

# Corporate Governance Statement

Tieto is committed to good corporate governance. In addition to the relevant legislation and the 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.

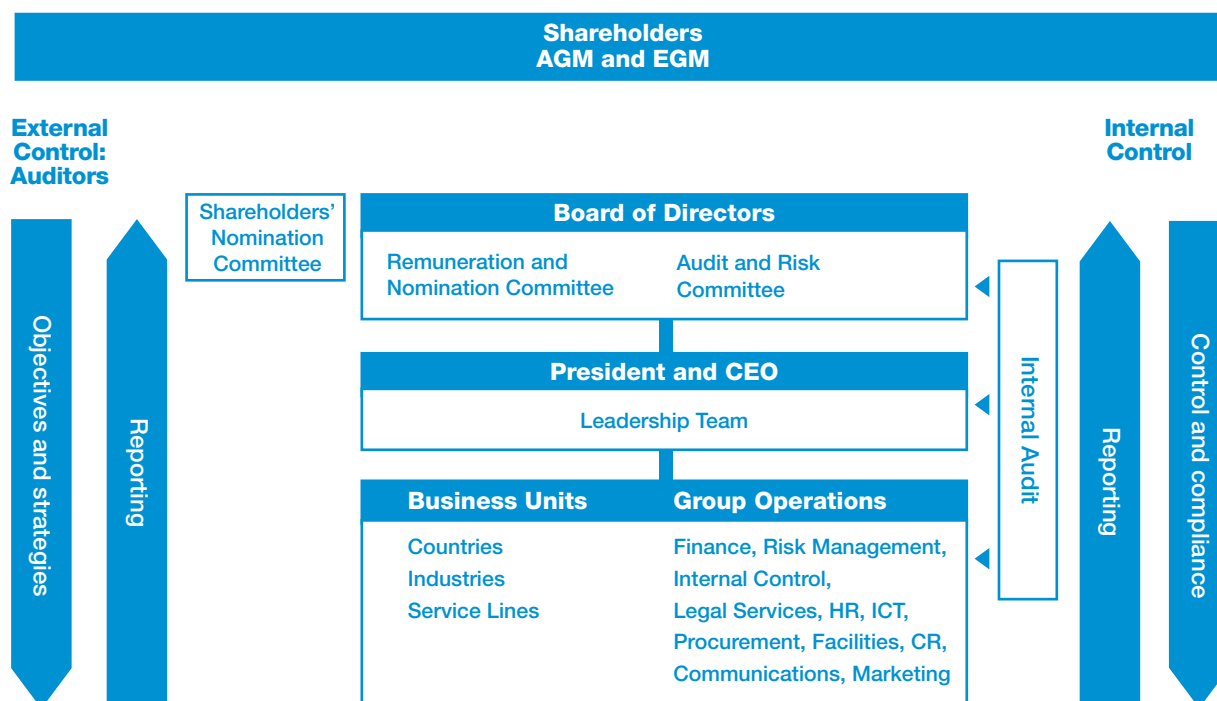
This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code. The code is available at [www.cgfinland.fi](http://www.cgfinland.fi). This statement has been issued separately from the report by the Board of Directors and included in the Financial Review 2010.

Tieto's Audit and Risk Committee has reviewed this statement and our 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 our website ([www.tieto.com/Investors](http://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.

## Governance at Tieto



### External rules and regulations

Companies Act  
 Securities Markets Act  
 Rules of NASDAQ OMX Helsinki and Stockholm  
 Standards of the Financial Supervisory Authority  
 Finnish Corporate Governance Code

### Internal rules and regulations

Articles of Association  
 Charter of the Board  
 Board Committee Charters  
 Code of Conduct, values  
 Policies, rules and guides

## 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.

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 the 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, shareholders and participation possibilities please visit Tieto's website ([www.tieto.com/Investors](http://www.tieto.com/Investors)).

