadership team and the President and CEO.

### ACCOUNTING POLICIES

Sales to and purchases from related parties are made on normal market terms and conditions and at market prices. There are no commitments or contingencies on behalf of related parties.

The transactions with related parties are presented below. More information on joint ventures is disclosed in [note 28](#) and subsidiaries are listed in [note 27](#). Information on management remuneration is disclosed in [note 8](#).

### Transactions and balances with joint ventures

EUR million	31 Dec 2022	31 Dec 2021
Sales	2.9	2.9
Other operating income	1.3	1.6
Purchases	1.3	2.1
Receivables	0.1	0.2
Liabilities including cash pool	4.1	5.0

## 30. Commitments and contingencies

The Group's commitments and contingencies mostly relate to lease guarantees and performance commitments.

### ACCOUNTING POLICIES

Commitments are disclosed when the Group has a contract where the existence of an obligation will be only confirmed in the future.

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. They can also include obligations that are not recognized in the statement of financial position because settlement is not probable or their amount cannot be measured reliably.

EUR million	31 Dec 2022	31 Dec 2021
<b>For TietoEVRY obligations</b>		
Mortgages	—	—
<b>Guarantees</b>		
Performance guarantees	81.7	91.6
Payment guarantees	0.5	0.3
Other	0.1	0.2
<b>Other TietoEVRY obligations</b>		
Lease commitments, not yet commenced	22.3	67.4
Other	0.6	0.6
<b>On behalf of third parties</b>		
<b>Guarantees</b>		
Performance guarantees	23.4	25.4

In addition to the above, TietoEVRY Oyj or other group companies have provided security on behalf of delivering Group company relating to some major contracts.

## 31. Events after the reporting period

On 12 January, TietoEVRY announced that Klaus Andersen has been appointed as CEO of TietoEVRY Banking effective 1 February 2023. Klaus Andersen will have the overall responsibility for the Banking business at TietoEVRY, including driving a successful outcome for the ongoing strategic review. In his role as CEO of TietoEVRY Banking, Klaus Andersen will report to Kimmo Alkio, CEO of TietoEVRY Group, and will become a member of the Group Executive Management Team.

On 31 January, TietoEVRY published the proposals of the Shareholders' Nomination Board to the Annual General Meeting 2023, including election and remuneration of the members of the Board of Directors. The Shareholders' Nomination Board proposes that the current members of the Board of Directors Tomas Franzén, Liselotte Hågertz Engstam, Harri-Pekka Kaukonen, Katharina Mosheim, and Endre Rangnes be reelected and Bertil Carlén, Elisabetta Castiglioni, Gustav Moss and Petter Söderström be elected as new members. Timo Ahopelto, Angela Mazza Teufer and Niko Pakalén have informed that they are not available for re-election.

In November 2022, TietoEVRY announced that the company is conducting a strategic review of its TietoEVRY Transform and TietoEVRY Connect as a combined business, including a potential sale or listing as a spin-off. On 13 February, TietoEVRY announced that Satu Kiiskinen has been appointed as Managing Director of the businesses to be called TietoEVRY Tech Services. TietoEVRY Tech Services is planned to be operational and report its financials, as a new reportable segment, from the second quarter of 2023. TietoEVRY Tech Services' Managing Director appointment becomes effective 1 April.

PARENT COMPANY'S FINANCIAL STATEMENTS (According to Finnish Accounting Standards)

# Income statement

EUR	Note	2022	2021
Net sales	<u>1</u>	179 909 870.30	189 578 776.56
Other operating income	<u>2</u>	32 856 634.87	71 785 655.83
Personnel expenses	<u>3</u>	-16 030 568.68	-15 031 276.18
Depreciation and impairment losses	<u>8, 9</u>	-25 098 781.42	-25 733 340.37
Other operating expenses	<u>4</u>	-226 355 490.51	-324 321 796.64
<b>Operating profit</b>		<b>-54 718 335.44</b>	<b>-103 721 980.80</b>
Financial income and expenses	<u>6</u>	2 411 659.49	18 401 547.19
<b>Profit before appropriations and taxes</b>		<b>-52 306 675.95</b>	<b>-85 320 433.61</b>
Appropriations			
Group contribution		85 200 000.00	101 450 000.00
<b>Profit before taxes</b>		<b>32 893 324.05</b>	<b>16 129 566.39</b>
Income taxes	<u>7</u>	-11 803 303.60	-15 060 370.04
<b>Net profit for the financial year</b>		<b>21 090 020.45</b>	<b>1 069 196.35</b>

# Balance Sheet

## Assets

EUR	Note	31 Dec 2022	31 Dec 2021
<b>Non-current assets</b>			
Intangible assets	<a href="#">8</a>	155 481 271.96	179 764 483.57
Tangible assets	<a href="#">9</a>	847 520.29	997 029.89
Investments	<a href="#">10</a>	2 335 915 021.23	2 339 345 203.31
<b>Total non-current assets</b>		<b>2 492 243 813.48</b>	<b>2 520 106 716.77</b>
<b>Current assets</b>			
Long-term receivables			
Receivables from Group companies	<a href="#">11</a>	2 507 111.29	49 963 581.34
Other receivables	<a href="#">11</a>	1 272 407.23	3 076 212.06
		<b>3 779 518.52</b>	<b>53 039 793.40</b>
Current receivables			
Accounts receivables	<a href="#">12</a>	7 999.14	83 969.46
Receivables from Group companies	<a href="#">12, 13</a>	235 250 688.44	265 292 666.11
Receivables from joint ventures	<a href="#">12, 13</a>	11 757.06	34 158.12
Other receivables	<a href="#">12</a>	11 410 838.76	4 053 197.00
Prepaid expenses and accrued income	<a href="#">13</a>	9 768 124.26	8 892 784.56
		<b>256 449 407.66</b>	<b>278 356 775.25</b>
Cash and cash equivalents		155 006 594.94	216 229 117.95
<b>Total current assets</b>		<b>415 235 521.12</b>	<b>547 625 686.60</b>
<b>Total assets</b>		<b>2 907 479 334.60</b>	<b>3 067 732 403.37</b>

## Shareholders' equity and liabilities

EUR	Note	31 Dec 2022	31 Dec 2021
<b>Shareholders' equity</b>			
Share capital	<a href="#">14</a>	76 555 412.00	76 555 412.00
Share issue premiums		13 791 579.51	13 791 579.51
Invested unrestricted equity reserve		1 207 617 299.52	1 207 617 299.52
Retained earnings		250 754 418.13	419 147 178.84
Net profit for the financial year		21 090 020.45	1 069 196.35
<b>Total equity</b>		<b>1 569 808 729.61</b>	<b>1 718 180 666.22</b>
Provisions			
	<a href="#">15</a>	1 061 707.65	1 581 645.91
<b>Liabilities</b>			
Non-current liabilities			
Bonds	<a href="#">16</a>	400 000 000.00	400 000 000.00
Loans	<a href="#">16</a>	226 507 692.30	319 584 615.38
Accrued liabilities and deferred income	<a href="#">16</a>	70 279.92	44 705.25
<b>Total non-current liabilities</b>		<b>626 577 972.22</b>	<b>719 629 320.63</b>
Current liabilities			
Accounts payables	<a href="#">17</a>	9 123 775.17	19 974 239.66
Liabilities to Group companies	<a href="#">17, 18</a>	591 363 599.28	577 336 540.64
Liabilities to joint ventures	<a href="#">17, 18</a>	4 132 506.81	5 096 656.74
Loans		93 076 923.08	13 076 923.08
Other current liabilities		2 328 410.56	1 757 969.91
Accrued liabilities and deferred income	<a href="#">18</a>	10 005 710.22	11 098 440.58
<b>Total current liabilities</b>		<b>710 030 925.12</b>	<b>628 340 770.61</b>
<b>Total liabilities</b>		<b>1 336 608 897.34</b>	<b>1 347 970 091.24</b>
<b>Total equity and liabilities</b>		<b>2 907 479 334.60</b>	<b>3 067 732 403.37</b>

# Statement of cash flow

EUR	2022	2021
<b>Cash flow from operating activities</b>		
Net loss before appropriations and taxes	-52 306 675.95	-85 320 433.61
Adjustments		
Depreciation, amortization and impairment losses	25 098 781.37	25 733 340.37
Net financial income	-2 411 659.49	-18 401 547.19
Profit on sale of subsidiaries	-198 743.08	-36 111 989.92
Other adjustments	—	-2 388 320.43
Other non-cash items	913 617.45	96 987 855.03
<b>Cash generated from operating activities before net working capital</b>	<b>-28 904 679.70</b>	<b>-19 501 095.75</b>
<b>Change in net working capital</b>		
Change in current receivables	13 702 680.37	8 482 365.74
Change in current non-interest bearing liabilities	2 272 892.70	-9 232 690.47
<b>Cash generated from operating activities</b>	<b>-12 929 106.63</b>	<b>-20 251 420.48</b>
Interest expenses and other financial expenses paid	-51 054 704.73	-35 108 062.09
Interest income received	29 131 676.90	30 397 232.18
Dividend received and equity refund	14 877 787.08	31 419 280.17
Income taxes paid	-20 584 994.11	-12 352 795.45
<b>Cash flow from operating activities</b>	<b>-40 559 341.49</b>	<b>-5 895 765.67</b>

EUR	2022	2021
<b>Cash flow from investing activities</b>		
Purchase of tangible and intangible assets	-666 060.16	-422 891.43
Acquisition of subsidiaries	-65 307.37	-3 057 822.20
Disposal of subsidiaries	2 366 224.68	154 094 585.51
Proceeds on liquidations of shares	—	3 040 447.58
Loans granted	-3 677 530.89	-14 332 556.52
Repayment of other loans	103 703 771.48	62 607 595.40
<b>Cash flow from investing activities</b>	<b>101 661 097.74</b>	<b>201 929 358.34</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-165 778 624.20	-156 312 002.88
Purchase of own shares	-3 683 332.86	-3 798 606.55
Repayments of long-term borrowings	-13 076 923.08	-145 800 000.00
Other short-term financing, net	1 902 695.51	-18 091 639.10
Change in intercompany cash pool, net	-43 138 094.63	98 333 829.79
Group contributions received	101 450 000.00	107 911 000.00
<b>Cash flow from financing activities</b>	<b>-122 324 279.26</b>	<b>-117 757 418.74</b>
<b>Change in cash and cash equivalents</b>	<b>-61 222 523.01</b>	<b>78 276 173.93</b>
Cash and cash equivalents at the beginning of period	216 229 117.95	137 952 944.02
Cash and cash equivalents at the end of period	155 006 594.94	216 229 117.95
	<b>-61 222 523.01</b>	<b>78 276 173.93</b>

# Notes to the parent company's financial statements (FAS)

## Parent company accounting principles

The financial statements of the Parent company TietoEVRY Corporation are prepared in accordance with Finnish Accounting Standards (FAS).

