

Corporate Governance Statement 2013

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Corporate Governance Statement

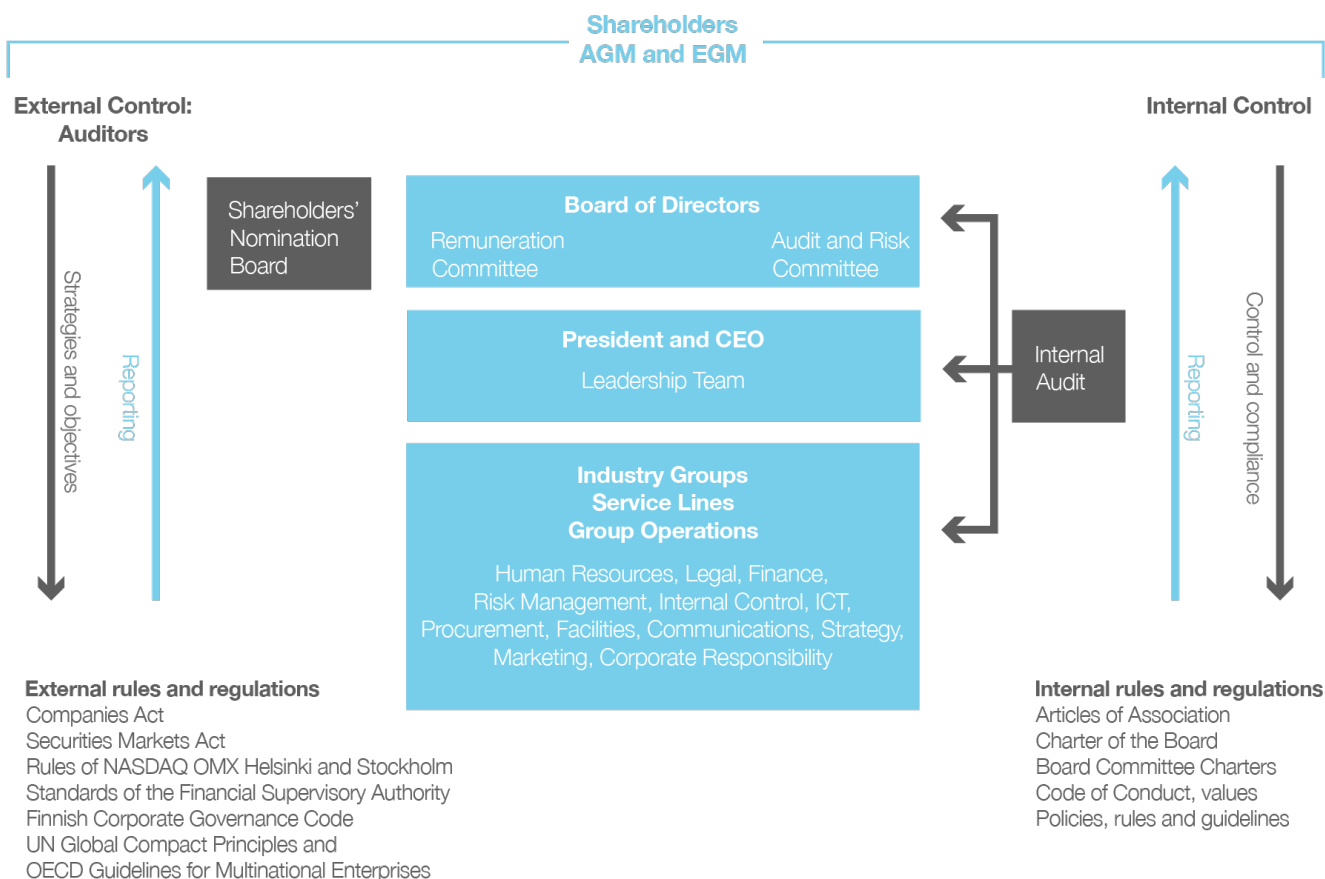
Tieto is committed to good corporate governance. In addition to the relevant legislation and rules of the Helsinki and Stockholm stock exchanges, Tieto fully complies with the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010.

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 2013.

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 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.



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 (including the Chairman) 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 share

repurchases and share issues. The meeting also makes the decision on the Board's 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 2014 and previous meetings, shareholders and participation possibilities please visit company's website.

