

Corporate Governance 2012

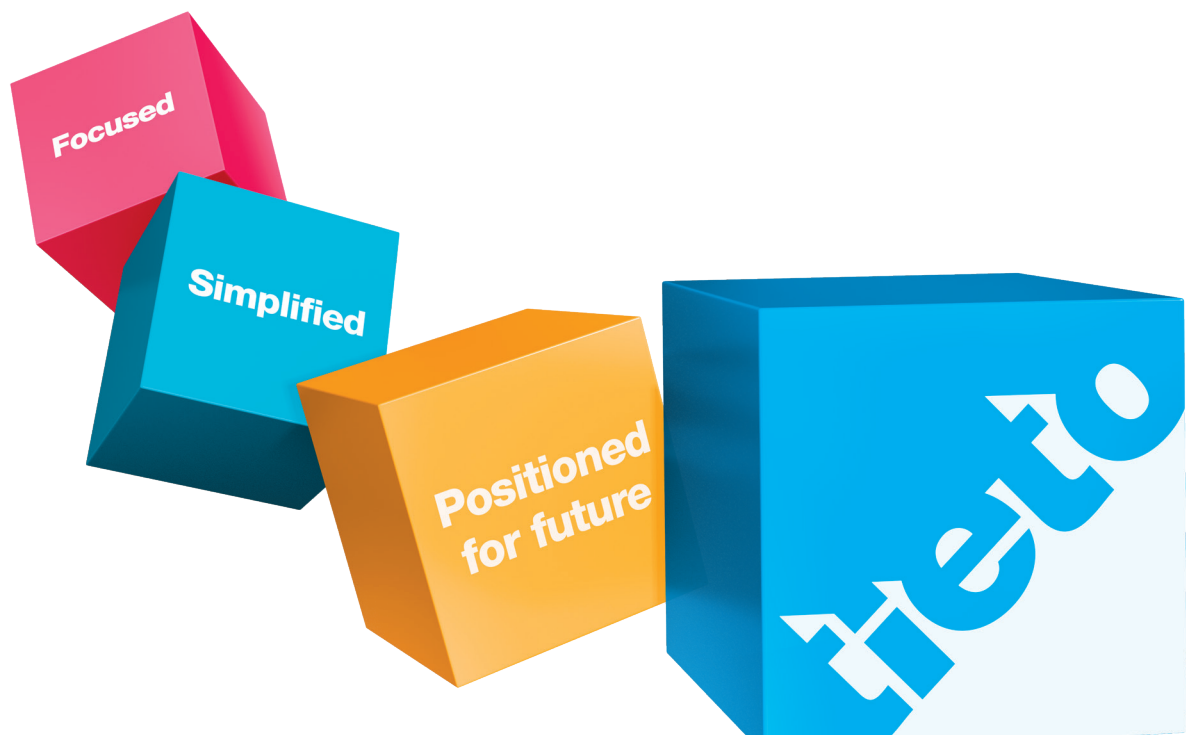


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Corporate Governance Statement

Tieto is committed to good corporate governance. In addition to the relevant legislation and rules of the Helsinki and Stockholm stock exchanges, Tieto fully complies with the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010.

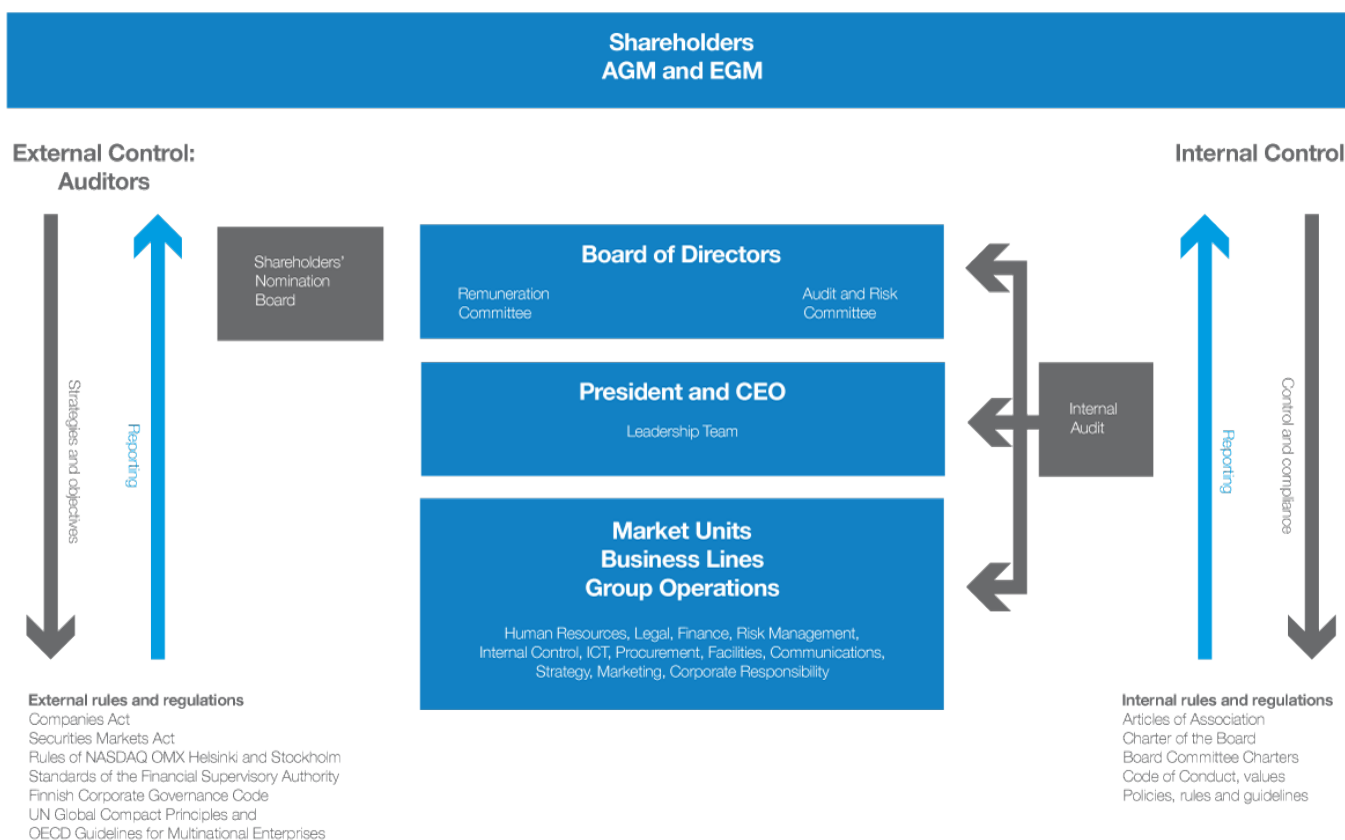
This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code. The code is available at www.cgfinland.fi. This statement has been issued separately from the report by the Board of Directors and included in the Financial Review 2012.

