



Reinventing the world for good

Remuneration Report

2021



Remuneration Report

The aim of TietoEVRY's remuneration principles is to attract and retain talent, motivate key people and align the goals of the company's shareholders and executives in order to enhance the value of the company. We reward our employees for high performance in achieving both individual and company objectives, thus linking remuneration to the successful execution of our strategy and to long-term shareholder value creation.

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

Remuneration of the Board of Directors is decided by the AGM based on a proposal by the Shareholders' Nomination Board. The Remuneration Committee is responsible for planning the remuneration of the Group Leadership members and preparing the principles underlying the remuneration of TietoEVRY personnel. The Board of Directors decides on the remuneration of the President and CEO and other members of the Group Leadership based on a proposal by the Remuneration Committee.

Summary of the Remuneration of Tietoevry's President and CEO

Element	Purpose	Description	Execution 2021
Salary	Recognition for continuous daily contribution and provides core remuneration for the role.	Fixed compensation for performing defined job responsibilities. In addition to monthly salary, the President and CEO can be paid car and mobile phone benefits as per company policy. Salary is reviewed annually based on the individual's performance and salary market conditions. Weighting of the reward factors for the President and CEO is described in a separate table. The reward targets are set annually by the Board of Directors.	There were no changes done to the base salary of the CEO during 2021.
Short-term incentive plan	Incentivizes delivery of the company's annual financial and operational goals.	Cash-based plan that rewards the short-term (12-month) success of the company and the individual. The bonus for the President and CEO is 75% of the annual base salary when the performance is at expected level; the maximum bonus for the President and CEO is 150% ¹⁾ . The amount of bonuses is decided by the Board of Directors after the consolidated financial statements have been prepared.	Short-term incentives were paid in 2021 based on 2020 performance. The CEO's short-term incentives are connected to the company's total performance by plan KPIs; their achievement was 104.97%. Payment was made in March after Board approval.
Long-term incentive plan	Rewards for sustained increase in shareholder value and encourages ownership culture.	Share-based plans reward leadership and key employees for company growth and achievement of defined strategic goals. LTI plans are annually commencing plans with a three-year performance period. Key principles of Tietoevry's share plans – such as the basis and size of rewards – are described on the company's website.	In spring 2021, the 2018–2020 LTI plan share delivery was conducted based on the achievement of plan KPIs. The target achievement was 80%. Shares were delivered after the Board approval. The KPIs and weights used in this plan were EPS 30%, TSR 20% and growth 50% weight.
Additional pension	Provides appropriate retirement benefits.	President and CEO: defined contribution (DC) plan where the expenditure is 23% of the annual base salary. Retirement age is 63.	The company paid the agreed contribution to the pension plan.
Clawback	Protects company interests in case of misconduct, restatement or misstatement of results.	Clawback provisions apply to STI and LTI plan rewards in exceptional circumstances such as misconduct or misstatement of financial results.	
Share ownership	Encourages building a meaningful shareholding in Tietoevry, ensuring alignment with shareholders.	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.	The amount of shares owned by the CEO at the end of 2021 was 58 439.
Service contracts and severance pay	Provides for clear contractual terms.	President and CEO: if the agreement is terminated by Tietoevry, the notice period is twelve months. In the event of termination, the company shall pay a severance payment equivalent to the base salary and the short-term target incentive for six months in addition to the salary for the notice period. If the agreement is terminated by the President and CEO, the notice period is six months. Change of control terms are the same as in termination except for the monetary value of the maximum amount of shares granted to him in the most recent long-term incentive plan in addition to the salary for the notice period.	

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

President and CEO

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

¹⁾ Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

Plan period	Unvested Long-Term Incentives
Long-Term Incentive Plan 2019–2021	Entitled to 29 433 Performance Shares if the target levels of the performance metrics are met, and to 58 866 shares at maximum. The performance period of the plan is 2019-2021. The share allocation at target level equalled 100% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 800 731 ²⁾ .
Long-Term Incentive Plan 2020–2022	Entitled to 40 600 Performance Shares if the target levels of the performance metrics are met, and to 101 500 shares at maximum. The performance period of the plan is 2020-2022. The share allocation at target level equalled 125% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 792 138 ²⁾ .
Long-Term Incentive Plan 2021–2023	Entitled to 37 900 Performance Shares if the target levels of the performance metrics are met, and to 75 800 shares at maximum. The performance period of the plan is 2021-2023. The share allocation at target level equalled 125% of annual base salary at the time of grant. The fair value of the allocation amounts to EUR 979 002 ²⁾ .

²⁾ The fair market value for the Long-term Incentive Plans is calculated using the latest performance estimates and the value of the TietoEVRY share on 31 December 2021, EUR 27.48

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

Remuneration of the Board

According to the decision of TietoEVRY's AGM 2021, the annual remuneration of the Board of Directors is the following:

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

In addition to these fees, the Chairperson of a permanent Board Committee receives an annual fee of EUR 20 000 and a member of a permanent Board Committee receives an annual fee of EUR 10 000. In addition, remuneration of EUR 800 is paid to the Board members elected by the Annual General Meeting for each permanent or temporary committee meeting. Further, remuneration for employee representatives elected as ordinary members of the Board of Directors will be an annual fee of EUR 15 000, which is paid in cash only.

Further, the AGM 2021 decided that part of the fixed annual remuneration may be paid in the company's shares purchased from the market. An elected member of the Board of Directors may, at his/her discretion, choose to receive the fee from the following alternatives:

1. No cash, 100% in shares
2. 25% in cash, 75% in shares
3. 50% in cash, 50% in shares
4. 75% in cash, 25% in shares
5. 100% in cash, no shares.

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

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

Compensation of individual Board members and the Board in 2021¹⁾

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

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

²⁾ Gross compensation before taxes.

³⁾ Shares were purchased and delivered in May 2021.

⁴⁾ 50% in cash, 50% in shares.

⁵⁾ 100% in cash.

⁶⁾ 75% in cash, 25% in shares

⁷⁾ 25% in cash, 75% in shares.

⁸⁾ Board member as of 25 March 2021.

⁹⁾ Board member until 7 September 2021.

¹⁰⁾ Board member until 19 July 2021.

Board of Directors' shareholdings in TietoEVRY¹¹⁾

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

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

Comparative remuneration data

Information in the next table is based on Tieto's data for 2016–2018. Years 2019 to 2021 include combined data for Tieto and EVRY. In 2021, TietoEVRY's operating profit includes EUR 104.0 million in capital gains from divestments, whereas in 2020, adjustment items included substantial costs related to integration. Eliminating all non-recurring items, adjusted³⁾ operating profit (EBITA) stood at EUR 367.8 (355.0) million. The demographics of the workforce changed and the number of employees increased significantly following the merger of Tieto and EVRY on 5 December 2019. CEO remuneration consists of gross rewards paid during the reported year. 2019 and 2020 include a merger success bonus related to the merger of Tieto and EVRY. Personnel attrition rates were on the rise across the industry during 2021. While talent attraction has been high at TietoEVRY, productivity in the consulting business has been somewhat impacted by high attrition. As a result, the average salary level has been on the rise. Employee average compensation in 2020 and 2021 is based on personnel expenses divided by the average number of employees.

¹⁾ Years 2019 to 2021 include combined data for Tieto and EVRY

²⁾ For the years 2020 and 2021 we use the average number of employees; for the other years, the end-of-year employee figures are used

³⁾ Adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability

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



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