TietoEVRY Corporation (business identity code 0101138-5) is a Finnish public limited IT service and software company organized under the laws of Finland and domiciled in Espoo: Keilalahdentie 2-4, 02101 Espoo, Finland. The company is listed on NASDAQ in Helsinki and Stockholm and the Oslo Stock Exchange. The Board of Directors approved the financial statements on 14<sup>th</sup> February 2023. According to the Limited Liability Companies Act the shareholders have at the Annual General Meeting the right to approve, disapprove or change the financial statements after the publication.

## Foreign currency items

Foreign currency transactions are initially translated at the exchange rate prevailing on the transaction date. Foreign currency items at the end of the financial period are valued at the exchange rates on the balance sheet date. Foreign currency items are hedged using derivative contracts.

Exchange gains and losses on net financial liabilities are reported in the income statement under financial items, while other exchange gains or losses are included in operating profit. Gains and losses arising from revaluation of derivative contracts are, depending on their nature, reported either under financial items or operating profit.

## Net sales

Net sales include internal service fees and exchange rate differences from accounts receivables, less indirect taxes such as value added tax.

## Other operating income

Other operating income includes gain on sale of subsidiaries, gain on liquidation of joint venture, rental income and derivative exchange rate gains.

## Pension arrangements

The company's pension obligations are administered through pension insurance institutions. Pension obligations are fully covered.

## Financial instruments

The company applies the Finnish Accounting Act chapter 5 section 2a and records financial instruments initially at fair value.

See financial instruments accounting policies in the consolidated financial statements [note 22](#).

## Appropriations

Group contributions are included in appropriations.

## Valuation of fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method.

## The company applies the following economic lives:

	Years
Intangible assets (software)	3
Other capitalized expenditure	3–10
Trademark	6
Goodwill from operations	10
Buildings	25–40
Data processing equipment <sup>1)</sup>	3–5
Other machinery and equipment	5
Other tangible assets	5

<sup>1)</sup> Purchases of personal computers are expensed immediately.

## Income taxes

The income statement includes the company's income taxes based on taxable profit for the period according to local tax regulations as well as adjustments to prior year taxes. The information related to deferred tax items is included in the notes.

## 1. Net sales

EUR	2022	2021
Internal service fees	179 909 870.30	189 578 776.56
<b>Total</b>	<b>179 909 870.30</b>	<b>189 578 776.56</b>
Net sales by country	2022	2021
Finland	43 611 994.54	53 864 285.76
Sweden	49 808 301.70	64 833 984.09
Norway	57 735 574.94	45 177 186.76
Other	28 753 999.12	25 703 319.95
<b>Total</b>	<b>179 909 870.30</b>	<b>189 578 776.56</b>

## 2. Other operating income

EUR	2022	2021
Gain on sale of subsidiaries	199 693.61	36 111 989.92
Rental income	21 446 499.56	23 366 256.76
Gain on liquidation of joint venture	—	3 040 447.58
Other income	11 210 441.70	9 266 961.57
<b>Total</b>	<b>32 856 634.87</b>	<b>71 785 655.83</b>

Capital gain on sale of subsidiaries; see [note 26](#) in Notes to the consolidated financial statements.

## 3. Personnel expenses

EUR	2022	2021
Wages and salaries	12 887 110.65	12 630 837.81
Pension expenses	2 662 639.49	1 818 608.30
Other pay-related statutory social costs	480 818.54	581 830.07
<b>Total</b>	<b>16 030 568.68</b>	<b>15 031 276.18</b>

The parent company had an average of 98 employees during 2022 and 105 employees in 2021.

## 4. Other operating expenses

EUR	2022	2021
Information and communication technology	28 141 635.67	26 785 819.96
Internal service fees	134 857 732.68	137 493 025.25
Premises related costs	21 710 264.92	21 941 052.88
Professional services and marketing	17 540 936.76	22 250 204.74
Derivative exchange rate losses on other expenses	11 438 526.19	7 208 200.31
Merger loss	—	98 084 192.05
Other operating expenses	12 666 394.29	10 559 301.45
<b>Total</b>	<b>226 355 490.51</b>	<b>324 321 796.64</b>

### Fees to auditors

EUR	2022	2021
Audit fees	709 650.00	700 000.00
Audit related fees	84 080.00	100 000.00
Tax consultation	72 000.00	100 000.00
Other services	315 000.00	—
<b>Total</b>	<b>1 180 730.00</b>	<b>900 000.00</b>

## 5. Management remuneration

See [note 8](#) in Notes to the consolidated financial statements.



## 6. Financial income and expenses

EUR	2022	2021
Dividend income		
Dividend income from Group companies	13 895 416.25	27 160 474.47
Dividend income from joint ventures	532 924.57	1 255 125.92
Dividend income from other companies	256.26	98.18
	<b>14 428 597.08</b>	<b>28 415 698.57</b>
Other interest and financial income		
From Group companies	6 423 300.72	7 263 893.65
From other companies	49 678 352.80	40 838 966.13
	<b>56 101 653.52</b>	<b>48 102 859.78</b>
Investment write-downs	<b>-603 132.00</b>	—
Interest and other financing expenses		
To Group companies	-3 390 788.99	-880 201.89
To other companies	-64 124 670.12	-57 236 809.27
	<b>-67 515 459.11</b>	<b>-58 117 011.16</b>
<b>Total</b>	<b>2 411 659.49</b>	<b>18 401 547.19</b>

## 7. Income taxes

EUR	2022	2021
Taxes for the financial period / appropriations	17 040 000.00	20 290 000.00
Taxes for the financial period / regular operations	-9 474 378.78	-10 317 209.58
Taxes for the previous years	4 237 682.38	5 087 579.62
<b>Total</b>	<b>11 803 303.60</b>	<b>15 060 370.04</b>

## 8. Intangible assets

EUR	31 Dec 2022	31 Dec 2021
<b>Intangible rights</b>		
Acquisition cost, 1 Jan	24 249 592.04	24 249 592.04
<b>Acquisition cost, 31 Dec</b>	<b>24 249 592.04</b>	<b>24 249 592.04</b>
Accumulated amortization, 1 Jan	16 387 290.14	14 369 529.35
Amortization for the period	2 017 760.79	2 017 760.79
<b>Accumulated amortization, 31 Dec</b>	<b>18 405 050.93</b>	<b>16 387 290.14</b>
Book value, 31 Dec	5 844 541.11	7 862 301.90
<b>Goodwill</b>		
Acquisition cost, 1 Jan	212 149 583.27	212 149 583.27
<b>Acquisition cost, 31 Dec</b>	<b>212 149 583.27</b>	<b>212 149 583.27</b>
Accumulated amortization, 1 Jan	43 969 711.93	22 754 753.65
Amortization for the period	21 214 958.28	21 214 958.28
<b>Accumulated amortization, 31 Dec</b>	<b>65 184 670.21</b>	<b>43 969 711.93</b>
Book value, 31 Dec	146 964 913.06	168 179 871.34
<b>Other capitalized expenditures</b>		
Acquisition cost, 1 Jan	19 825 670.96	19 668 704.41
Additions	389 225.93	161 498.79
Disposals	—	-4 532.24
Reclassifications	-484.50	—
<b>Acquisition cost, 31 Dec</b>	<b>20 214 412.39</b>	<b>19 825 670.96</b>
Accumulated amortization, 1 Jan	16 103 360.63	14 595 158.58
Amortization for the period	1 439 233.97	1 508 202.05
<b>Accumulated amortization, 31 Dec</b>	<b>17 542 594.60</b>	<b>16 103 360.63</b>
Book value, 31 Dec	2 671 817.79	3 722 310.33
<b>Total</b>	<b>155 481 271.96</b>	<b>179 764 483.57</b>

## 9. Tangible assets

EUR	31 Dec 2022	31 Dec 2021
<b>Land</b>		
Acquisition cost, 1 Jan	60 270.13	60 270.13
<b>Acquisition cost, 31 Dec</b>	<b>60 270.13</b>	<b>60 270.13</b>
<b>Machinery and equipment</b>		
Acquisition cost, 1 Jan	33 587 323.10	33 332 668.61
Additions	276 834.23	261 392.63
Disposals	—	-6 738.14
Reclassifications	484.50	—
<b>Acquisition cost, 31 Dec</b>	<b>33 864 641.83</b>	<b>33 587 323.10</b>
Accumulated depreciation, 1 Jan	32 687 933.64	31 695 514.40
Depreciation for the period	426 828.33	992 419.24
<b>Accumulated depreciation, 31 Dec</b>	<b>33 114 761.97</b>	<b>32 687 933.64</b>
Book value, 31 Dec	749 879.86	899 389.46
<b>Other tangible assets</b>		
Acquisition cost, 1 Jan	37 370.30	37 370.30
<b>Acquisition cost, 31 Dec</b>	<b>37 370.30</b>	<b>37 370.30</b>
Book value, 31 Dec	37 370.30	37 370.30
<b>Total</b>	<b>847 520.29</b>	<b>997 029.89</b>

## 10. Investments

EUR	31 Dec 2022	31 Dec 2021
<b>Subsidiary shares</b>		
Acquisition cost, 1 Jan	2 335 769 623.87	2 550 302 170.91
Additions	65 307.37	6 797 822.20
Disposals	-2 892 357.45	-221 330 369.24
Reclassifications	802 239.50	—
Impairment	-603 132.00	—
<b>Acquisition cost, 31 Dec</b>	<b>2 333 141 681.29</b>	<b>2 335 769 623.87</b>
Book value, 31 Dec	2 333 141 681.29	2 335 769 623.87
<b>Shares in joint ventures</b>		
Acquisition cost, 1 Jan	3 422 133.10	3 422 133.10
Reclassifications	-802 239.50	—
<b>Acquisition cost, 31 Dec</b>	<b>2 619 893.60</b>	<b>3 422 133.10</b>
Book value, 31 Dec	2 619 893.60	3 422 133.10
<b>Other shares and interests</b>		
Acquisition cost, 1 Jan	153 446.34	153 446.34
<b>Acquisition cost, 31 Dec</b>	<b>153 446.34</b>	<b>153 446.34</b>
Book value, 31 Dec	153 446.34	153 446.34
<b>Total</b>	<b>2 335 915 021.23</b>	<b>2 339 345 203.31</b>

### Subsidiary shares

See [note 27](#) in Notes to the consolidated financial statements.

