



REMUNERATION REPORT



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# Remuneration Report

## Chairperson letter

Dear Shareholder,

On behalf of Tietoevry's Remuneration Committee, I am pleased to present our Remuneration Report 2023. The report includes the remuneration of the members of the Board of Directors and the President and CEO (the CEO) for the financial year 2023 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 and our new Remuneration Policy at the 2024 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.

Our specialization-based strategy aims to accelerate value creation in the company. The acquisition of MentorMate implemented during the year supports the company's drive for growth and strengthens our position in the digital engineering area. Specialization is also an enabler for the strategic reviews of Tietoevry Banking and Tietoevry Tech Services, which were focus areas throughout the year with preparations enabling sale or listing. These actions seek to position the company as a leading software and digital engineering player globally.

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 to both 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 2023

In 2023, performance was impacted by the softer market. Organic revenue growth was driven by software businesses but remained modest, at 4%, on Group level. Tietoevry delivered adjusted operating profit of EUR 358.7 million, representing somewhat lower profitability in the challenging market environment and

continued high inflation. 2023 was the final year in the Performance Share Plan (PSP) 2021–2023 with earnings per share (EPS), relative total shareholder return (relative TSR) and revenue growth as performance measures. For relative TSR, Tietoevry's share was compared to relevant share index performance between 2021 and 2023. Relative TSR was between the minimum and target level set for the plan. EPS achievement was between the minimum and target level and Revenue growth was at maximum set for the plan.

In our efforts to progress further, we conducted an analysis of remuneration reporting practices in Finland and Europe. Based on this, we have made the decision to enhance our transparency levels in the reporting, that was aligned with Finnish listed companies, regarding STI and LTI targets and plans results.

The remuneration for the Board of Directors and the CEO during the financial year 2023 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 or the CEO has been reclaimed or restated during the financial year 2023.

## 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. This was already visible in the Performance Share Plan 2022-2024 with the inclusion of key ESG measures in the plan metrics. CO<sub>2</sub> emission reductions and gender diversity in the form of female recruits were included also in the Performance Share Plan 2023-2025 metrics with an increased weight than in the previous plan. To emphasize the importance of these metrics, we continue to focus on them in Performance Share Plan 2024-2026. 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 2023:

- Tomas Franzén
- Endre Rangnes
- Harri-Pekka Kaukonen (until the AGM on 23 March 2023)
- Petter Söderström (as of the AGM on 23 March 2023)
- Gustav Moss (as of the AGM on 23 March 2023)

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 2023, the annual remuneration of the Board of Directors is the following:

- EUR 133 000 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 meeting of the Board of Directors, a permanent committee or a temporary subgroup. Further, remuneration for employee representatives elected as ordinary members of the Board of Directors will be an annual fee of EUR 15 000, and remuneration for the deputy members will be EUR 7 500. Remuneration for the employee representatives is paid in cash only.

Furthermore, the AGM 2023 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, with the exception of the personnel representatives. Tietoevry executives or employees are not entitled to compensation for their Board positions or meeting attendance in the Group companies, except for 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 2023<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>	76 504	2 840	20 000
Harri-Pekka Kaukonen, Deputy Chairperson, Chairperson ARC <sup>4)</sup>	46 022	1 707	13 600
Bertil Carlsén <sup>4)</sup>	32 259	1 197	11 200
Elisabetta Castiglioni <sup>5)</sup>	48 393	598	10 400
Liselotte Hägertz Engstam <sup>5)</sup>	48 393	598	12 800
Katharina Mosheim <sup>5)</sup>	48 393	598	12 800
Gustav Moss <sup>4)</sup>	32 259	1 197	16 800
Endre Rangnes <sup>4)</sup>	32 259	1 197	18 400
Petter Söderström <sup>4)</sup>	32 259	1 197	16 800
Timo Ahopelto <sup>6)</sup>	—	—	2 400
Angela Mazza Teufer <sup>6)</sup>	—	—	800
Niko Pakalén <sup>6)</sup>	—	—	3 200
Tommy Sander Aldrin, personnel rep.	15 000	—	—
Anders Palkint, personnel rep.	15 000	—	—
Thomas Slettemoen, personnel deputy rep.	7 500	—	—
Ilpo Waljus, personnel deputy rep.	7 500	—	—
<b>In total</b>	<b>441 739</b>	<b>11 129</b>	<b>139 200</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 2023.

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

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

<sup>6)</sup> Board member until 23 March 2023.

### Board of Directors' shareholdings in TietoEVRY<sup>7)</sup>

Name	At 31 Dec 2023	At 31 Dec 2022
Tomas Franzén, Chairperson Board and RC	13 544	10 704
Harri-Pekka Kaukonen, Deputy Chairperson, Chairperson ARC	11 475	9 768
Bertil Carlsén	1 197	—
Elisabetta Castiglioni	598	—
Liselotte Hägertz Engstam	4 694	4 096
Katharina Mosheim	2 365	1 767
Gustav Moss	1 197	—
Endre Rangnes	8 902	7 705
Petter Söderström	1 697	—
Timo Ahopelto	—	7 244
Angela Mazza Teufer	—	3 176
Niko Pakalén	—	2 786

<sup>7)</sup> Corporations over which the Board members exercise control did not have shares or share-based rights on 31 December 2023.