### Shareholders' Nomination Board

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

### Tieto's 2010 AGM



In 2010, the AGM convened on 25 March at the company's headquarters in Helsinki, Finland. Altogether 619 shareholders and 36 519 479 shares (50.7% of the total outstanding shares) were represented at the meeting. All decisions were made unanimously without voting. No Extraordinary General Meetings were held in 2010.

The SNB consists of five members. Four members shall represent the four shareholders who on 30 September 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 office of the SNB members ends at the closing of the first AGM following their appointment. The SNB itself is a body that has been established for the time being.

Tieto's four largest shareholders on 30 September 2010 announced the following representatives for the SNB:

- › Kari Järvinen, Managing Director, Solidium Oy
- › Jonas Synnergren, Partner, Cevian Capital AB
- › Heikki Vitie, Chief Administrative Officer, OP-Pohjola Group Central Cooperative
- › Marianne Nilsson, Head of Corporate Governance, Swedbank Robur funds.

The committee decided that Kari Järvinen shall act as Chairman. Markku Pohjola, the Chairman of the Board of Directors of Tieto, served as the fifth member.

The SNB convened three times. On 14 January 2011, it submitted its proposals for the AGM 2011 to Tieto's Board of Directors. The SNB proposes that the Board of Directors shall have eight members and that all the current members – Kimmo Alkio, Christer Gardell, Kurt Jofs, Eva Lindqvist, Risto Perttunen, Markku Pohjola, Olli Riikkala and Teuvo Salminen – be re-elected.

The SNB proposes that the remuneration of the Board of Directors be unchanged, but that annual fees be reported instead of monthly fees. Furthermore, the SNB is of the opinion that increasing the long-term shareholding of the Board members would benefit all the shareholders and thus proposes that 40% of the fixed annual remuneration be paid in Tieto Corporation's shares purchased from the market.

## 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

The SNC, 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. According to Tieto's Articles of Association, the Board of Directors shall consist of at least six and 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, inter alia, in the company's field of business and markets.

### Board of Directors as at 31 December 2010

	Born	Nationality	Education	Main occupation
Markku Pohjola	1948	Finnish	BSc. (Econ.)	Professional Board member
Olli Riikkala	1951	Finnish	MSc. (Eng.), BSc. (Econ.), MBA	Professional Board member
Kimmo Alkio	1963	Finnish	BBA and Executive MBA	President and CEO, F-Secure Corporation
Christer Gardell	1960	Swedish	MSc. (Econ.)	Managing Director, Cevian Capital AB
Kurt Jofs	1958	Swedish	MSc. (Tech.)	Entrepreneur, investor and Board member
Eva Lindqvist	1958	Swedish	MSc. (Eng.), MBA	Professional Board member
Risto Perttunen	1954	Finnish	MSc. (Eng.), BSc. (Econ.), MBA	Entrepreneur, investor and Board member
Teuvo Salminen	1954	Finnish	MSc. (Econ.), Authorised Public Accountant	CapMan Advisor
Anders Eriksson (Personnel representative)	1963	Swedish	MSc. (Computer Engineering and Computer Science)	Operational developer
Jari Länsivuori (Personnel representative)	1949	Finnish	Fire safety supervisor	Facility security specialist

	Position	Member since	Independent	Attendance at meetings in 2010		
				Board meetings	Audit and Risk Committee meetings	Remuneration and Nomination Committee meetings
Markku Pohjola	Chairman	2009	•	14/15	-	10/10
Olli Riikkala	Deputy Chairman	2004	•	14/15	9/9	-
Kimmo Alkio	Board member	2009	•	15/15	-	8/10
Christer Gardell	Board member	2010	•	11/11	-	7/7
Kurt Jofs	Board member	2010	•	10/11	5/7	-
Eva Lindqvist	Board member	2010	•	9/11	-	7/7
Risto Perttunen	Board member	2008	•	13/15	9/9	-
Teuvo Salminen	Board member	2010	•	10/11	6/7	-
Anders Eriksson	Personnel representative	2006		15/15	-	-
Jari Länsivuori	Personnel representative	2006		15/15	-	-
Bruno Bonati <sup>1)</sup>				3/4	2/2	-
Mariana Burenstam Linder <sup>2)</sup>				4/4	-	3/3
Anders Ullberg <sup>3)</sup>				4/4	2/2	3/3

<sup>1)-3)</sup> Member of the Board until 25 March 2010.