### Joint ventures owned and managed by the parent company

See [note 28](#) in Notes to the consolidated financial statements.

## 11. Long-term receivables

EUR	31 Dec 2022	31 Dec 2021
Loan receivables from Group companies		
Subordinated loan	—	41 267 084.88
Other loan receivables	2 507 111.29	8 696 496.46
Other receivables	1 272 407.23	3 076 212.06
<b>Total</b>	<b>3 779 518.52</b>	<b>53 039 793.40</b>

## 12. Current receivables

EUR	31 Dec 2022	31 Dec 2021
Receivables from Group companies		
Accounts receivable	13 382 546.86	26 504 165.82
Loan receivables	101 516 969.93	130 837 889.40
Other receivables	930 644.34	98 089.66
Group contribution receivables	85 200 000.00	101 450 000.00
Prepaid expenses and accrued income	34 220 527.31	6 402 521.23
<b>Total</b>	<b>235 250 688.44</b>	<b>265 292 666.11</b>
Receivables from joint ventures		
Accounts receivable	11 757.06	34 158.12
<b>Total</b>	<b>11 757.06</b>	<b>34 158.12</b>
Receivables from other companies		
Accounts receivable	7 999.14	83 969.46
Tax receivable	7 038 202.02	—
Other receivables	4 372 636.74	4 053 197.00
<b>Total</b>	<b>11 418 837.90</b>	<b>4 137 166.46</b>

### 13. Prepaid expenses and accrued income

EUR	31 Dec 2022	31 Dec 2021
Prepaid expenses and accrued income from Group companies		
Other	34 220 527.31	6 402 521.23
Prepaid expenses and accrued income from other companies		
Licence fees	6 546 933.82	6 427 756.85
Rents	2 290.12	353.34
Social costs	23 393.88	29 464.42
Bond discount and issue costs	1 214 000.23	1 200 023.09
Other	1 981 506.21	1 235 186.86
	<b>9 768 124.26</b>	<b>8 892 784.56</b>
<b>Total</b>	<b>43 988 651.57</b>	<b>15 295 305.79</b>

### 14. Changes in shareholders' equity

EUR	31 Dec 2022	31 Dec 2021
<b>Restricted equity</b>		
Share capital, 1 Jan	76 555 412.00	76 555 412.00
<b>Share capital, 31 Dec</b>	<b>76 555 412.00</b>	<b>76 555 412.00</b>
Share issue premiums, 1 Jan	13 791 579.51	13 791 579.51
<b>Share issue premiums, 31 Dec</b>	<b>13 791 579.51</b>	<b>13 791 579.51</b>
<b>Restricted equity total</b>	<b>90 346 991.51</b>	<b>90 346 991.51</b>
<b>Unrestricted equity</b>		
Invested unrestricted equity reserve, 1 Jan	1 207 617 299.52	1 207 617 299.52
<b>Invested unrestricted equity reserve, 31 Dec</b>	<b>1 207 617 299.52</b>	<b>1 207 617 299.52</b>
Retained earnings, 1 Jan	420 216 375.19	579 257 788.27 <sup>1)</sup>
Purchase of own shares	-3 683 332.86	-3 798 606.55
Dividend distributions	-165 778 624.20	-156 312 002.88
<b>Retained earnings, 31 Dec</b>	<b>250 754 418.13</b>	<b>419 147 178.84</b>
Net profit for the financial year	21 090 020.45	1 069 196.35
<b>Unrestricted equity total</b>	<b>1 479 461 738.10</b>	<b>1 627 833 674.71</b>
<b>Shareholders' equity, total</b>	<b>1 569 808 729.61</b>	<b>1 718 180 666.22</b>
<b>Distributable funds</b>		
Invested unrestricted equity reserve	1 207 617 299.52	1 207 617 299.52
Retained earnings	250 754 418.13	419 147 178.84
Net profit for the financial year	21 090 020.45	1 069 196.35
<b>Total</b>	<b>1 479 461 738.10</b>	<b>1 627 833 674.71</b>
<b>Breakdown of the parent's share capital</b>		
Number of shares	118 425 771	118 425 771
Euros	76 555 412.00	76 555 412.00

<sup>1)</sup> The accrued cash liability 31 December 2021 (EUR 652 127.15) of the share-based incentive plans has been adjusted by crediting the company's retained earnings.

## 15. Provisions

EUR	31 Dec 2022	31 Dec 2021
Restructuring commitments	205 029.46	710 030.73
Other provisions	856 678.19	871 615.18
<b>Total</b>	<b>1 061 707.65</b>	<b>1 581 645.91</b>

## 16. Non-Current liabilities

EUR	31 Dec 2022	31 Dec 2021
Bonds	400 000 000.00	400 000 000.00
Loans	226 507 692.30	319 584 615.38
Accrued liabilities and deferred income	70 279.92	44 705.25
<b>Total</b>	<b>626 577 972.22</b>	<b>719 629 320.63</b>

Fair value of bonds has been calculated based on prevailing market rate at the reporting date and as of 31 Dec 2022 it was EUR 378 785 000 (EUR 415 774 000 in 2021).

## 17. Current liabilities

EUR	31 Dec 2022	31 Dec 2021
<b>Liabilities to Group companies</b>		
Accounts payable	12 300 548.01	11 058 522.50
Other liabilities including cash pool	544 713 253.93	561 039 176.06
Accrued liabilities and deferred income	34 349 797.34	5 238 842.08
	<b>591 363 599.28</b>	<b>577 336 540.64</b>
<b>Liabilities to joint ventures</b>		
Accounts payable	745.49	1 397.17
Other liabilities including cash pool	4 131 761.32	5 095 259.57
	<b>4 132 506.81</b>	<b>5 096 656.74</b>
<b>Liabilities to other companies</b>		
Accounts payable	9 123 775.17	19 974 239.66
Loans	93 076 923.08	13 076 923.08
Other current liabilities	2 328 410.56	1 757 969.91
Accrued liabilities and deferred income	10 005 710.22	11 098 440.58
	<b>114 534 819.03</b>	<b>45 907 573.23</b>
<b>Total</b>	<b>710 030 925.12</b>	<b>628 340 770.61</b>

Loans and receivables and financial liabilities are held at amortized cost using the effective interest rate method. Their carrying amounts are considered to approximate their fair value, except for the fixed rate bond where carrying amount has not been adjusted to match the fair value.

## 18. Accrued liabilities and deferred income

EUR	31 Dec 2022	31 Dec 2021
Accrued liabilities and deferred income from Group companies		
Service fee	34 344 946.02	5 238 544.39
Interest	4 851.32	297.69
	<b>34 349 797.34</b>	<b>5 238 842.08</b>
Accrued liabilities and deferred income from other companies		
Vacation pay and related social costs	1 678 748.85	1 661 185.12
Other accrued payroll and related social costs	2 446 083.06	1 835 728.76
Other social costs	267 297.55	276 832.09
Interest	4 317 255.86	3 800 204.34
Rents	325 673.16	604 315.56
Taxes	—	1 743 488.49
Other	970 651.74	1 176 686.22
	<b>10 005 710.22</b>	<b>11 098 440.58</b>
<b>Total</b>	<b>44 355 507.56</b>	<b>16 337 282.66</b>

## 19. Deferred tax assets and liabilities

EUR	31 Dec 2022	31 Dec 2021
Deferred tax assets		
From temporary differences	755 604.48	1 934 798.45
From appropriations	90 401.43	425 507.64
<b>Total</b>	<b>846 005.91</b>	<b>2 360 306.09</b>
Deferred tax liabilities		
From temporary differences	52 824.10	4 659 503.31
<b>Total</b>	<b>52 824.10</b>	<b>4 659 503.31</b>

Deferred tax items are not included in the balance sheet.

## 20. Contingent liabilities

EUR	31 Dec 2022	31 Dec 2021
On behalf of Group companies		
Guarantees	127 985 836.34	135 514 842.90
Other TietoEVRY obligations		
Rent commitments due in 2023 (2022)	9 448 124.97	13 390 201.16
Rent commitments due later	25 415 631.32	34 872 741.37
Lease commitments due in 2023 (2022) <sup>1)</sup>	310 373.33	331 089.00
Lease commitments due later <sup>1)</sup>	359 277.65	418 196.00
On behalf of Third parties		
Guarantees	23 377 510.83	25 381 206.19

<sup>1)</sup> Lease commitments are principally three-year lease agreements that do not include buyout clauses.

In addition to the above mentioned contingent liabilities, parent company has provided security on behalf of delivering Group company relating to some major contracts



## 21. Derivatives

### Nominal amounts of derivatives

Includes the gross amount of all nominal values for contracts that have not yet been settled or closed. The amount of nominal value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts.

EUR	31 Dec 2022	31 Dec 2021
Foreign exchange forward contracts	555 880 076.06	559 538 204.20
Interest rate swaps	40 000 000.00	—

### Fair values of derivatives

Foreign exchange derivatives' fair values are calculated according to foreign exchange and interest rates on the closing date.

The net fair values of derivative financial instruments at the balance sheet date	31 Dec 2022	31 Dec 2021
Foreign exchange forward contracts	-601 987.54	234 108.04
Interest rate swaps	6 354.00	—

Derivatives are used for economic purposes only.

Gross positive fair values of derivatives	31 Dec 2022	31 Dec 2021
Foreign exchange forward contracts	4 458 629.36	4 138 215.08
Interest rate swaps	2 860 052.00	—

Gross negative fair values of derivatives	31 Dec 2022	31 Dec 2021
Foreign exchange forward contracts	-5 060 616.87	-3 904 106.99
Interest rate swaps	-2 853 698.00	—

### Fair value measurement of financial assets and liabilities

See [note 22](#) in Notes to the consolidated financial statements.

## 22. Management of financial risks

The operative management of the treasury activities of TietoEvry is centralized into Group Treasury, which is operated from Parent company. The Group Treasury is responsible for managing the Group's financial risk position and maintaining adequate liquidity. The Treasury Policy, which has been approved by the Board of Directors, defines the principles for measuring and managing liquidity risk, interest rate risk, foreign exchange risks and counterparty risk of the Group. The Treasury Policy also defines the division of responsibilities with regard to financial risk management. The Group reviews and monitors financial risks on a regular basis.