## President and CEO's total remuneration

Kimmo Alkio	Remuneration paid during fiscal year 2023	Rewards to be paid during fiscal year 2024, STI 2023 and LTI 2021-2023
Salary	EUR 850 228	
Benefits	EUR 24 737	
Short-term incentive	EUR 991 586 (STI 2022)	EUR 404 680 (STI 2023)
Long-term incentive <sup>1)</sup>	EUR 1 551 626 (PSP 2020 –2022)	44 722 gross shares (PSP 2021–2023)
<b>Total</b>	<b>EUR 3 418 177</b>	
Fixed vs. variable compensation	26% / 74%	
Pension expenditure, voluntary defined contribution	EUR 213 285 <sup>2)</sup>	

<sup>1)</sup> Total gross long-term incentive reward, which is partly delivered in shares, partly converted to cash to cover income tax.

<sup>2)</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 2023, the paid short- and long-term incentives formed 74 per cent of total compensation and the fixed annual compensation 26 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 2023.

### 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 2022 (paid in April 2023)

Reward targets	Weight	Target <sup>2)</sup>	Incentive payout as % of on-target amount
Group revenue	25%	EUR 2 876 million	200%
Group adjusted profit (EBITA adj.)	25%	EUR 382 million	116%
Adjusted free cash flow	10%	EUR 182 million	0%
Strategy and portfolio targets <sup>1)</sup>	40%		200%
<b>Total</b>	<b>100%</b>		<b>159%</b>

### CEO STI 2023 (to be paid in 2024)

Reward targets	Weight	Target <sup>2)</sup>	Incentive payout as % of on-target amount
Group revenue	25%	EUR 3 096 million	47%
Group adjusted profit (EBITA adj.)	25%	EUR 417 million	46%
Group adjusted free cash flow	10%	EUR 210 million	0%
Strategy and portfolio targets <sup>1)</sup>	40%		100%
<b>Total</b>	<b>100%</b>		<b>63%</b>

### CEO STI 2024 (potential reward in 2025)

Reward targets	Weight
Group revenue	25%
Group adjusted profit	25%
Adjusted free cash flow	10%
Strategy and portfolio targets <sup>1)</sup>	40%
<b>Total</b>	<b>100%</b>

<sup>1)</sup> Strategic targets and priorities set by the Board of Directors

<sup>2)</sup> Measured in constant currency (2022 FX rates), adjusted for acquisitions and divestments

### 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. The ESG performance measures for PSP 2022–2024, PSP 2023–2025 and PSP 2024–2026 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	2020–2022	2021–2023	2022–2024	2023–2025	2024–2026
Performance criteria & criteria weight					
	EPS, weight 50%	EPS, weight 33%	TSR, weight 60%	TSR, weight 80%	Relative TSR, weight 50%, Index +1% (annual) Absolute TSR, weight 30%, target level 9% (annual)
	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	ESG: CO <sub>2</sub> emissions, weight 10%. Target level 90% reduction from 2020 baseline by the end of 2026
		Revenue growth, weight 34%	ESG: CO <sub>2</sub> emission, weight 5%	ESG: Gender diversity, female new recruits, weight 10%. Target level 37% female intake in 2025	ESG: Gender diversity, female new recruits, weight 10%. Target level: 38%
			ESG: Gender diversity, weight 5%		
Achievement in total and per measure	137%	118%	n/a	n/a	n/a
	EPS: 75%	EPS: 68%			
	Relative TSR: 200%	Relative TSR: 84%			
		Revenue growth: 200%			
Share delivery	2023	2024	2025	2026	2027
The President and CEO share grants and deliveries					
Grant size of Annual Base Salary at share grant <sup>1)</sup>	125%	125%	125%	125%	125%
Target number of gross shares	40 600	37 900	43 212	37 900	50 333
Maximum number of gross shares	81 200	75 800	86 424	75 800	100 666
Shares earned (total gross shares) <sup>2)</sup>	55 622	44 722	n/a	n/a	n/a
Share price at delivery	27.8959	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.

		2019	2020	2021	2022	2023
Revenue	EUR million	1 734.0	2 786.4	2 823.4	2 928.1	2 851.4
Operating profit (EBIT)	EUR million	126.8	146.7 <sup>4)</sup>	382.0 <sup>4)</sup>	266.5	255.6
Board remuneration <sup>1)</sup>						
Chairperson	Annual remuneration, EUR	98 000	125 000	125 000	128 500	133 000
Deputy chairperson	Annual remuneration, EUR	58 000	70 000	70 000	72 000	72 000
Board member	Annual remuneration, EUR	38 000	53 000	53 000	54 500	54 500
	Meeting fee, EUR/meeting	800	800	800	800	800
Employee representative	Annual remuneration, EUR		15 000	15 000	15 000	15 000
CEO remuneration <sup>2)</sup>	EUR	2 589 032	2 636 446	2 404 562	2 248 409	3 631 462
Employee remuneration <sup>3)</sup>	EUR, average per employee	62 155	62 452	64 084	65 454	64 761

<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. Deputy members of the personnel representatives received an annual fee of EUR 7 500.

<sup>2)</sup> The CEO's 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).



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