<sup>1)-3)</sup> Biographical details are available on Tieto's Corporate Governance Statement 2009 available on our website.

The share ownerships and remuneration of the Board of Directors are presented in the table on page 11 and in note 6 of the financial statements.

All of the aforementioned Board members of Tieto are independent of the company and independent of the significant shareholders. 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 the independency will be re-evaluated.

In addition to the members elected by the AGM, Tieto's personnel elects two members and two deputy members to the Board of Directors. This is done in accordance with the Personnel Representation Cooperation Agreement. In 2010, Anders Eriksson (deputy Bo Persson) and Jari Länsivuori (deputy Esa Koskinen) continued as personnel representatives.

More detailed background information regarding the Board members, such as working experience, other positions of trust and the Remuneration Statement, is presented on our website ([www.tieto.com/Investors](http://www.tieto.com/Investors)).

### Tasks of Tieto's Board

The main duties and working principles of the Board have been defined in the 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



### Work of Tieto's Board

The Board convened 15 times in 2010 and the average attendance was 91.3%. The Board met few times during the year without the management present. The Board held one joint meeting with the auditors and the Leadership Team members. The Board met the auditors once without the presence of the management.

### Work of Tieto's RNC

The committee convened 11 times in 2010 and average attendance was 95.5%. The main issues considered by the Remuneration and Nomination Committee were compensation of the executive management and evaluation of the leadership capabilities in the company.

### Work of Tieto's ARC

The committee convened 11 times in 2010 and attendance was 92.5%. In 2010, the work of the committee focused on internal control – particularly the financial reporting process – and risk management issues.

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.

### Assessment of the Board

The performance of Tieto's Board is assessed annually; the latest assessment was carried out by an external partner in late 2010. Assessments review the Board's knowledge of the company's operations and management as well as its understanding of the field of business. Additionally, the effectiveness of the Board work is evaluated. The SNC is informed of the results and they 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 and Nomination Committee (RNC)

The RNC 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 Human Resources (HR) acts as a secretary of the meetings.

In 2010, all committee members were non-executive directors and independent of the company. Based on the Board's decision, the RNC was composed of:

- › Markku Pohjola (Chairman)
- › Kimmo Alkio
- › Christer Gardell
- › Eva Lindqvist.

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.

### **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 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. The Chief Risk Officer (CRO) acts as a secretary of the meetings.

In 2010, all committee members were non-executive directors who were independent of the company and significant shareholders. All four members have extensive experience in corporate management and therefore have the financial expertise required by the code. Based on the Board's decision, the ARC was composed of

- › Olli Riikkala (Chairman)
- › Kurt Jofs
- › Risto Perttunen
- › Teuvo Salminen.

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.

## The President and CEO and operative management

Tieto Group's operative management consists of the President and CEO, the Leadership Team, the industry and country organizations and the service lines. The President and CEO is appointed by the Board and he is responsible for the Group's operative management, internal efficiency and quality.

Tieto's President and CEO is assisted by the Leadership Team, which includes the heads of country and industry organizations, the head of Global Service Lines, the CFO, the head of Customer and Market Operations 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 are accountable for the performance and development of their management areas

and they supervise the operations of the units belonging to their areas. As a general rule, the business units in each management dimension (industries, countries and service lines) make their own operative decisions and are responsible for conducting their operative duties. The country organizations, industry organizations and service lines have a profit and loss responsibility.

The remuneration of the Leadership Team is presented in the tables on pages 12–13. More detailed background information, such as full CVs of the Leadership Team members, is presented on our website ([www.tieto.com/Investors](http://www.tieto.com/Investors)).