Tieto's Audit and Risk Committee has reviewed this statement and independent external auditor, PricewaterhouseCoopers Oy, has checked that the statement has been duly issued and that the description of the main features of the internal control and risk management systems related to the financial reporting process is consistent with the financial statements of the company.

This document and previous statements have been published on company's website (www.tieto.com/Investors). Updated and additional information is also available on the website. The Governance section of the website provides further information on matters such as the Annual General Meeting (AGM), Articles of Association, Board of Directors, Leadership Team and auditors, as well as remuneration.

The below chart describes Tieto's organization during the financial year 2012. The new organization as of 1 January 2013 is described at our website.

Governance at Tieto



The Annual General Meeting

Tieto's supreme decision-making body is the AGM. Every shareholder has a right to participate in the AGM and each share in Tieto 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 and appoints auditors, decides on their compensation and discharges the members of the Board and President and CEO from liability. The AGM's approval is required for option programmes as well as Board authorizations for matters like share repurchases and share issues. The meeting also makes the decision on the Board's annual dividend proposal.

The following persons are present at Tieto's AGM

- Board of Directors: Chairman, proposed new members and usually the majority of other Board members
- Leadership Team: President and CEO, CFO
- Auditors

For more information regarding the AGM 2013 and previous meetings, shareholders and participation possibilities please visit the company's website.

Tieto's AGM 2012

- In 2012, the AGM convened on 22 March at Finlandia Hall in Helsinki, Finland. Altogether 568 shareholders and 44 286 921 shares (61.5% of the total outstanding shares) were represented at the meeting.
- No Extraordinary General Meetings were held in 2012.

Shareholders' Nomination Board (SNB)

Tieto's AGM decided in 2010 to establish a Shareholders' Nomination Board, which is a body of shareholders responsible for preparing the proposals to the AGM for the election and remuneration of the members of Board of Directors.

The SNB consists of five members. Four members represent the four shareholders who on 31 August represent the largest number of votes conferred by all shares in the company and who wish to participate in the nomination process. The fifth member is the Chairman of the Board of Directors of Tieto Corporation.

The term of the 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 SNB preparing the proposals to the AGM 2013 consists of the following representatives announced by Tieto's four largest shareholders:

Nominated by Cevian Capital Partners Ltd.:

Lars Förberg

Main occupation: Managing Partner, Cevian Capital AG
 Year of birth: 1965
 Nationality: Swedish
 Education: MSc. (Econ.)

Nominated by Solidium Oy:

Kari Järvinen

Main occupation: Managing Director, Solidium Oy
 Year of birth: 1962
 Nationality: Finnish
 Education: MSc. (Eng.), MBA

Nominated by Ilmarinen Mutual Pension Insurance Company:

Timo Ritakallio

Main occupation: Deputy CEO, Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company
 Year of birth: 1962
 Nationality: Finnish
 Education: LL.M., MBA

Nominated by Varma Mutual Pension Insurance Company:

Pekka Pajamo

Main occupation: CFO, Varma Mutual Pension Insurance Company
 Year of birth: 1962
 Nationality: Finnish
 Education: MSc. (Econ.)

Representing the Board of Directors of Tieto Corporation:

Markku Pohjola

The committee decided that Lars Förberg shall act as Chairman. The SNB convened 3 times and provided Tieto's Board of Directors with its proposals for the AGM 2013 on 27 January 2013. The SNB proposes that the Board of Directors shall have eight members and that all current Board members Kurt Jofs, Eva Lindqvist, Sari Pajari, Risto Perttunen, Markku Pohjola, Teuvo Salminen, Ilkka Sihvo and Jonas Synnergren be re-elected. All the proposed candidates have given their consent to being elected.

The SNB proposes that the remuneration of the Board of Directors will consist of annual fees and remain unchanged: EUR 31 500 to the ordinary members of the Board of Directors, EUR 48 000 to the Deputy Chairman and EUR 72 000 to the Chairman. The same fee as to the Board Deputy Chairman will be paid to the Chairman of Board Committee unless the same individual is also the Chairman or Deputy Chairman of the Board. In addition to these fees it is proposed that the members of the Board of the Directors be paid a remuneration of EUR 800 for each Board meeting and for each permanent or temporary committee meeting. It is the company's practice not to pay fees to Board members who are also employees of the Tieto Group.

Further, the SNB proposes that 40% of the fixed annual remuneration be paid in Tieto Corporation's shares purchased from the market. The shares will be purchased within two weeks from the release of the interim report 1 January–31 March, 2013. According to the proposal, the Annual General Meeting will resolve to acquire the shares directly on behalf of the members of the Board which is an approved manner to acquire the company's shares in accordance with the applicable

insider rules. The SNB is of the opinion that increasing long-term shareholding of the Board members will benefit all the shareholders.