Financial risks are assessed, measured and managed on a Group level. See [note 18](#) in Notes to the consolidated financial statements.

## DIVIDEND PROPOSAL, SIGNATURES FOR THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS AND AUDITOR'S NOTE

### Dividend proposal

Distributable funds in the parent company	1 479 461 738.10
of which net profit for the current year	21 090 020.45

The Board of Directors proposes that the retained earnings of EUR 271 844 438.58 shall be used as follows:  
a total dividend of EUR 1.45 per share to be paid to shareholders

171 699 289.35

the remainder be carried forward

100 145 149.23

In the opinion of the Board of Directors the proposed dividend distribution does not endanger the solvency of the company.

### Signatures for the Financial statements and Board of Directors' report Espoo, 14 February 2023

**Tomas Franzén**  
Chairperson

**Timo Ahopelto**  
Deputy Chairperson

**Liselotte Högertz Engstam**

**Harri-Pekka Kaukonen**

**Angela Mazza Teufer**

**Katharina Mosheim**

**Niko Pakalén**

**Endre Rangnes**

**Robert Spinelli**

**Ilpo Waljus**

**Kimmo Alkio**  
President and CEO

### The Auditor's Note

Our auditors' report has been issued today.  
Espoo, 14 February 2023

Deloitte Oy  
Audit Firm

**Jukka Vattulainen**  
Authorised Public Accountant (KHT)

## AUDITOR'S REPORT (Unofficial translation of the Finnish original)

### To the Annual General Meeting of TietoEVRY Oyj

#### Report on the Audit of Financial Statements

##### Opinion

We have audited the financial statements of TietoEVRY Oyj (business identity code 0101138-5) for the year ended 31 December, 2022. The financial statements comprise the consolidated income statement, statement of comprehensive income, financial position, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies, as well as the parent company's income statement, balance sheet, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU,
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

##### Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014.

The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Refer to accounting policies for the consolidated financial statements and notes 5 and 6.</p> <p>Consolidated Net Sales of TietoEVRY Oyj amounted to EUR 2 928,1 (2 823,4) million. The Net Sales consist mostly of continuous services, software solutions and consulting. In addition to this, the Company has fixed-price projects.</p> <p>Revenue from service contracts, software solutions and consulting is based on service volumes or time and materials; and the performance obligations are recognized over the accounting period in which the services are rendered. For contracts comprising fixed-price projects, revenue is recognized based on the actual service provided by the reporting date as a proportion of the total services to be provided.</p> <p>We identified as a specific risk of error and fraud in respect of improper revenue recognition given the nature of the Group's services, as follows:</p> <ul style="list-style-type: none"> <li>Improper revenue recognition in manually recorded exceptional revenue transactions.</li> </ul> <p>Revenue recognition due to its significance require specific attention both from the accounting and the auditing perspective. In addition, management applies judgement when considering revenue recognition for fixed-price projects.</p>	<p>We evaluated the IT systems used for recognizing revenue by testing access and change management controls. We also evaluated process level controls by performing walkthroughs of each significant class of revenue transactions, assessed the design of key controls and tested the operating effectiveness of those controls.</p> <p>Our substantive audit procedures to address the identified risk relating to revenue from services consisted among others, performing transactional testing procedures to validate the recognition of revenue throughout the year as well as year-end.</p> <p>Our substantive audit procedures to address the risk of inappropriate accounting for projects were focused on judgements used by management in project estimates.</p> <p>We selected a sample of contracts based on quantitative and qualitative criteria and performed the following:</p> <ul style="list-style-type: none"> <li>We performed interviews with project managers and financial controllers to assess the estimates on projects' status and estimated costs and income;</li> <li>Ensured that the revenue recognition method applied was appropriate based on the terms of the arrangement;</li> <li>Agreed project revenue estimate against the sales agreement, including contract amendments;</li> <li>Tested the accuracy of the cost estimate by taking a sample of cost components and traced those to supporting documentation; and</li> <li>Recalculated the revenue based on percentage of completion of the fixed price projects. We assessed the appropriateness of the percentage of completion by comparing actual costs from the Company's accounting records to the estimated total costs of the project.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment testing of Goodwill</b></p> <p>Refer to Note 11 in the consolidated financial statements.</p> <p>Consolidated financial statements includes goodwill of EUR 1 846,5 (1 943,7 million) million. Goodwill is measured at cost less accumulated impairment losses.</p> <p>Goodwill is subject to annual impairment test. For testing purposes goodwill is allocated to cash-generating units. As a result of management’s goodwill impairment test, no impairment was identified.</p> <p>Goodwill impairment testing requires substantial management judgment over the projected future business performance, cash flows and applied discount rate.</p> <p>Note 11 in the consolidated financial statements describes key assumptions used by management in the impairment test and related sensitivity analysis.</p>	<p>We have performed audit procedures on impairment testing prepared by management relating to material cash generating units and assessed key controls over management’s goodwill impairment testing.</p> <p>The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. Cash flows used in these calculations are based on five-year financial plans defined by group management.</p> <p>We have assessed the key assumptions used by management in the impairment test for cash generating units:</p> <ul style="list-style-type: none"> <li>• comparing the growth and profitability estimates to historical performance.</li> <li>• comparing the estimates with the latest approved budgets and strategic plans.</li> <li>• involving our valuation specialists to verify that the discount rates and the long-term growth rates are consistent with observable market data.</li> <li>• validated the mathematical accuracy of the impairment calculations.</li> </ul> <p>We have also assessed the related disclosure information.</p>
<p>We have no key audit matters to report with respect to our audit of the parent company financial statements. There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the group financial statements and the parent company financial statements.</p>	

**Responsibilities of the Board of Directors and the President and CEO for the financial statements**

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and CEO are responsible for assessing the parent company’s and the group’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

**Auditor’s responsibilities in the audit of financial statements**

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Other Reporting Requirements

### Information on our audit engagement

We have been acting as TietoEVRY's auditors a total period of uninterrupted engagement of 5 years since 2018.

### Other information

The Board of Directors and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our report thereon. We have obtained the report of the Board of Directors prior to the date of the auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Espoo, 14 February 2023

Deloitte Oy

Audit Firm

Jukka Vattulainen

Authorised Public Accountant (KHT)

(Translation of the Finnish Original)

## Independent auditor's report on the ESEF consolidated financial statements of TietoEVRY Oyj

### To the Board of Directors of TietoEVRY Oyj

We have performed a reasonable assurance engagement on whether the iXBRL tagging of the consolidated financial statements in the ESEF consolidated financial statements (549300EW2KM4KROKQV31-2022-12-31-en.zip) of TietoEVRY Oyj (0101138-5) for the financial year 1.1.-31.12.2022 has been prepared in accordance with the requirements of Article 4 of Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

#### Responsibilities of the board of directors and the Group CEO

The Board of Directors and the Group CEO are responsible for the preparation of the report of the Board of Directors and financial statements (ESEF financial statements) that comply with the requirements of ESEF RTS. This responsibility includes:

- preparation of ESEF financial statements in XHTML format in accordance with Article 3 of ESEF RTS
- tagging the consolidated financial statements' primary statements, disclosures and identifying information in the ESEF financial statements with iXBRL tags in accordance with Article 4 of ESEF RTS, and
- ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and the Group CEO are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of ESEF RTS.

#### Auditor's independence and quality control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Management 1 and, accordingly, an audit firm shall design, implement, and maintain a system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### Auditor's responsibilities

In accordance with the engagement letter, we express an opinion on whether the tagging of the consolidated financial statements in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the consolidated financial statements' primary statements in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS
- whether the tagging of the consolidated financial statements' disclosures and identifying information in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS, and
- whether the ESEF financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgment. This includes the assessment of risk of material departures from the requirements set out in ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the tagging of the consolidated financial statements in the ESEF financial statements (549300EW2KM4KROKQV31-2022-12-31-en.zip) of TietoEVRY Oyj for the financial year 1.1.-31.12.2022 has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS.

Our audit opinion on the consolidated financial statements of TietoEVRY Oyj for the financial year 1.1.-31.12.2022 has been expressed in our auditor's report dated 14 February 2023. In this report, we do not express an audit opinion or any other assurance conclusion on the consolidated financial statements.

Espoo, 14<sup>th</sup> February 2023

Deloitte Oy

Audit Firm

Jukka Vattulainen

APA

# 05

## Sustainability notes

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235 Independent assurance report

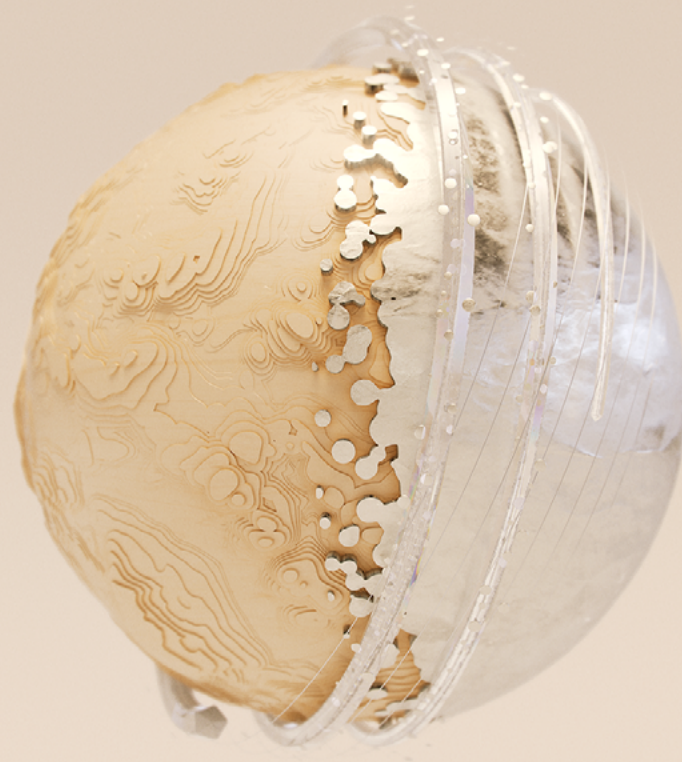
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237 Appendix: Sustainability metrics

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240 GRI Content index table

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# About our sustainability report

## Scope

The non-financial data and information included in our Annual Report 2022 describes our sustainability efforts across our value chain, ranging from our purchasing activities to the use of our services and products. The disclosures focus on the sustainability topics that are most material regarding our economic, social and environmental impact.