## The President and CEO and operative management as at 31 December 2010

	Position	Born	Nationality	Education	Joined the company in
Hannu Syrjälä	The President and CEO	1966	Finnish	MSc. (Econ.)	2008
Eva Gidlöf	Executive Vice President, Country head of Sweden	1957	Swedish	MSc. (Econ.)	2008
Kavilesh Gupta	Executive Vice President, Strategy and Corporate Development	1968	Indian	BSc. (Physics)	2008
Seppo Haapalainen	Executive Vice President, Chief Financial Officer (CFO)	1961	Finnish	MSc. (Econ.)	1990
Willem Hendrickx <sup>4)</sup>	Executive Vice President, Telecom & Media and Tieto International	1968	Belgian	Master in Economics	2010
Per Johanson	Executive Vice President, Financial Services	1962	Swedish	BA, Marketing and MBA	2009
Ari Karppinen	Executive Vice President, Country head of Finland	1957	Finnish	MSc. (Eng.)	1987
Johanna Pyykönen-Walker	Executive Vice President, Human Resources	1966	Finnish	Master of Education (M.Ed.), MSc. (Econ.)	2008
Sampo Salonen	Executive Vice President, Global Service Lines	1954	Finnish	MSc. (Econ.)	2005
Ari Vanhanen	Executive Vice President, Industry Group	1961	Finnish	MSc. (Eng.)	1994
Bengt Möller <sup>5)</sup>	Executive Vice President, Telecom and Media	1959	Swedish	MSc. (Eng.)	1996
Pekka Viljakainen <sup>6)</sup>	Executive Vice President, Tieto International	1972	Finnish	Engineering studies	2000

<sup>4)</sup> Leadership Team Member as of 8 September 2010.

<sup>5)</sup> Leadership Team Member until 8 September 2010.

<sup>6)</sup> Leadership Team Member until 31 October 2010.

## 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 control, 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 uses risk management as a means of 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 and operational risks.



### Tieto's internal control

In 2010, Tieto's risk management has concentrated on strategic risks related to the changed market situation. The main focus of Tieto's

Internal Audit has been on project deliveries and business continuity. In addition, all finance process controls have been analyzed from the risk mitigation perspective during the year. The next step is to embed the risk management activities into organizational governance.

### Auditing

The 2010 AGM re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor for the financial year 2010. PricewaterhouseCoopers Oy notified the company that authorized public accountant Kim Karhu acts as chief auditor. In 2010, Tieto Group paid the auditors for auditing a total of EUR 1.4 (1.4) million, of which EUR 1.3 (1.3) million to the Group's auditor PricewaterhouseCoopers Oy, and for consulting a total of EUR 0.9 (0.5) million, of which EUR 0.7 million to the Group's auditor.

The activities related to internal control and risk management are part of Tieto's management practices and integrated into the business and planning processes defined in the company's W2E (Way to Excellence) business system. The framework consists of Tieto's policies, procedures, operating principles and guidelines. The owner of each process is responsible for the continuous development of the established procedures, including internal control and risk management. Tieto's risk management is headed by the CRO, who reports to the CFO. The ARC monitors the efficiency of the company's internal control, risk management and internal audit.

### **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 organised its finance functions to 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 authorities.

Tieto's Group Reporting function provides leadership and coordination of 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 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 audit activities. Business audit activities aim to ensure the efficiency and appropriateness of Tieto's operations. Internal audit activities are intended to assess and assure the adequacy and effectiveness of internal controls within Tieto. Internal audit is carried out independently and it reports to the President and CEO and to the ARC. The charter and annual internal audit plan are approved by the ARC.

## Auditors

The ARC prepares a proposal on the 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.



## Remuneration

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.

Directives 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 of Tieto based on a proposal by the SNB. The RNC 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 RNC.

### Remuneration of the Board

According to the decision of the AGM, the Board members and the Chairman of each Board committee receive fixed monthly cash compensation. In addition, the Board members will be paid remuneration for each Board meeting and for the meetings of all permanent or temporary Board committees.