The biographical details of the candidates, their independence and information on their holdings in Tieto are available on the company's website.

The Board of Directors

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

Composition and election of Tieto's Board of Directors

According to Tieto's Articles of Association, the Board of Directors shall consist of at least six but no more than twelve members. Board members have a term of office of one year. Tieto's Board members shall be professionally competent and as a group have sufficient knowledge of and competence in, inter alia, the company's field of business and markets.

The SNB, which consists of representatives nominated by the company's largest shareholders, prepares a proposal on the composition of the Board to be presented to the AGM for its decision.

In addition to the members proposed by the SNB and elected by the AGM, Tieto's personnel elects two members and two deputy members to the Board of Directors. The personnel representation has

been agreed in a Personnel Representation Cooperation Agreement between Tieto Corporation and the personnel of the Group.

The objectives of personnel representation are, inter alia, to provide opportunities for the personnel to influence and affect the organization, to improve communication and decision-making within the Group, to increase mutual trust and confidence between corporate management and the personnel as well as to increase and develop the feeling of security among the personnel. The personnel representatives, however, are not entitled to participate in the handling of matters that concern the appointment or dismissal of corporate management, the contractual terms of the management, the terms of employment of staff or matters related to industrial actions.

The term of office for the personnel representatives is two years. Anders Eriksson (deputy Ingela Öhlund) and Jari Länsivuori (deputy Esa Koskinen) were appointed to the Board until the Annual General Meeting 2014.

Board of Directors as at 31 December 2012

Name	Born	Nationality	Education	Main occupation
Markku Pohjola (Chairman)	1948	Finnish	BSc. (Econ.)	Professional Board member
Kurt Jofs (Deputy Chairman)	1958	Swedish	MSc. (Eng.)	Entrepreneur, investor and Board member
Eva Lindqvist	1958	Swedish	MSc. (Eng.), MBA	Professional Board member
Sari Pajari	1968	Finnish	MSc. (Eng.)	SVP, Supply Chain and Business Development, Metsä Board Oyj
Risto Perttunen	1954	Finnish	MSc. (Eng.), BSc. (Econ.), MBA	Entrepreneur, investor and Board member
Teuvo Salminen	1954	Finnish	MSc. (Econ.), Authorized Public Accountant	Professional Board member
Ilkka Sihvo	1962	Finnish	MSc. (Eng.), MSc. (Econ.)	Professional Board member
Jonas Synnergren	1977	Swedish	MSc. (Econ.)	Partner, Cevian Capital AB
Anders Eriksson (Personnel representative)	1963	Swedish	MSc. (Computer Engineering and Computer Science)	Quality Partner
Jari Länsivuori (Personnel representative)	1949	Finnish	Fire safety supervisor	Facility security specialist

Independency and attendance at Board and its Committees' meetings in 2012

	Member since	Independent	Board	Audit & Risk Committee	Remuneration Committee
Markku Pohjola	2009	Yes	12/12	-	7/7
Kurt Jofs ¹⁾	2010	Yes	11/12	2/2	4/5
Eva Lindqvist	2010	Yes	11/12	8/8	-
Sari Pajari	2012	Yes	8/8	-	5/5
Risto Perttunen ²⁾	2008	Yes	12/12	1/2	5/5
Teuvo Salminen ³⁾	2010	Yes	12/12	8/8	2/2
Ilkka Sihvo	2012	Yes	8/8	5/6	-
Jonas Synnergren	2012	Yes	8/8	6/6	-
Anders Eriksson	2006	-	12/12 ⁴⁾	-	-
Jari Länsivuori	2006	-	12/12 ⁵⁾	-	-
Christer Gardell ⁶⁾			4/4	-	1/2
Olli Riikkala ⁷⁾			4/4		2/2

1) Member of the Audit and Risk Committee until 8 February 2012 and member of the Remuneration Committee as of 15 May 2012

2) Member of the Audit and Risk Committee until 8 February 2012 and member of the Remuneration Committee as of 15 May 2012

3) Member of the Remuneration Committee until 22 March 2012

4) Substituted by his deputy member Ingela Öhlund in one meeting

5) Substituted by his deputy member Esa Koskinen in two meetings

6) Board member until AGM on 22 March 2012

7) Board member until AGM on 22 March 2012

All Board members of Tieto are independent both of the company and its 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 the Remuneration Statement, is presented on the company's website.

Tasks of Tieto's Board

The main duties and working principles of the Board have been defined in written Working Orders. Additionally, the work of the Board is based on an annual action plan.

More specifically, the Board:

- approves the company's values, strategy and organizational structure
- defines the company's dividend policy
- approves the company's annual plan and budget and supervises their implementation
- monitors management succession issues, appoints and discharges the President and CEO
- decides on the President and CEO's compensation, sets annual targets and evaluates their accomplishment
- decides on the compensation of the President and CEO's immediate subordinates

- addresses the major risks and their management at least once a year
- reviews and approves interim reports, annual reports and financial statements
- reviews and approves the company's key policies
- meets the company's auditors at least once a year without the company's management
- appoints the members and Chairmen 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 of Tieto's Board

The Board has scheduled meetings every one to two months. Besides the Board members, the meetings are attended by the President and CEO, the Chief Financial Officer (CFO) and the General Counsel, who acts as secretary of the meetings. In addition to the scheduled meetings, the Chairman shall convene the Board whenever needed as well as at the request of any of its members or the President and CEO.

Matters to be handled are prepared by the Board committees and the President and CEO. The Board receives information on the company's financial performance monthly and more detailed financial reports quarterly. Any material related to issues to be handled by the Board is provided five 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.

Work of Tieto's Board in 2012

- The Board convened 12 times in 2012 and the average attendance rate was 98%.
- The Board met a few 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.
- In addition to the regular items, the main issues considered by the Board were the revised strategy and changes in organization and operating model.