The sustainability disclosures in this year's report include the Parent company TietoEVRY Corporation and all subsidiaries over which the Parent company has direct or indirect control, unless otherwise stated.

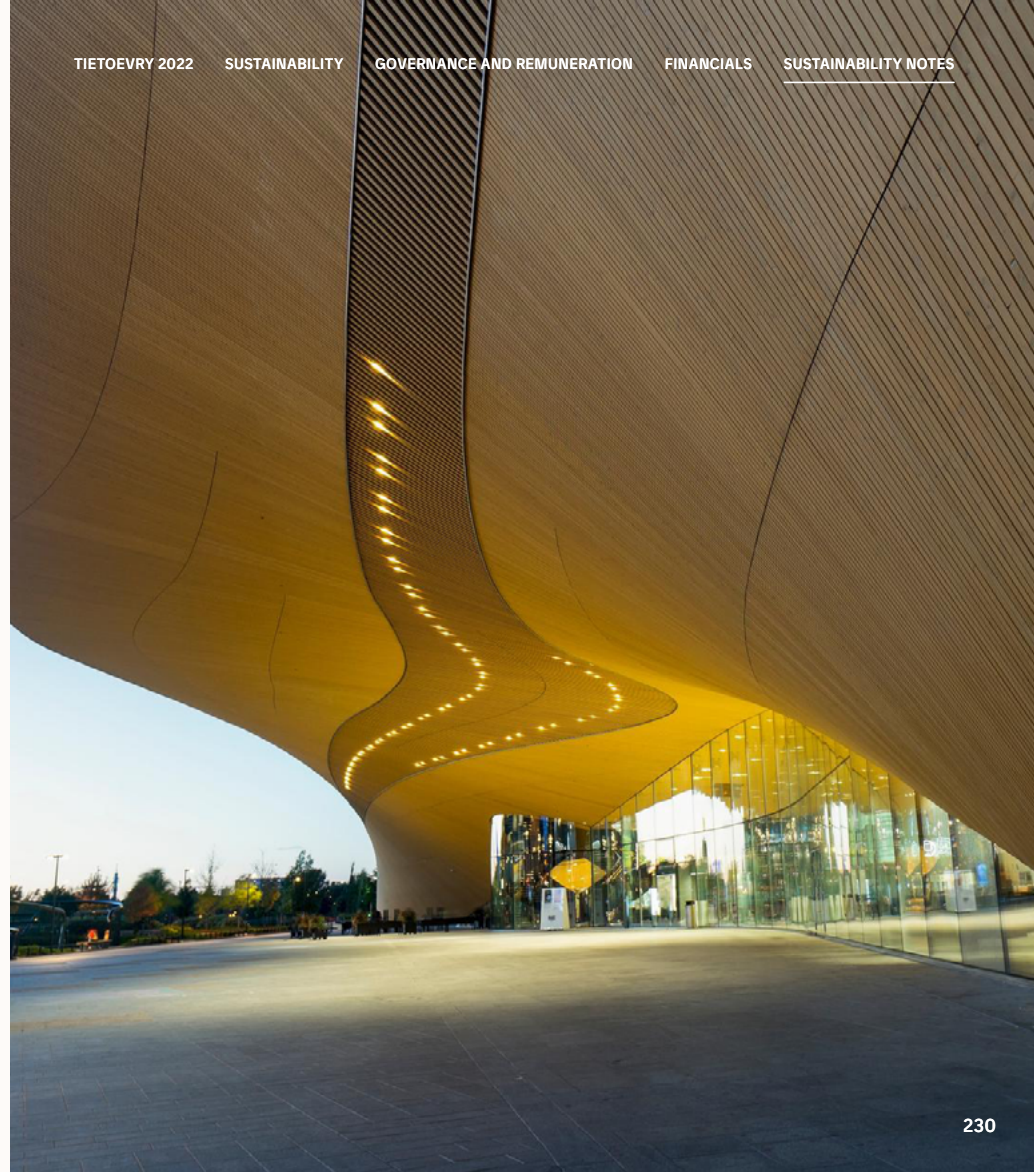
Greenhouse gas emission data does not cover TietoEVRY's Norwegian subsidiary Bekk Consulting AS (Bekk) (around 400 employees).

Circularity data covers Nordics and EU operating countries. The figures used in this report concern the operations of TietoEVRY Europe and our main regional partner, covering approximately 75% of the estimated total volume of laptops. The

reported data is based on the returned devices from TietoEVRY's internal or customer use. The circularity % is calculated as a sum of reused and recycled devices.

Code of Conduct-, GDPR- and Security e-learning training data does not cover subsidiaries Avega and Bekk, due to those entities not being integrated in TietoEVRY's Learning Managing System (LMS). Security training data does not cover Infopulse due to the same reason, while employees in this entity have access to a separate Security training outside the LMS.

Unless otherwise stated, our workforce related figures are based on GRI Standards and numbers are based on head count at the end of the reporting period. Workforce data for 2020 does not cover the subsidiaries Avega and Bekk. Workforce data for 2021 does not cover Avega, except for data related to the Board of Directors and disclosure 401-1 New employee hires and employee turnover. Data on Senior management by gender does not cover the subsidiaries







Avega, Bekk, EVRY India and Infopulse for 2020 and 2021. The data sources are company systems that provide data on full-time, part-time, permanent and temporary employees. As Infopulse, Bekk and Avega use external systems, data has been transferred via e-mail and Excel in those cases.

Unless otherwise stated, all information and data pertain to activities from 1 January to 31 December 2022. The regional data is divided between HR and financial data due to system restrictions.

### Carbon accounting methodology

Energy and emission calculations follow the Greenhouse Gas Protocol, and emissions are reported as CO<sub>2</sub> equivalents (CO<sub>2</sub>e). The electricity-emission factors are based on national gross electricity production mixes (annual statistics) from the International Energy Agency's statistics (IEA stat). Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics. The scope 2 market-based calculations are determined by the purchased Guarantees of origin (GoO)/ Renewable Energy Certificates (REC). When acquiring GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which have an emission factor of 0 grams CO<sub>2</sub>e per kWh. However, for electricity without certificates, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold.

The emission factors used for European residual mixes are provided by AIB (2022) and European Residual Mixes 2021. Country-specific IEA emission factors are used for non-EU countries. Purchased renewable district-heating and cooling products are counted as zero emissions, according to the scope 2 market-based method. The base year for the scope 1 and 2 GHG calculations is 2020. The base year for scope 3 business travel GHG calculations is 2019. In the report, the metric ton/ UK tonne equivalent to 1,000 kilograms is stated solely as a ton.

In order to meet future reporting requirements and to align our reporting with our Science Based Targets, TietoEvry started to report scope 3 emissions more extensively and added four categories into reporting in 2022: Purchased goods and services, Fuel- and energy related activities, Employee commuting and Use of sold products. The base year for scope 3 GHG emission calculations in these categories are thus 2022. During 2022 a relevance assessment for scope 3 categories were conducted and categories relevant for TietoEvry were identified. Improvements of the accuracy of scope 3 emission category reporting will continue over time and be expanded to include more categories as adequate data becomes available. Currently, some categories like upstream capital goods as well as transportation and distribution are included into category one Purchased goods and services. According to the assessment carried out in 2022, the following categories were identified as not relevant to



report separately for TietoEVRY; Downstream: Downstream transportation and distribution, Processing of sold products, End-of-life treatment of sold products, Leased assets, Franchises and Investments.

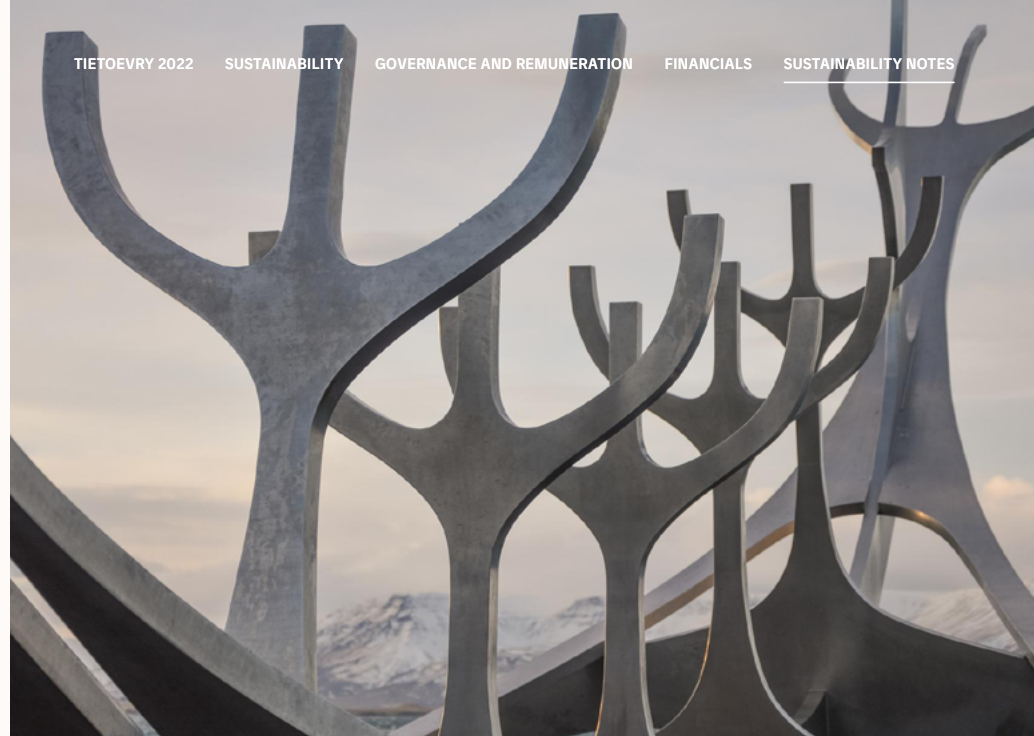
**Purchased goods and services:** TietoEVRY's company-wide spend data has been used to identify purchase categories and GHG emissions. Emission factors used in calculations come from Department for Environment, Food and Rural Affairs (DEFRA), 2014, and are based on input-output model that links monetary accounts with GHG emissions of different sectors of the economy. The emission factors cover all GHG and are expressed in CO<sub>2</sub>- equivalents. The Global Warming Potential (GWP) of factors used is 100 years GWP and comes from the Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report.