Board remuneration does not include any shares or 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 meeting attendance. None of the Board members, except the personnel representatives, have an employment relationship or service contract with Tieto.

### Board remuneration in 2010

Board members received cash compensation as follows:

	EUR /month
Chairman	5 700
Deputy Chairman	3 800
Member	2 500
Committee Chairman/month	3 800 <sup>7)</sup>

<sup>7)</sup> Provided that she or he is not the Chairman or the Deputy Chairman of the Board.

Attendance at the meetings is presented on page 6 of this Corporate Governance Statement.

Additionally, the members received EUR 800 for each Board and committee meeting.

### 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 surpasses expectations. Tieto's bonus system is based on clear measurable targets set for net sales and operating profit as well as factors measuring success in the company's transformation, e.g. employee and customer satisfaction and quality improvements. Weighting of the reward factors for the President and CEO and other Leadership Team members is described in a separate table.

### Shareholdings and remuneration of the Board in 2010

EUR	Shareholding at 31 Dec		Remuneration, EUR	
	2010	2009	2010	2009
Markku Pohjola	11 000	1 000	76 400	34 500
Olli Riikkala	4 000	4 000	62 400	64 000
Kimmo Alkio	0	0	46 800	32 100
Christer Gardell	0	-	35 300	-
Kurt Jofs	6 000	-	33 700	-
Eva Lindqvist	200	-	34 500	-
Risto Perttunen	3 000	3 000	46 000	47 600
Teuvo Salminen	2 200	-	34 500	-
Anders Eriksson	0	0	-	-
Jari Länsivuori	0	0	-	-
Bruno Bonati <sup>1)</sup>	-	0	10 700	49 200
Mariana Burenstam Linder <sup>2)</sup>	-	100	12 300	46 800
Anders Ullberg <sup>3)</sup>	-	5 000	23 500	92 400

<sup>1)-3)</sup> Member of the Board until 25 March 2010.

<sup>1)-3)</sup> Biographical details are available on Tieto's Corporate Governance Statement 2009.



The reward targets are set annually by the Board of Directors. The bonus for the President and CEO is 50% of the annual base salary when the targets are met. The maximum bonus is 100%. For other Leadership Team members, the bonus stands at 30% of the annual base salary at the target, and the maximum bonus is 60%. The amount of bonuses is decided by the Board of Directors after the financial statements have been prepared. The bonuses are paid by the end of April.

### Share-based long-term incentives

Tieto has two types of share-based long-term incentive arrangements: the Performance Share Plan and option programmes.

The terms and conditions of the share plan are approved by the Board of Directors and the current plan covers the Leadership Team members. Key principles of Tieto's share plan, such as the basis and size of rewards, are described on our website ([www.tieto.com/Investors](http://www.tieto.com/Investors)).

The terms and conditions of option programmes are approved by the AGM and option allocations are approved by the Board of Directors with a view to reward individual performance. The current programmes cover the Leadership Team and around 500 other employees. Further information about Tieto's option programmes is available on our website ([www.tieto.com/Investors](http://www.tieto.com/Investors)).

### 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.

The additional schemes are classified as defined contribution plans, except for the scheme of one member who is covered by a fund-based pension system previously adopted by Tieto. 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 case of the Finnish members with no earlier additional pension plans, 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 20 years starting at the age of 60–70 depending on individual choice.

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 with no earlier pension plans amounts to 15% of their annual base salary.

The company provides the Swedish members and one non-Finnish member with individual contribution-based pension plans in accordance with local practices.