Assessment of the Board

The performance of Tieto's Board is assessed annually; the latest assessment was carried out as a self-assessment in late 2012. In the assessments, the Board's knowledge of the company's operations and management and understanding of the field of business is reviewed. 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.

Board committees

Tieto'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 entire Board remains responsible for the duties assigned to the committees. The Audit and Risk Committee, however, independently prepares a proposal on the nomination of the company's auditors for the AGM on behalf of the whole Board and assesses their compensation as well as arranges the tender process.

Remuneration Committee (RC)

The RC comprises at least three non-executive directors elected by the Board. The majority of the members shall be independent of the company. The head of Tieto's Human Resources (HR) acts as secretary of the meetings.

In 2012, all committee members were non-executive directors and independent of the company. Based on the Board's decision, the RC consisted of:

- Markku Pohjola (Chairman)
- Kurt Jofs
- Sari Pajari
- Risto Perttunen.

The committee meets regularly and at least twice a year. The Chairman 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 Chairman and Deputy Chairman of the Board
- prepare a proposal on the committee members and Chairmen, and the duties and responsibilities of these committees
- monitor corporate governance
- prepare a compensation proposal concerning the President and CEO and his immediate subordinates, and the principles of personnel compensation
- prepare for the Board option schemes and other share-based incentive schemes
- evaluate the performance of the President and CEO
- prepare the assessment of the Leadership Team
- prepare a proposal on the Board's Working Orders.

Work of Tieto's RC in 2012

- The committee convened seven times in 2012 and the average attendance rate was 93%.
- The main issues considered by the RC were approving the short-term incentive (STI) results for 2011, reviewing the remuneration for the Leadership Team, approving the STI framework design for 2013 and approving the Long-Term Incentive Programme (LTI) 2012–2014 nominations.

Audit and Risk Committee (ARC)

The 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 Chairman and the members are elected by the Board. At least one committee member must have expertise in accounting, bookkeeping or auditing. One of Tieto's Legal Counsels acts as secretary of the meetings.

In 2012, all committee members were non-executive directors who were independent of the company and significant shareholders. 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 consisted of

- Teuvo Salminen (Chairman)
- Eva Lindqvist
- Ilkka Sihvo
- Jonas Synnergren.

The committee convenes regularly at least four times a year and meets the company's auditors, also without the company's

management present. The Chairman of the committee reports to the Board when applicable. The main tasks of the committee are to:

- review and supervise internal control – particularly the financial reporting process – and risk management issues
- discuss and review the interim and annual reports and the financial statements
- assess compliance with legislation, official regulations and the company's code of conduct
- evaluate the sufficiency of internal control and the internal audit
- examine, assess and approve the internal audit plan
- assess the appropriate coverage of risk management and monitor the efficiency of risk management
- review significant risks and unusual business events
- prepare 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.

Work of Tieto's ARC in 2012

- The committee convened eight times in 2012 and the attendance rate was 94%.
- In addition to its regular agenda items, the committee worked on the changes for the financial model in the new organization.

The President and CEO and operative management

During 2012, Tieto Group's operative management consisted of the President and CEO, the Leadership Team, the Extended Leadership Team and the Market Unit, Business Line and Product Engineering Solutions (PES) organizations. The President and CEO is appointed by the Board and responsible for the Group's operative management, internal efficiency and quality.

In the organization of 2012, the President and CEO was assisted by the Leadership Team, which included the heads of Market Units, the head of Strategy, the head of Operations, the CFO and the head of HR. Appointments of Leadership Team members are approved by the Chairman of the Board based on the President and CEO's proposal. The Leadership Team members were accountable for the performance and development of their management areas and they supervised the operations of the units belonging to their areas.

Tieto's new operative management as of 1 January 2013 can be found at the company's website.

Members of the Leadership Team as at 31 December 2012

Kimmo Alkio

President and CEO
Born 1963
Nationality Finnish
BBA and Executive MBA
Joined the company in 2011

Eva Gidlöf

Executive Vice President, Scandinavia
Born 1957
Nationality Swedish
MSc. (Econ.)
Joined the company in 2008

Kolbjørn Haarr⁸⁾

Executive Vice President, Central, Eastern Europe and Russia
Born 1960
Nationality Norwegian
Engineer in Electronics with biomedical specialization
Joined the company in 2009

Lasse Heinonen

Chief Financial Officer (CFO), Executive Vice President
Born 1968
Nationality Finnish
Education MSc. (Econ.)
Joined the company in 2011

Ari Järvelä

Executive Vice President, Finland and the Baltic countries
Born 1969
Nationality Finnish
MSc. (Eng.)
Joined the company in 2001

Ari Karppinen

Executive Vice President, Operations and Managed Services and Transformation Business Line
Born 1957
Nationality Finnish
MSc. (Eng.)
Joined the company in 1987

Katariina Kravi⁹⁾

Executive Vice President, Human Resources
Born 1967
Nationality Finnish
LL.M.
Joined the company in 2012

Henrik Sund¹⁰⁾

Executive Vice President, Consulting and System Integration

Born 1961

Nationality Swedish

MSc.

Joined the company in 2012

Ari Vanhanen¹¹⁾

Executive Vice President (acting), Global Accounts and Customer and Market Operations (CMO)

Born 1961

Nationality Finnish

MSc. (Eng.)

Joined the company in 1994

Antti Vasara¹²⁾

Executive Vice President, Product Engineering Services

Born 1965

Nationality Finnish

Doctor of Technology

Joined the company in 2012

⁸⁾ Leadership Team member as from 27 June 2012

⁹⁾ Leadership Team member as from 1 April 2012

¹⁰⁾ Leadership Team member as from 23 April 2012

¹¹⁾ Employed by the company until 15 January 2013

¹²⁾ Leadership Team member as from 1 November 2012

such as full CVs of the Leadership Team, is presented on the company's website.