The Science Based Target calculation was conducted for two different scopes covering 70% and 100% with following methodology. The spend per supplier and spend category was listed from full year 2022 (excluding the suppliers already covered in other GHG categories). The CO<sub>2</sub>e emissions per supplier were calculated by applying DEFRA's multipliers. For the TietoEVRY's spend category "Other" the same emission factor as for hardware category was used. In 70% scope suppliers covering 70% of emissions were counted and in 100% scope all suppliers included (except the ones reported in other GHG categories). Supplier SBT status was checked from SBT organization webpage.

**Fuel-and-energy-related activities (not included in Scope 1 or 2):** These are upstream scope 3 emissions from the reported fuel and electricity consumption in scope 1 and 2. The data source is identical to the data sources in scope 1 and 2 and the source for the emission factors is The Department of Environment, Food and Rural Affairs, DEFRA 2022. The Global Warming Potential (GWP) of factors used is 100 years GWP and comes from the Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report.

**Waste generated in operations:** The activity data is provided by the waste management supplier or property manager. Waste type-specific and waste treatment-specific emission factors have been used in the calculations. Recycled waste fractions include only a small transport component (collection of waste). The source for the emission factors is The Department of Environment, Food and Rural Affairs, DEFRA 2022. The Global Warming Potential (GWP) of factors used is 100 years GWP and comes from the Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report.

**Business travel:** The emission factors represent kgCO<sub>2</sub>e emitted per kilometer or passenger kilometer for each mode of transport. Emissions from business travel by air are reported by TietoEVRY's travel agency. Mileage allowance (car) is calculated using the emission factor for mileage allowance, reference DEFRA 2022. The Global Warming Potential (GWP) of factors



Our sustainability report is prepared in accordance with the GRI Standards.





used is 100 years GWP and comes from the Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report.

**Employee commuting:** Emissions related to commuting are based on actual commuting to work as well as homeworking. Homeworking emissions is calculated based on the number of full-time employees, working hours per day, and days at the home office. This is then multiplied by an estimation of average W for lighting (10W) and electricity (140W) required for working from home. After this, the result is divided by 1000 and the result will be the total amount of kWh for the home office. The kWh is converted into tCO<sub>2</sub>e by using country-specific emission factors. The source of emission factors used in the calculation is International Energy Agency (IEA), 2022 for homeworking and DEFRA 2022 for mode of transport. The emissions are from a life cycle emission perspective, and the Global Warming Potential (GWP) of factors used is 100 years GWP and comes from the Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report.

**Upstream leased assets:** Scope 1 and Scope 2 emissions according to market-based method from outsourced data centers. The emission factors used in the calculation come from Scope 1 - DEFRA 2022 and Scope 2 - AIB (2022), European Residual Mixes 2021. The emissions are from a life cycle emission perspective and the Global Warming Potential (GWP) of factors used is 100 years GWP and comes from the

Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report.

**Use of sold products:** Calculations include quantities of products sold per country, electricity consumption per use of product per year and the expected lifetime of the product. The emission factor applied is country specific (location-based) and from a life cycle perspective. Example of sold products are pc, laptops, monitors, servers etc. The emission factors used in calculation come from International Energy Agency, IEA (2022).

#### Re-statement of information

With regards to Disclosure 401-1, and specifically the rate of new employee hires and employee turnover during the reporting period by region (country), a restatement of information is made due to a change of measurement methodology. This is applied for data covering 2021 and 2022 and the change will yield more meaningful results, including better comparability over time. In the report for 2020 the share of each country in terms of new hires and terminations were reported out of the total number of employees for Tietoevry. In the sustainability report 2022 the percentage of new hires and turnover in relation to the total number of employees within a particular country is reported for 2021 and 2022. However, the figures for 2020 are not re-stated due to non-availability of data and are thus not comparable.

With regards to disclosure 7.1 Ratio female and male employees, data has been re-stated for 2020 and 2021 to only include permanent employees. Data for 2022 is based on the same scope.

Additional changes in Tietoevry sustainability report 2022 relate to changes in disclosures as compared to 2021 report and are the following:

Former Tietoevry disclosure 3.2 Completion level of both GDPR and Security training has been split and is now reported in two disclosures: Tietoevry 3.1. Completion level of GDPR training and Tietoevry 3.2. Completion level of Security training.

Tietoevry disclosure 4.6 has been changed from "Percentage of suppliers having a public, absolute greenhouse gas emission target to Percentage of suppliers having Science Based Targets, as a consequence of Tietoevry's implementation plan of it's Science Based targets commitments.

Tietoevry disclosure 5.4 Ton CO<sub>2</sub> avoided by customers through use of IT services provided by Tietoevry is not included in this year's sustainability report due to methodology updates of the calculation model. Data will be reported in future reports when the new methodology has been implemented.

### Reporting framework and UN Global Compact Communication on Progress (CoP)

Our sustainability report for 2022 is prepared in accordance with the GRI Standards.

Tietoevry has signed the UN Global Compact (UNGC), which means that we commit to implementing the ten principles for sustainable business. Tietoevry's annual - and sustainability reports are designed to outline how Tietoevry align strategy and operations with the UNGC's principles. In the GRI-index, page 100, references to the principles can be found.

Tietoevry supports the UN's Sustainable Development Goals and we have analyzed our impact on them with the help of "principled prioritization". This means that we have aligned our corporate strategy, efforts and allocated resources that reflect our significant impacts assessed as a part of our materiality analysis. References to which global goals we actively work with can be found in the sustainability dashboard.

### Legislation on non-financial reporting

Information about the companies within the Tietoevry Group that are covered by the legislation are included in the non-financial information in the Board of Directors' report. Tietoevry's Board of Directors reviews the non-financial information.

### External assurance

An independent third party, Deloitte Oy, has provided limited assurance on the sustainability information disclosed in Tietoevry's Annual Report 2022. The scope of the assured information is indicated in the independent practitioner's assurance report as well as in the GRI content index. In our view, a third-party independent assurance increases transparency, helps us to improve, and is key to delivering a high-quality report.

### Publication

Our combined annual and sustainability report 2022 was published on 1 March 2023.

### Sustainability contacts

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# Independent limited assurance report

## To the Management of Tietoevry Oyj

We have been engaged by the management of Tietoevry Oyj (business identity code 0101138-5, hereinafter also the Company) to provide a limited assurance on the selected sustainability disclosures (hereinafter Sustainability Information) in the Tietoevry Annual Report 2022 for the reporting period of January 1, 2022 to December 31, 2022. The assured information is indicated in the Company's GRI Content Index 2022.

## Management's responsibility

The Management of Tietoevry is responsible for the preparation of the Sustainability Information in accordance with the Reporting criteria as set out in the Company's reporting instructions and the GRI Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter also the Reporting criteria). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Sustainability Information that are free from

material misstatement, whether due to fraud or error, selecting and applying appropriate criteria and making estimates that are reasonable in the circumstances.

## Assurance provider's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on our engagement. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).

ISAE 3000 standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Sustainability Information has not been prepared, in all material respects, in accordance with the Reporting criteria.

We did not perform any assurance procedures on the prospective information, such as targets,

expectations and ambitions, disclosed in the Sustainability Information. Consequently, we draw no conclusion on the prospective information. Our assurance report is made in accordance with the terms of our engagement with Tietoevry. We do not accept or assume responsibility to anyone other than Tietoevry for our work, for this assurance report, or for the conclusions we have reached.

A limited assurance engagement with respect to responsibility related data involves performing procedures to obtain evidence about the Sustainability Information. The procedures performed depend on the practitioner's judgment, but their nature is different from, and their extent is less than, a reasonable assurance engagement. They do not include detailed testing of source data or the operating effectiveness of processes and internal controls, and consequently they do not enable us to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement.

Our procedures on this engagement included:

- Interviewing senior management of the Tietoevry Oyj;
- Conducting interviews with employees responsible for the collection and reporting of the Sustainability Information and reviewing of the processes and systems for data gathering, including the aggregation of the data for the Sustainability Information;
- Reviewing internal and external documentation to verify to what extent these documents and data support the information included in the Sustainability Information and evaluating whether the information presented in the Sustainability Information is in line with our overall knowledge of corporate sustainability at Tietoevry Oyj;
- Performing analytical review procedures, recalculations and testing data on a sample basis to assess the reasonability of the presented Sustainability Information;

- Conducting an interview with TietoEvry’s sites in Ostrava and Nanjing through a video conference;
- Assessing that the Sustainability Information has been prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**Our independence, quality control, and competences**

We have complied with Deloitte’s independence policies which address and, in certain cases, exceed the requirements of the Code of Ethics for professional accountants issued by the International Ethics Standards Board for Accountants. We have maintained our independence and objectivity throughout the year, and there were no events or prohibited services provided which could impair our independence and objectivity.

Deloitte Oy applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. This engagement was conducted by a multidisciplinary team including assurance and sustainability expertise with professional qualifications. Our team is experienced in providing sustainability reporting assurance.

**Conclusion**

Based on the procedures we have performed, nothing has come to our attention that causes us to believe that TietoEvry’s Sustainability Information for the reporting period ended 31 December 2022 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

Our assurance statement should be read in conjunction with the inherent limitations of accuracy and completeness for sustainability information.