## Remuneration of the Leadership Team

### Hannu Syrjälä, the President and CEO

Salary and benefits	EUR 35 000/month + car benefit
Basis of bonus	Maximum 100% of base salary based on the Group's net sales and profit. Weighting of the reward factors: - EBIT of the company 70% - Net sales of the company (organic and acquisitive) 30%.
Options	2006 B option programme: right to subscribe for 35 000 shares 2006 C option programme: right to subscribe for 80 000 shares 2009 A option programme: right to subscribe for 15 000 shares 2009 B option programme: right to subscribe for 17 500 shares Terms and conditions of the option programmes are available on our website ( <a href="http://www.tieto.com/Investors">www.tieto.com/Investors</a> ).
Performance Share Plan 2009–2011	The reward to be paid to the President and CEO on the basis of the Performance Share Plan 2009–2011 corresponds to a maximum of 90 000 shares. Further information is available on our website ( <a href="http://www.tieto.com/Investors">www.tieto.com/Investors</a> ).
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	60
Pension expenditure	Annual fee in addition to statutory pension provision: 23% of the annual base salary (defined contribution plan <sup>8)</sup> )
Period of notice	12 months
Severance payment	In addition to the 12 months' salary for the notice period, the President and CEO is entitled to a severance payment equivalent to 12–18 months' salary.

<sup>8)</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.

Updated information on the shares and options held by the President and CEO is available on our website ([www.tieto.com/Investors](http://www.tieto.com/Investors)) under the insider register.

## Other Leadership Team members

Basis of bonus	Maximum 60% of base salary based on the Group's net sales and profit as well as annual performance index of transformation. CFO: weighting of the reward factors is following - EBIT of the company 50% - Total net sales of the company (organic and acquisitive) 20% - Annual performance index of transformation 30% Other: weighting of the reward factors is following - EBIT of the company 34% - Total net sales of the company (organic and acquisitive) 33% - Annual performance index of transformation 33%
Options	Terms and conditions of the option programmes are available on Tieto's website. See the insider register on our website for updated information on the options held by each member.
Performance Share Plan 2009–2011	The reward to be paid to the other members of the Leadership Team corresponds to a maximum of 400 000 shares. Further information is available on our website ( <a href="http://www.tieto.com/Investors">www.tieto.com/Investors</a> ).
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the executive's one time annual gross base salary.
Pension expenditure	CFO: Annual fee equals to 23% of annual base salary (defined contribution plan) <sup>9)</sup> Other Finnish Leadership Team members with no pension plans implemented earlier: Annual fee equals to 15% of annual base salary (defined contribution plan). The company provides most non-Finnish members individual contribution-based pension plans accordant with local practices. <sup>9)</sup>

The compensation of the whole Leadership Team in 2010 is also summarized in note 6 of the financial statements. Remuneration statement is available on our website ([www.tieto.com/Investors](http://www.tieto.com/Investors)).

<sup>9)</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.

## Shareholdings and remuneration of the Leadership Team in 2010

EUR	Shareholding at 31 Dec		Options held at 31 Dec	
	2010	2009	2010	2009
Hannu Syrjälä	30 400	22 300	147 500	115 000
Eva Gidlöf	3 260	3 260	23 000	10 000
Kavilesh Gupta	0	0	13 000	0
Seppo Haapalainen	5 500	4 500	32 330	16 330
Willem Hendrickx <sup>4)</sup>	12 500	-	8 500	-
Per Johanson	0	0	16 000	0
Ari Karppinen	5 000	5 000	52 500	32 000
Johanna Pyykönen-Walker	1 500	1 500	18 000	5 000
Sampo Salonen	900	-	25 250	-
Ari Vanhanen	10 710	10 710	49 000	36 000
Bengt Möller <sup>5)</sup>	-	1 500	-	12 700
Pekka Viljakainen <sup>6)</sup>	-	653 647	-	36 000

Remuneration in 2010, EUR	2010	2009
President and CEO		
Salary and benefits	854 949	857 956
Bonus	112 504	0
Other Leadership Team members		
Salary and benefits	2 265 372	2 773 487
Bonus	237 218	0

<sup>4)</sup> Leadership Team Member as of 8 September 2010.

<sup>5)</sup> Leadership Team Member until 8 September 2010.

<sup>6)</sup> Leadership Team Member until 31 October 2010.