Wim Huisman¹³⁾

Executive Vice President, Central Europe & Russia

Born 1957

Nationality Dutch

BSc. (Health)

Joined the company in 2010

Kavilesh Gupta¹⁴⁾

Executive Vice President, Strategy and Corporate Planning

Born 1968

Nationality Indian

BSc. (Physics)

Joined the company in 2008

Until the end of 2012, the company has also had an Extended Leadership Team. The purpose of this team was to strengthen operational focus and to provide Tieto's top management with a forum for planning the company's operations, aligning business targets and sharing information. This team comprised the Leadership Team members and six other key persons. The heads of Business Lines among others were members of this team.

¹³⁾ Leadership Team member until 26 June 2012

¹⁴⁾ Leadership Team member until 4 December 2012

The remuneration of the Leadership Team is presented in the Remuneration Statement. More detailed background information,

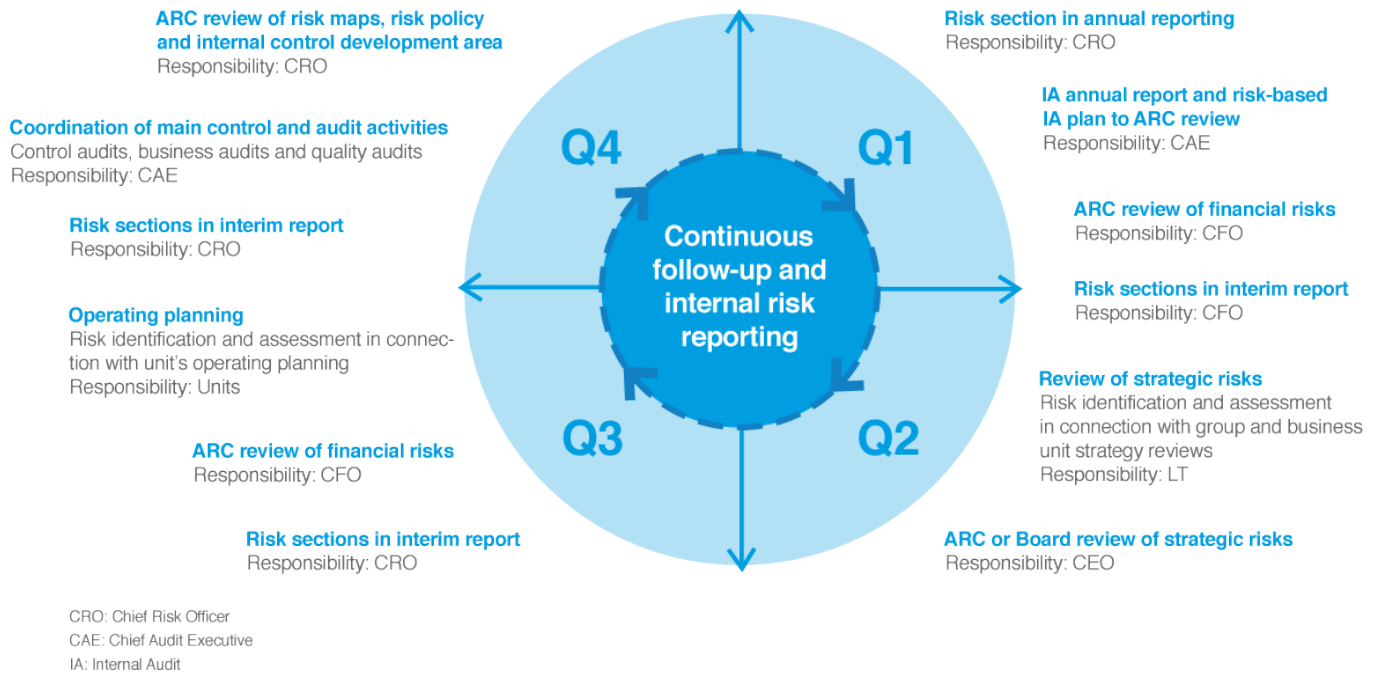
Internal control, risk management and internal audit

Internal control and risk management framework

Tieto's internal control framework supports the execution of the strategy and ensures regulatory compliance. The foundation for internal control is set by internal financial control, internal audit, risk management, and governance policies as well as Tieto's values and Code of Conduct.

The aim of Tieto's internal control framework is to assure that operations are effective and efficiently aligned with the strategic goals and to ensure reliable, complete and timely financial reporting and management information as well as compliance with applicable legislation and regulations. The framework endorses ethical values, good corporate governance and risk management practices.

Tieto's risk management follows an annual cycle in sync with the reporting responsibilities to ARC:



Tieto uses risk management as a means of preventing unexpected incidents that may have severe impact on our business and achievement of the strategic goals. It also contributes to developing business operations and their profitability and ensuring the continuity of successful business operations. The role of risk management is to maintain the company's risk management framework and report risk exposures consisting of strategic, financial, compliance and operational risks.

The CFO and CRO have the joint responsibility to arrange and lead Tieto's risk management. The ARC monitors the efficiency of the company's internal control, and risk management. The internal audit assures that the control framework is functional and effectively implemented.

Internal control and risk management pertaining to financial reporting

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. Tieto's ARC has the oversight role in Tieto's external financial reporting.

Financial reporting process and responsibilities

Tieto has a common accounting and reporting platform, Tieto ERP. Group consolidation and reporting are based on the reporting system, which facilitates common control requirements for all cost centres and legal entities reporting to the Group. Financial reporting consists of monthly performance reports, including all the key performance indicators, rolling forecasts and interim financial reports.

Tieto has documented the key financial process flows, such as order to cash, purchase to pay, record to report, master data management and accounting system access and role management. Processes are headed by a process owner.

Tieto has organized its finance functions under Global Services, Country Units and Group Reporting. The Global Services function is in charge of centralized shared finance operations and the development of common finance processes and tools. It also has the ownership of finance policies and rules as well as the responsibility for process performance and operational compliance.