Espoo, February 28, 2023

Deloitte Oy

Jukka Vattulainen  
Authorized Public  
Accountant

Anu Servo  
Authorized Public  
Accountant

**ENERGY CONSUMPTION AND GHG EMISSIONS**

Emission class	Unit	2020	2021	2022	% Change 2021–2022
<b>302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION</b>					
Stationary combustion					
Diesel total	kWh	525,800	472,000	489,200	4%
Transportation					
Diesel total	kWh	19,700	49,400	425,500	761%
Petrol total	kWh	22,000	7,500	2,900	-61%
Total scope 1 energy consumption	kWh	567,500	528,900	917,600	73%
Electricity	kWh	100,346,394	90,724,850	81,339,300	-10%
Cooling	kWh	19,346,394	17,683,600	16,975,096	-4%
Heating	kWh	9,381,487	13,628,900	11,841,700	-13%
Total scope 2 energy consumption	kWh	128,997,588	122,037,350	110,156,096	-10%
Total energy consumption in scope 1 & 2	kWh	129,565,088	122,566,250	111,073,696	-9%
<b>302-4 REDUCTION OF ENERGY CONSUMPTION</b>					
No data in 2020	kWh	NA	6,998,838	11,492,554	
<b>305-1, 305-2 TOTAL DIRECT AND INDIRECT GHG EMISSIONS</b>					
Diesel total	tCO <sub>2</sub> e	138	132	231	75%
Petrol total	tCO <sub>2</sub> e	5	2	1	-50%
Electricity (location-based)	tCO <sub>2</sub> e	11,317	7,936	6,378	-20%
Electricity (market-based)	tCO <sub>2</sub> e	8,854	5,578	2,078	-63%
Cooling	tCO <sub>2</sub> e	–	–	1	
Heating (location-based)	tCO <sub>2</sub> e	1,055	1,399	1,424	2%
Heating (market-based)	tCO <sub>2</sub> e			707	
Total GHG scope 1	tCO <sub>2</sub> e	143	134	232	73%
Total GHG scope 2 (location-based)	tCO <sub>2</sub> e	12,372	9,336	7,803	-16 %
Total GHG scope 2 (market-based)	tCO <sub>2</sub> e	9,899	5,499	2,785	-49 %
Total GHG scope 1&2 (location-based)	tCO <sub>2</sub> e	12,515	9,470	8,034	-15 %
Total GHG scope 1&2 (market-based)	tCO <sub>2</sub> e	10,042	5,633	3,017	-46 %
<b>305-3 OTHER RELEVANT INDIRECT (SCOPE 3) GHG EMISSIONS</b>					
Purchased goods and services	tCO <sub>2</sub> e			218,398	
Fuel- and energy- related activities	tCO <sub>2</sub> e			2,638	

Emission class	Unit	2020	2021	2022	% Change 2021–2022
<b>302-3 ENERGY INTENSITY</b>					
Business travel		1,898	717	3,801	430%
Business travel- flights	tCO <sub>2</sub> e	1,755	669	3,696	452%
Business travel- own cars	tCO <sub>2</sub> e	143	48	105	119%
Employee commuting	tCO <sub>2</sub> e			4,377	
Leased assets, upstream	tCO <sub>2</sub> e	364	91	38	-59%
Waste generated in operations	tCO <sub>2</sub> e	51	39	40	2 %
Use of sold products	tCO <sub>2</sub> e			3,216	
Total GHG scope 3 emissions	tCO <sub>2</sub> e	2,313	847	232,507	
Total TietoEvry GHG emissions (location-based)	tCO <sub>2</sub> e	14,828	10,317	240,542	
Total TietoEvry GHG emissions (market-based)	tCO <sub>2</sub> e	12,355	6,480	235,525	
<b>305-5 REDUCTION OF GHG EMISSIONS</b>					
Scope 3	tCO <sub>2</sub> e	6,961	1,466	NA*	
Scope 2 (market-based)	tCO <sub>2</sub> e	9,011	4,125	2,713	
<b>302-3 ENERGY INTENSITY</b>					
302-3 ENERGY INTENSITY	MWh/Meur	47	43	38	-13%
<b>305-4 GHG EMISSION INTENSITY</b>					
305-4 GHG EMISSION INTENSITY	tCO <sub>2</sub> e/Meur	4	2	1	-50%
<b>Other</b>					
Energy returned back to district network	kWh	12,318,390	13,650,000	10,168,170	
<b>TietoEvry KPI 5.1 Percentage of renewable and carbon free electricity in scope 1 and 2</b>					
TietoEvry KPI 5.1 Percentage of renewable and carbon free electricity in scope 1 and 2	% of total	80	92	95,4%	
<b>TietoEvry KPI 5.2 Reduction of total Scope 1 and 2 GHG emissions</b>					
TietoEvry KPI 5.2 Reduction of total Scope 1 and 2 GHG emissions	tCO <sub>2</sub> e	9,011	4,410	2615	
<b>TietoEvry KPI 5.2 Reduction of total Scope 3 GHG emissions</b>					
TietoEvry KPI 5.2 Reduction of total Scope 3 GHG emissions	tCO <sub>2</sub> e	6,961	1,466	NA	
<b>TietoEvry KPI 5.3 Reduction of average carbon footprint from business travel per employee</b>					
TietoEvry KPI 5.3 Reduction of average carbon footprint from business travel per employee	%	91%	97%	83%**	
<b>TietoEvry KPI 5.4 Ton CO<sub>2</sub>e avoided by customers through use of IT services provided by TietoEvry</b>					
TietoEvry KPI 5.4 Ton CO <sub>2</sub> e avoided by customers through use of IT services provided by TietoEvry	ktonCO <sub>2</sub> e	68	75	Not reported 2022	

\*Scope 3 reductions are not accounted for during 2022 due to an increase in number of scope 3 categories and subsequently a new baseline (i.e. 2022). For the category business travel an increase of carbon emissions took place during 2022 and thus no reduction is to be reported.

\*\*Compared to the base year 2019



# Diversity and Inclusion at TietoEVRY

## FULL-TIME EMPLOYEES

	2022	2021	2020
Male	70%	71%	72%
Female	30%	29%	28%
Other	0.02%	0.01%	0.03%
Total	24418	23984	23508

## PART-TIME EMPLOYEES

	2022	2021	2020
Male	57%	59%	60%
Female	43%	41%	40%
Other	0%	0%	0%
Total	1076	1165	1041

## PERMANENT EMPLOYMENT CONTRACT

	2022	2021	2020
Male	69%	71%	71%
Female	31%	29%	29%
Other	0.02%	0.01%	0.02%
Total	24821	24867	24053

## TEMPORARY EMPLOYMENT CONTRACT

	2022	2021	2020
Male	71%	66%	67%
Female	29%	34%	33%
Other	0%	0%	0%
Total	673	593	496

## TOTAL EMPLOYEES BY GENDER

	2022	2021	2020
Male	69%	71%	71%
Female	30%	29%	29%
Total	25494	25460	24549

## SENIOR MANAGEMENT BY GENDER

	2022	2021	2020
Female	23%	23%	22%
Male	77%	77%	78%
Total	391	421	418

## BOARD OF DIRECTORS BY GENDER

	2022	2021	2020
Female	38%	33%	14%
Male	63%	67%	86%
Total	8	9	14

## LEADERSHIP TEAM BY GENDER

	2022	2021	2020
Female	11%	17%	23%
Male	89%	83%	77%
Total	9	12	13

## TOTAL NUMBER OF EMPLOYEES BY AGE GROUPS

	2022	2021	2020
<30	22%	21%	18%
30-50	59%	59%	61%
>50	19%	20%	21%

## SENIOR MANAGEMENT BY AGE GROUPS

	2022	2021	2020
<30	0%	0%	0%
30-50	49%	52%	55%
>50	51%	48%	45%

## BOARD OF DIRECTORS BY AGE GROUPS

	2022	2021	2020
<30	0%	0%	0%
30-50	50%	44%	43%
>50	50%	56%	57%

## LEADERSHIP TEAM BY AGE GROUPS

	2022	2021	2020
<30	0%	0%	0%
30-50	33%	25%	54%
>50	67%	75%	46%

**NEW EMPLOYEES AND EMPLOYEE TURNOVER BY GENDER**

New employment	2022			2021			2020		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Male	68%	69%	73%	73%	72%	71%	73%	72%	71%
Female	32%	31%	27%	27%	28%	29%	27%	28%	29%
Other	0.06%	0.00%	0.03%	0%	0.04%	0.02%	0.06%	0%	0.02%
Total	5317	6182	3211	4632	5236	4065	5317	6182	3211

**NEW EMPLOYEES AND EMPLOYEE TURNOVER BY AGE GROUPS**

New employment	2022			2021			2020		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
<30	46%	45%	30%	28%	32%	31%	46%	45%	30%
30-50	49%	50%	59%	57%	56%	53%	49%	50%	59%
>50	5%	5%	12%	15%	13%	17%	5%	5%	12%
Total	5317	6182	3211	4632	5236	4065	5317	6182	3211

**TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT BY REGION, DEC 31 2022**

2022	Permanent	Temporary	Total	%
Austria	291	0	291	1.1%
China	1080	3	1083	4.2%
Czech Republic	2765	165	2930	11.5%
Estonia	115	0	115	0.5%
Finland	3214	15	3229	12.7%
India	4462	114	4576	17.9%
Latvia	1159	8	1167	4.6%
Lithuania	150	0	150	0.6%
Norway	4057	82	4139	16.2%
Other	498	28	526	2.1%
Poland	790	10	800	3.1%
Sweden	4178	48	4226	16.6%
Ukraine	2062	200	2262	8.9%
Total	24821	673	25494	100.0%

**NEW EMPLOYEES BY REGION**

	2022	%	2021	%	2020	%
Austria	74	27.8%	57	25.8%	28	0.9%
China	340	35.3%	485	75.0%	75	2.3%
Czech Republic	599	21.1%	480	17.7%	306	9.5%
Estonia	29	25.3%	15	7.5%	92	2.9%
Finland	488	14.8%	563	17.0%	177	5.5%
India	1,308	28.9%	1,831	42.1%	628	19.6%
Latvia	230	20.4%	272	25.7%	190	5.9%
Lithuania	48	34.7%	44	38.1%	19	0.6%
Norway	697	16.2%	734	16.1%	716	22.3%
Poland	285	37.1%	229	30.4%	130	4.0%
Sweden	678	15.5%	654	14.3%	401	12.5%
Ukraine	349	15.2%	718	33.2%	381	11.9%
Other	192	38.6%	147	33.1%	68	2.1%
Total	5,317	20.9%	6,229	24.8%	3,211	100.0%

**EMPLOYEE TURNOVER BY REGION**

	2022	%	2021	%	2020	%
Austria	24	9%	16	7%	19	0.5%
China	97	10%	84	13%	90	2.2%
Czech Republic	366	13%	371	14%	369	9.1%
Estonia	22	19%	146	73%	120	3.0%
Finland	506	15%	523	16%	480	11.8%
India	1,113	25%	1,421	33%	633	15.6%
Latvia	150	13%	207	20%	166	4.1%
Lithuania	25	18%	21	18%	28	0.7%
Norway	832	19%	865	19%	628	15.4%
Poland	213	28%	295	39%	140	3.4%
Sweden	858	20%	805	18%	856	21.1%
Ukraine	319	14%	420	19%	473	11.6%
Other	107	22%	123	28%	63	1.5%
Total	4,632	18%	5,297	21%	4,065	100.0%

GRI CONTENT INDEX

Statement of use: Tietoevry Corporation has reported in accordance with the GRI Standards for the period 1 January, 2022 - 31 December, 2022

