

tieto *EVRY*

Remuneration Report 2020



Remuneration report

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

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

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

Summary of Remuneration of the TietoEVRY President and CEO

Element	Purpose	Description	Execution 2020
Salary	Recognition for continuous daily contribution and provides core remuneration for the role.	Fixed compensation for performing defined job responsibilities. In addition to monthly salary, car and mobile phone benefits can be paid as per company policy. Salary is reviewed annually based on the individual's performance and salary market conditions. Weighting of the reward factors for the President and CEO is described in a separate table. The reward targets are set annually by the Board of Directors.	The base salary was reviewed in 2020. Management proposed a temporary reduction to their salaries due to the pandemic. The Board approved a voluntary 15% reduction the base pay of the CEO for 3 months, from May to July 2020.
Short-term incentives	Incentivizes delivery of our annual financial and operational goals.	Cash-based plan that rewards the short-term (12-month) success of the company and the individual. The bonus for the President and CEO is 75% of the annual base salary when the performance is at expected level; the maximum bonus for the President and CEO is 150% ¹⁾ . The amount of bonuses is decided by the Board of Directors after the consolidated financial statements have been prepared.	Short-term incentive was paid in 2020 based on the 2019 performance. CEO short-term incentive is connected to the company total performance by plan KPI's and the achievement of these was 117,4%. Payment was done in March after Board approval.
Long-term incentives	Rewards for sustained increase in shareholder value and encourages ownership culture.	Share-based plans reward leadership and key employees for company growth and achievement of defined strategic goals. LTI plans are annually commencing plans with a three-year performance period. Key principles of TietoEVRY's share plans such as the basis and size of rewards, are described on the company's website	In 2020 spring the 2017-2019 LTI plan share delivery was conducted based on the plan KPI's achievement. The achievement % was 105%. Shares were delivered after Board approval.
Additional pension	Provides appropriate retirement benefits	President and CEO: defined contribution (DC) plan where the expenditure is 23% of the annual base salary. Retirement age is 63.	Company paid the agreed contribution to the pension plan.
Claw back	Protects company interests in case of misconduct, restatement or misstatement of results.	Claw back provisions apply to STI and LTI plan rewards in exceptional circumstances such as misconduct or misstatement of financial results.	
Share ownership	Encourages building a meaningful shareholding in TietoEVRY, ensuring alignment with shareholders.	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.	The amount of shares owned by the CEO at the end of year 2020 is 60 683.
Service contracts and severance pay	Provides for clear contractual terms	President and CEO: if the agreement is terminated by TietoEVRY, the notice period is twelve months. In the event of termination, the company shall pay a severance payment equivalent to the base salary and the short-term target incentive for six months in addition to the salary for the notice period. If the agreement is terminated by the President and CEO, the notice period is six months. Change of control terms are the same as in termination except for the monetary value of the maximum amount of shares granted to him in the most recent long-term incentive plan in addition to the salary for the notice period.	

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

President and CEO

Kimmo Alkio	
Salary 2020	EUR 777 026
Benefits 2020	EUR 29 190
Special payments 2020	EUR 702 000 merger success bonus
Bonus 2020	EUR 412 078, paid in 2020 based on performance in 2019
Basis of bonus 2020	<p>Target 50% of base salary based on the Group's external revenue and profit, PDS external revenue and profit and strategy implementation when achievements meet the targets. Maximum 100% of base salary based on the Group's external revenue and profit and strategy implementation when achievements exceed the targets. Weighting of the reward factors</p> <ul style="list-style-type: none"> • Group revenue 20% • Group adjusted profit 20% • Synergy targets 20% • Adjusted free cash flow 20% • Strategic and operational goals 20%
Long-Term Incentive Plan 2017–2019	In March 2020, a total of 13 947 shares were transferred to the CEO based on criteria attainment. In addition, a cash portion corresponding to a value of 12 053 shares was paid. The total value of paid gross reward was EUR 595 057.
Pension expenditure, voluntary defined contribution (DC) plan	EUR 121 095 ²⁾
Share ownership in TietoEVRY on 31 December	60 683

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

²⁾ Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

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

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

Remuneration of the Board

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

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

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

Further, the AGM 2020 decided that part of the fixed annual remuneration may be paid in TietoEVRY Corporation's shares purchased from the market. An elected member of the Board of Directors may, at his/her discretion, choose to receive the fee from the following alternatives:

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

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

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

Compensation of individual Board members and Board in 2020¹⁾

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

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

²⁾ Gross compensation before taxes.

³⁾ Shares were purchased and delivered in May 2020.

⁴⁾ 50% in cash, 50% in shares.

⁵⁾ 100% in cash.

⁶⁾ 25% in cash, 75% in shares.

⁷⁾ Board member as of 29 April 2020.

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

Board of Directors' shareholdings in TietoEVRY⁹⁾

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

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

Comparative remuneration data

Information in the table below is based on Tieto's data for 2016–2018. Years 2019 and 2020 include combined data for Tieto and EVRY⁽¹⁰⁾. The demographics of the workforce changed and number of employees increased significantly following the merger of Tieto and EVRY on the 5 December 2019. CEO remuneration are gross rewards paid during the reported year. 2019 and 2020 include a merger success bonus related to the merger of Tieto and EVRY. Furthermore, in some geographies the annual salary review was delayed due to the local collective agreement negotiations and related increases are not included in the table below. Where applicable 2020 salaries will be backdated retroactively. Employee average compensation is personnel expenses divided by the average number of employees.

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

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