Finance Country Units are responsible for implementing global practices, processes, tools, policies and rules in local operations. They are also responsible for executing local requirements set by the authorities.

Tieto's Group Reporting function leads and coordinates financial reporting and ensures that accounting procedures conform to generally accepted accounting principles. It serves as the key legislative liaison for the Group's financial issues and executes operative follow-up of the adequacy and effectiveness of control activities.

Information and releases concerning the internal financial guidelines and schedules are available on Tieto's intranet to all employees concerned. All the financial processes described are available in the company's Way to Excellence (W2E) business system.

Monitoring activities of financial reporting

Financial reports are regularly reviewed by the Leadership Team 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 Leadership Team members are responsible for initiating corrective actions.

The ARC can assign individual audit engagements to the company's internal audit function related to the internal control and risk management systems of the financial reporting process. The committee also reviews interim and annual reports. Tieto's Board of Directors approves the financial reports.

Internal audit

Tieto's internal audit function carries out both business and internal control audit activities. Business audits aim to ensure the efficiency and appropriateness of Tieto's business operations. Internal control audit activities are intended to assess and assure the adequacy and effectiveness of internal controls within Tieto.

The internal audit is carried out independently and it reports to the CFO, President and CEO and to the ARC. The charter, annual report and annual internal audit plan are approved by the ARC.

Tieto's risk management, internal audit and internal control in 2012

Tieto's major risks are addressed in the company's strategy and the operating model. In 2012, Tieto developed the revised strategy and new operating model to be taken into use in the beginning of 2013. Tieto's risk management framework, consisting of risk management policies, risk classifications and ratings as well as the risk register tool with risk consolidation and mapping functionalities were updated accordingly. During the year, risk management concentrated on mapping out the strategic, financial, operational, and compliance risks throughout the organization.

As one of the main achievements of the year, all Finance process controls were catalogued and analysed from a risk mitigation perspective during the year. Embedding the risk management activities in organizational governance and business processes is an on-going activity continuing in coming years.

Further, during 2012, the main focus of Tieto's risk management, internal audit and internal control was on

- development of the risk management framework
- configuration of the tools and registers
- analysis on the efficiency of risk management in service deliveries
- business integration in various countries of operation
- the business impact analysis in data centres, and
- business continuity planning.

Auditors

The ARC independently prepares a proposal on the compensation and appointment of Tieto's auditors, which is then presented to the AGM for its decision. The compensation paid to the auditors is decided by the AGM and assessed annually by the ARC.

Auditing

The 2012 AGM re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor for the

financial year 2012. PricewaterhouseCoopers Oy notified the company that authorized public accountant Kim Karhu acts as chief auditor. In 2012, Tieto Group paid the auditors a total of EUR 1.2 (1.3) million in audit fees, of which EUR 1.1 (1.2) million to the Group's auditor PricewaterhouseCoopers Oy, and a total of EUR 0.6 (0.5) million for consulting, of which EUR 0.6 (0.4) to the Group's auditor.

Remuneration Statement

The aim of Tieto'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.

Rules for how the company shall compensate its employees are defined in Tieto's Compensation & Benefits policy. The policy is globally applied at all Tieto 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 SNB. The RC is responsible for planning the remuneration of the Leadership Team members and preparing the principles underlying the remuneration of Tieto personnel. The Board of Directors decides on the remuneration of the President and CEO and other members of the Leadership Team based on a proposal by the RC.

Remuneration of the Board

According to the decision of AGM 2012, the annual remuneration of the Board of Directors is the following:

- EUR 31 500 to the ordinary members of the Board of Directors,
- EUR 48 000 to the Deputy Chairman and
- EUR 72 000 to the Chairman.

The same fee as to the Board Deputy Chairman will be paid to the Chairman of a Board Committee unless the same individual is also the Chairman or Deputy Chairman of the Board. In addition, a remuneration of EUR 800 is paid for each Board meeting and for each permanent or temporary committee meeting.

Further, the AGM 2012 decided that 40% of the fixed annual remuneration will be paid in Tieto Corporation's shares purchased from the market. 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 Tieto's Board.

In addition to the aforementioned 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 Tieto. Tieto executives or employees are not entitled to compensation

for their Board positions or meeting attendance in the Group companies. None of the Board members, except the personnel representatives, have an employment relationship or service contract with Tieto.

Compensation of individual Board members and Board in 2012¹⁵⁾

	Annual remuneration		Meeting based, EUR ¹⁶⁾
	EUR (60%) ¹⁷⁾	Shares (40%) ¹⁸⁾	
Markku Pohjola (Board chairman, RC chairman)	43 200	2 208	14 400
Kurt Jofs (Deputy chairman)	28 800	1 472	12 000
Teuvo Salminen (ARC chairman)	28 800	1 472	16 000
Eva Lindqvist	18 900	966	13 600
Sari Pajari	18 900	966	10 400
Risto Perttunen	18 900	966	12 800
Ilkka Sihvo	18 900	966	10 400
Jonas Synnergren	18 900	966	11 200
Christer Gardell ¹⁹⁾	N/A	N/A	3 200
Olli Riikkala ²⁰⁾	N/A	N/A	4 000
In total	EUR 195 300	Shares 9 982	EUR 108 000

¹⁵⁾ The Board members have not received any other benefits

¹⁶⁾ In 2012, both the Board and ARC held one per capsulam meeting. No compensation is paid for per capsulam meetings