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard (s): Not applicable

GRI Standard/Other source			Responsible area and number	Requirement (s) omitted	Omission Reason	Explanation	UNGC	Externally assured
General disclosures								
GRI 2: General Disclosures 2021	2-1 Organizational details		<a href="#">Fact &amp; figures</a>					
	2-2 Entities included in the organization’s sustainability reporting		<a href="#">About our sustainability report</a>					
	2-3 Reporting period, frequency and contact point		<a href="#">About our sustainability report</a>					
	2-4 Restatements of information		<a href="#">About our sustainability report</a>					
	2-5 External assurance		<a href="#">GRI Content index, Independent Limited Assurance Report</a>					
	2-6 Activities, value chain and other business relationships		<a href="#">Operating model, IT market development, Responsible sourcing</a>					
	2-7 Employees		<a href="#">Diversity &amp; inclusion, About our sustainability report</a>	iii. non-guaranteed hours employees, and a break-down by gender and region	Not applicable	Tietoevry has only 8 non-guaranteed hours employees and the requirement is therefore not material for the company to report on.		x
	2-8 Workers who are not employees		<a href="#">Diversity &amp; inclusion, About our sustainability report</a>					
	2-9 Governance structure and composition		<a href="#">Managing sustainability, Tietoevry Corporate Governance Statement 2022, tietoevry.com</a>					
	2-10 Nomination and selection of the highest governance body		<a href="#">Tietoevry Corporate Governance Statement 2022</a>					
	2-11 Chair of the highest governance body		<a href="#">Tietoevry Corporate Governance Statement 2022</a>					
	2-12 Role of the highest governance body in overseeing the management of impacts		<a href="#">Managing sustainability, Non-financial information</a>					
	2-13 Delegation of responsibility for managing impacts		<a href="#">Managing sustainability</a>					

GRI Standard/Other source		Responsible area and number	Requirement (s) omitted	Omission Reason	Explanation	UNGC	Externally assured
2-14 Role of the highest governance body in sustainability reporting	<a href="#">Managing sustainability, Stakeholder engagement and materiality analysis, Non-financial information</a>						
2-15 Conflicts of interest							
2-16 Communication of critical concerns	<a href="#">Managing sustainability, Business ethics &amp; anti-corruption</a>		b. report the total number and nature of critical concerns that were communicated to the highest governance body during the reporting period.	Confidentiality constraints (partly)	Information about whistleblowing escalations is reported in the referred locations. Cybersecurity and privacy concerns/incidents are confidential information and only reported internally.		
2-17 Collective knowledge of the highest governance body	<a href="#">Managing sustainability</a>						
2-18 Evaluation of the performance of the highest governance body	<a href="#">Tietoenvy corporate governance statement 2022</a>						
2-19 Remuneration policies	<a href="#">Tietoenvy remuneration report 2022, tietoenvy.com</a>						
2-20 Process to determine remuneration	<a href="#">Tietoenvy remuneration report 2022, tietoenvy.com</a>						
2-21 Annual total compensation ratio	<a href="#">Tietoenvy remuneration report 2022</a>						
2-22 Statement on sustainable development strategy	<a href="#">CEO review</a>						
2-23 Policy commitments	<a href="#">Managing Sustainability, Energy usage &amp; greenhouse gas emissions, Human rights</a>						
2-24 Embedding policy commitments	<a href="#">Managing sustainability</a>						
2-25 Processes to remediate negative impacts	<a href="#">Managing sustainability, Business ethics &amp; anti-corruption</a>						
2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Managing sustainability, Business ethics &amp; anti-corruption</a>						
2-27 Compliance with laws and regulations	<a href="#">Business ethics &amp; anti-corruption</a>						
2-28 Membership associations	<a href="#">Managing sustainability</a>						

GRI Standard/Other source			Responsible area and number	Requirement (s) omitted	Omission		UNGC	Externally assured
					Reason	Explanation		
	2-29 Approach to stakeholder engagement		<a href="#">Stakeholder engagement and materiality analysis</a>					
	2-30 Collective bargaining agreements		<a href="#">Diversity &amp; inclusion</a>					x
Material topics								
GRI 3: Material Topics 2021	3-1 Process to determine material topics		<a href="#">Stakeholder engagement and materiality analysis</a>					
	3-2 List of material topics		<a href="#">Stakeholder engagement and materiality analysis</a>					
Anti-corruption								
GRI 3: Material Topics 2021	3-3 Management of material topics		<a href="#">Business ethics and anti-corruption</a>		2: Business ethics and anti-corruption		Principle 10	x
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		<a href="#">Business ethics and anti-corruption</a>		2: Business ethics and anti-corruption		Principle 10	x
	205-3 Confirmed incidents of corruption and actions taken		<a href="#">Business ethics and anti-corruption</a>		2: Business ethics and anti-corruption		Principle 10	x
TietoEVRY 2.1	Completion of Code of Conduct training		<a href="#">Business ethics and anti-corruption</a>		2: Business ethics and anti-corruption		Principle 1–3, 6–10	x
TietoEVRY 2.2	Whistleblowing notification period		<a href="#">Business ethics and anti-corruption</a>		2: Business ethics and anti-corruption		Principle 10	x
Energy								
GRI 3: Material Topics 2021	Management of material topics		<a href="#">Energy usage and greenhouse gas emissions</a>		5: Energy usage and greenhouse gas emissions		Principle 7-9	x
	302-1 Energy consumption within the organisation		<a href="#">Energy usage and greenhouse gas emissions</a>		5: Energy usage and greenhouse gas emissions		Principle 7-9	x
GRI 302: Energy 2016	302-3 Energy intensity		<a href="#">Energy usage and greenhouse gas emissions</a>		5: Energy usage and greenhouse gas emissions		Principle 7-9	x
	302-4 Reduction of energy consumption		<a href="#">Energy usage and greenhouse gas emissions</a>		5: Energy usage and greenhouse gas emissions		Principle 7-9	x

GRI Standard/Other source		Responsible area and number	Requirement (s) omitted	Omission		UNGC	Externally assured
				Reason	Explanation		
Emissions							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
	305-1 Direct (Scope 1) GHG Emissions	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
	305-2 Energy indirect (Scope 2) GHG Emissions	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG Emissions	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
	305-4 GHG emissions intensity	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
	305-5 Reduction of GHG emissions	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
TietoEVRY 5.1	Percentages of carbon free electricity in scope 1 and 2	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
TietoEVRY 5.2	Reduction of total Scope 1 and 2 GHG emissions	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x
TietoEVRY 5.3	Reduction of average carbon footprint from business travel per employee	<a href="#">Energy usage and greenhouse gas emissions</a>	5: Energy usage and greenhouse gas emissions			Principle 7–9	x



GRI Standard/Other source		Responsible area and number	Requirement (s) omitted	Omission		UNGC	Externally assured
				Reason	Explanation		
<b>Waste</b>							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Circular economy practices</a>				Principle 8–9	
	306-1 Waste generation and significant waste-related impacts	<a href="#">Circular economy practices</a>				Principle 8–9	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	<a href="#">Circular economy practices</a>				Principle 8–9	
	306-3 Waste generated	<a href="#">Circular economy practices</a>				Principle 8–9	
<b>Employment</b>							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Diversity and inclusion</a>				Principle 6	x
GRI 401: Employment 2016	401-1 Total number and rates of new employee hires and employee turnover	<a href="#">Diversity and inclusion</a>				Principle 6	x
<b>Diversity and equal opportunity</b>							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Diversity and inclusion</a>				Principle 1, 2, 6	x
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	<a href="#">Diversity and inclusion</a>				Principle 1, 2, 6	x
TietoEVRY 7.1	Ratio female and male employees	<a href="#">Diversity and inclusion</a>				Principle 6	x
TietoEVRY 7.3	Senior managers by gender	<a href="#">Diversity and inclusion</a>				Principle 6	
<b>Non-discrimination</b>							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Diversity and inclusion</a>				Principle 1, 2, 6	x
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	<a href="#">Diversity and inclusion</a>				Principle 1, 2, 6	x

GRI Standard/Other source		Responsible area and number	Requirement (s) omitted	Omission		UNGC	Externally assured
				Reason	Explanation		
<b>Freedom of association and collective bargaining</b>							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Responsible sourcing</a> , <a href="#">Employee Experience</a>				Principle 3	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Responsible sourcing</a> , <a href="#">Employee Experience</a>				Principle 3	
<b>Customer privacy</b>							
GRI 3: Material Topics 2021	Management of material topics	<a href="#">Cybersecurity and privacy</a>			3: Cybersecurity and privacy	Principle 1–2	x
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data customer privacy and losses of customer data	<a href="#">Cybersecurity and privacy</a>			3: Cybersecurity and privacy	Principle 1–2	x
TietoEvry 3.1	Completion of GDPR training	<a href="#">Cybersecurity and privacy</a>			3: Cybersecurity and privacy	Principle 1–2	
TietoEvry 3.2	Completion of Security training	<a href="#">Cybersecurity and privacy</a>			3: Cybersecurity and privacy	Principle 1–2	
<b>Responsible sourcing</b>							
TietoEvry 4.1	New or renewed suppliers agreeing to TietoEvry's Supplier Code of Conduct	<a href="#">Responsible sourcing</a>			4. Responsible sourcing	All principles	x
TietoEvry 4.2	Annual review of conflict mineral management with main hardware suppliers	<a href="#">Responsible sourcing</a>			4. Responsible sourcing	All principles	
TietoEvry 4.3	Self-assessment on selected strategic suppliers	<a href="#">Responsible sourcing</a>			4. Responsible sourcing	All principles	
TietoEvry 4.4	On-site audits for suppliers identified as high risk suppliers	<a href="#">Responsible sourcing</a>			4. Responsible sourcing	All principles	
TietoEvry 4.5	Sustainability management system reviews with five top-spend suppliers'	<a href="#">Responsible sourcing</a>			4. Responsible sourcing	All principles	
TietoEvry 4.6	Percentage of suppliers with Science Based Targets	<a href="#">Energy usage and greenhouse gas emissions</a>			4. Responsible sourcing	All principles	x
TietoEvry 4.7	Percentage of environmentally certified computers procured for internal use	<a href="#">Circular economy practices</a>			4. Responsible sourcing	All principles	

GRI Standard/Other source		Responsible area and number	Requirement (s) omitted	Omission		UNGC	Externally assured
				Reason	Explanation		
Employee Experience							
TietoEvry 8.1	Employee engagement score	<a href="#">Employee Experience</a>	8. Employee Experience				x