¹⁷⁾ Gross compensation before taxes

¹⁸⁾ Shares were purchased and delivered in May 2012

¹⁹⁾ Board member until AGM on 22 March 2012

²⁰⁾ Board member until AGM on 22 March 2012

Board of Directors' shareholdings in Tieto as at 31 December 2012

Shareholding of the Board members

Name	At 31 Dec 2012	At 31 Dec 2011
Markku Pohjola (Board chairman, RC chairman)	18 000	15 000
Kurt Jofs (Deputy chairman)	8 439	6 967
Teuvo Salminen (ARC chairman)	7 219	3 747
Eva Lindqvist	2 133	1 167
Sari Pajari	966	N/A ²¹⁾
Risto Perttunen	4 933	3 967
Ilkka Sihvo	15 466	N/A ²¹⁾
Jonas Synnergren	966	N/A ²¹⁾
Christer Gardell ²²⁾	N/A	967
Olli Riikkala ²³⁾	N/A	5 471

²¹⁾ Elected to the Board by the AGM on 22 March 2012

²²⁾ Board member until the AGM on 22 March 2012

²³⁾ Board member until the AGM on 22 March 2012

Remuneration of the Leadership Team

Remuneration of the Leadership Team members consists of

- base salary and benefits
- short-term incentives: an annual bonus
- long-term incentives, such as option or other share-based programmes and pension plans.

Short-term incentives

The purpose of the annual bonuses is to reward performance that exceeds expectations. Tieto's bonus system is based on clear and measurable targets set for the company's financial performance (external revenue and profit). Weighting of the reward factors for the President and CEO and other Leadership Team members is described in a separate table.

The reward targets are set annually by the Board of Directors. The bonus for the President and CEO as well as other Leadership Team members is 30% of the annual base salary when the targets are met; the maximum bonus is 60%. The amount of bonuses is decided by the Board of Directors after the financial statements have been prepared and the bonuses are paid by the end of May.

Share-based long-term incentives

Tieto has two types of share-based long-term incentive arrangements: the Long-Term Incentive Programme and option programmes. Tieto has not established new option plans since 2009.

The terms and conditions of the share-based plans are approved by the Board of Directors. Long-Term Incentive Programme 2012–2014 currently covers the Leadership Team members and approximately 140 key employees. The first performance period began on 1 January 2012 and the final performance period will end on 31 December 2014. Individual performance periods are followed by a restriction period of two years for the executive management or one year for the other participants, during which the earned shares are not disposable.

The authorizations required by the Board to perform repurchase of the company's own shares and to issue shares shall be proposed to be approved at the AGM on an annual basis. The key principles

of Tieto's share plans, such as the basis and size of rewards, are described on company's website.

The terms and conditions of option programmes (2006 C, 2009 A, 2009 B and 2009 C) were approved by the AGM and option allocations were approved by the Board of Directors with a view to reward individual performance. The current programmes cover Leadership Team and around 500 employees. Further information about Tieto's option programmes is available on the company's website.

Pension plans

Tieto operates a number of different pension plans in accordance with national requirements and practices. In addition to statutory pension plans, most Leadership Team members are provided with additional pension schemes.

Most of the additional schemes are classified as defined contribution plans²⁴). In contribution-based plans, the payments to the plans are recognized as expenses for the period to which they relate. After the payment of the contribution, the company has no further obligations in respect of such plans.

In the arrangements for most Finnish members, annual payments to the plans managed by a pension insurance company amount to 15% or 23% of the participant's annual base salary. The accumulated pension, including return on capital investment, is paid to the participant during a period starting at the age of 60–70, as individually decided by the participant. The annual expenditure related to the pension plans of the President and CEO and CFO amounts to 23% of their annual base salary, while that of other Finnish Leadership Team members covered by the plans amounts to 15% of their annual base salary.

The company provides Leadership Team members based outside Finland with individual pension plans according to local practices.

²⁴) The exception is the scheme of one member who is covered by a fund-based pension system previously adopted by Tieto. Tieto will not establish any new fund-based pension plans.

Remuneration of the President and CEO

The table below summarizes the remuneration and the main terms and conditions of the President and CEO's employment.

President and CEO

Kimmo Alkio

Salary	EUR 500 000/year (EUR 41 667/month) including car benefit.
Additional success-based incentive	The additional success-based incentive is based on reaching, by the end of 2014, the challenging targets set by the Board of Directors in accordance with the company's strategic and financial objectives. The success bonus including tax implications is paid in Tieto shares and amounts to EUR 1 000 000. In order to receive the bonus, the CEO must remain in the continuous employment of the company without receiving notice of termination until the beginning of January 2015.
Bonus 2012	Not yet determined (In 2011: N/A).
Basis of bonus	Target 30% of base salary based on the Group's external revenue, profit and strategy implementation when achievements meet the targets. Maximum 60% of base salary based on the Group's external revenue, profit and strategy implementation when achievements exceed the targets. Weighting of the reward factors: EBIT of the company 70% External revenue of the company 30%
Options	2006 C option programme: right to subscribe for 120 000 shares. In accordance with the director's agreement, the options 2006 C allocated to the President and CEO are subject to a transfer restriction until 2 January 2013. The fair value of the option rights is EUR 183 600. ²⁵⁾ 2009 A option programme: right to subscribe for 30 000 shares. In accordance with the director's agreement, the options 2009 A allocated to the President and CEO are subject to a transfer restriction until 2 January 2014. The fair value of the option rights is EUR 138 300. ²⁶⁾ 2009 C option programme: right to subscribe for 30 000 shares. In accordance with the director's agreement, the options 2009 C allocated to the President and CEO have a transfer restriction until 2 January 2015. The fair value of the option rights is EUR 106 800. ²⁷⁾ The options allocated to the President and CEO have a lock-up period as follows: 2006 C: until 2 January 2013 2009 A: until 2 January 2014 2009 C: until 2 January 2015 Terms and conditions of the option programmes are available on company's website (www.tieto.com/Investors).
Long-Term Incentive Programme 2012–2014	The reward to be paid to the President and CEO at target corresponds to 50% of annual gross salary and at maximum 120% of annual gross salary. Further information is available on company's website (www.tieto.com/Investors).
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the executive's one time annual gross base salary.
Expenditures related to share-based incentives (including option programmes)	EUR 378 958
Retirement age	63
Pension expenditure	In addition to the statutory pension provision: a defined contribution pension plan where the expenditure is 23% of the annual base salary. ²⁸⁾

Period of notice	If the agreement is terminated by Tieto, the period of notice is 12 months. If the agreement is terminated by the President and CEO, the period of notice is 6 months.
Severance payment	If the agreement is terminated by Tieto, the company shall pay a severance payment equivalent to the base salary and the short-term incentive for 6 months in addition to the salary for the notice period of 12 months. If the agreement is terminated by the President and CEO, the severance payment shall not be paid.

²⁵⁾ The value for one option on the grant date 30 November 2011 is EUR 1.53.

²⁶⁾ The grant value of 2009 A options is calculated with the Black & Scholes method and the value for one option is EUR 4.61 on the grant date 30 November 2011. Calculated on the basis of the fair market value of one Tieto 2009 A stock option on 28 December 2012, EUR 4.01.

²⁷⁾ The grant value of 2009 C options is calculated with the Black & Scholes method and the value for one option is EUR 2.98 on the grant date 15 August 2011 and EUR 3.56 on the grant date 30 November 2011.

²⁸⁾ 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.

Updated information on the shares and options held by the President and CEO is available on the company's website.

Remuneration of Leadership Team members

The table below summarizes the remuneration of the Leadership Team members (excluding the President and CEO).

Leadership Team (excluding the President and CEO)

Total salaries	EUR 2 357 782
Total benefits	EUR 390 608
Special payments	EUR 315 690
Total bonuses 2012	Not yet determined (In 2011: EUR 28 000)
Basis of bonus	The basis of bonus as well as target and maximum amounts for bonuses vary between the Leadership Team members. CFO: weighting of the reward factors is as follows: EBIT of the company 60% Cash flow predictability 20% Strategy related criteria 20% Other LT members: weighting of the reward factors is as follows: For most LT member's, company and/or own Market Unit or Business Line related performance criteria (EBIT) with different weightings ranging between 20% and 60%. Various criteria with different weightings ranging between 10% and 30%
	2009 A option programme: right to subscribe for 31 250 shares. The fair value of the option rights is EUR 125 313. ²⁹⁾
	2009 B option programme: right to subscribe for 37 000 shares. The fair value of the option rights is EUR 187 220. ³⁰⁾
	2009 C option programme: right to subscribe for 77 000 shares. The computational value of the option rights is EUR 229 460. ³¹⁾
	Terms and conditions of the option programmes are available on company's website.

Long-term Incentive Programme 2012–2014	The reward to be paid to other members of the Leadership Team on the basis of the Long-Term Incentive Programme 2012–2014 at target corresponds to 30–40% of the annual gross salary and at maximum 60–80% of the annual gross salary. Further information is available on company's website (www.tieto.com/Investors).
Expenditures related to share-based incentives (including option programmes)	EUR 447 143
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.
Retirement age	According to applicable local regulations.
Pension expenditure	CFO: In addition to the statutory pension provision: a defined contribution pension plan where the expenditure is 23% of the annual base salary. ³²⁾ Most other Leadership Team members based in Finland with no pension plans implemented earlier: In addition to the statutory pension provision: defined contribution pension plans where the expenditure is 15% of the annual base salary. ³²⁾ The company provides Leadership Team members based outside Finland with individual pension plans according to local practices.
Period of notice	Various terms, between 4 and 12 months.
Severance payment	Various terms, amounts corresponding to the period of notice.

²⁹⁾ The grant value of 2009 A options is calculated with the Black & Scholes method and the value for one option is EUR 4.61 on the grant date 30 November 2011. Calculated on the basis of the fair market value of one Tieto 2009 A stock option on 28 December 2012, EUR 4.01.

³⁰⁾ The grant value of 2009 B options is calculated with the Black & Scholes method and the value for one option is EUR 5.06 on the grant date 9 August 2010.

³¹⁾ The grant value of 2009 C options is calculated with the Black & Scholes method and the value for one option is EUR 2.98 on the grant date 15 August 2011 and EUR 3.56 on the grant date 30 November 2011.

³²⁾ 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.

Shareholdings of the Leadership Team

	Shares at 31 Dec 2012	Shares at 31 Dec 2011	Options at 31 Dec 2012	Options at 31 Dec 2011
Kimmo Alkio	5 367	5 367	180 000	180 000
Eva Gidlöf	3 260	3 260	15 500	33 000
Kavilesh Gupta ³³⁾	N/A	0	3 750	19 000
Kolbjørn Haarr ³⁴⁾	0	N/A	21 000	N/A
Lasse Heinonen	5 000	5 000	25 000	25 000
Wim Huisman ³⁵⁾	N/A	0	10 000	10 000
Ari Järvelä	1 500	1 500	18 000	27 150
Ari Karppinen	5 000	5 000	31 000	62 500
Katariina Kravi ³⁶⁾	0	N/A	0	N/A
Henrik Sund ³⁷⁾	0	N/A	0	N/A
Ari Vanhanen	10 710	10 710	21 000	49 000
Antti Vasara ³⁸⁾	3 000	N/A	0	N/A

³³⁾ Information as per 4 December 2012; the person is no longer entered into Tieto's statutory insider register

³⁴⁾ Leadership Team member as from 27 June 2012

³⁵⁾ Information as per 26 June 2012; the person is no longer entered into Tieto's statutory insider register

³⁶⁾ Leadership Team member as from 1 April 2012

³⁷⁾ Leadership Team member as from 23 April 2012

³⁸⁾ Leadership Team member as from 1 November 2012

The compensation of the whole Leadership Team in 2012 is also summarized in note 7 of the consolidated financial statements. The remuneration statement is available on the company's website.