Tieto's AGM 2013

- In 2013, the AGM convened on 25 March at Finlandia Hall in Helsinki, Finland. Altogether 538 shareholders and 44 764 598 shares (61.8% of the total outstanding shares) were represented at the meeting.
- No Extraordinary General Meetings were held in 2013.

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 of the members represent the four major shareholders who on 31 August hold 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. Term of the office of the SNB members expires when new SNB has been appointed. The SNB itself is an organ that has been established for the time being.

SNB preparing the proposals to AGM 2014 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 Etera Mutual Pension Insurance**Company:****Lauri Vaittinen**

Main occupation: Chief Securities Officer, Etera Mutual Pension Insurance Company

Year of birth: 1978

Nationality: Finnish

Education: MSc. (Econ.)

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

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 on 28 January 2014 with its proposals for the AGM 2014. The SNB proposes to the Annual General Meeting that the Board of Directors shall have eight members and that the current Board members Kurt Jofs, Eva Lindqvist, Sari Pajari, Risto Perttunen, Markku Pohjola, Teuvo Salminen and Jonas Synnergren be re-elected and in addition Endre Rangnes is proposed to be elected as a new Board member. The SNB also proposes that Markku Pohjola shall be re-elected as the Chairman of the Board of Directors.

The Shareholders' Nomination Board proposes that the remuneration of the Board of Directors will be annual fees and remain unchanged: EUR 72 000 to the Chairman, EUR 48 000 to the Deputy Chairman and EUR 31 500 to the ordinary members of the Board of Directors. 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 member 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.

The Shareholders' Nomination Board 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 January 1 – March 31, 2014. 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 Shareholders' Nomination Board is of the opinion that increasing long-term shareholding of the Board members will benefit all the shareholders.

The biographical details of the candidates and information on their holdings in Tieto are available on the company's website (www.tieto.com/proposal).

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 and no more than twelve members. Board members have a term of office of one year, expiring at the closing of the first AGM following the election. 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 term of office for the personnel representatives is two years.

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.

Board of Directors as at 31 December 2013

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.), Authorised 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
Jari Lämsivuori (Personnel representative)	1949	Finnish	Fire safety supervisor	Facility security specialist
Ingela Öhlund (Personnel representative)	1969	Swedish	BSc. (Computer Technology)	Software Architect

Independency and attendance at Board and its Committees' meetings in 2013

	Members since	Independent	Board	Audit & Risk Committee	Remuneration Committee	Strategy working group committee ¹
Markku Pohjola	2009	Yes	11/11	-	8/8	3/3
Kurt Jofs	2010	Yes	11/11	-	8/8	3/3
Eva Lindqvist	2010	Yes	10/11	8/8	-	-
Sari Pajari	2012	Yes	11/11	-	8/8	-
Risto Perttunen	2008	Yes	11/11	-	8/8	-
Teuvo Salminen	2010	Yes	11/11	8/8	-	3/3
Ilkka Sihvo	2012	Yes	10/11	8/8	-	-
Jonas Synnergren	2012	No	11/11	8/8	-	3/3
Jari Lämsivuori	2006	-	11/11 ²	-	-	-
Ingela Öhlund	2013	-	11/11	-	-	-

¹ Temporary committee established to support Leadership Team in reviewing of the strategy.

² Substituted by his deputy Esa Koskinen in one meeting.

All Board members of Tieto are independent of the company and seven out of eight members are independent of the company's 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 company's website (www.tieto.com/Investors).

Tasks of Tieto's Board

The main duties and working principles of the Board have been defined in a written charter. 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 2013

- The Board convened 11 times in 2013 and the average attendance was 98.4%.
- The Board met 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 related to continuing the strategy work and its reviews.

Assessment of the Board

The performance of Tieto's Board is assessed annually; the latest assessment was carried out together with an external consultant in late 2013. 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 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, prepares independently 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 Human Resources (HR) acts as secretary of the meetings.

In 2013, all committee members were non-executive directors who were independent of the company and of significant shareholders. Based on the Board's decision, the RC was composed 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 charter.

Work of Tieto's RC in 2013

- The committee convened 8 times in 2013 and average attendance was 100%.
- The main issues considered by the Remuneration Committee were approving the short-term incentive (STI) results for 2012, reviewing the remuneration for the Leadership Team, following up progress on 2013 bonus performance criteria, approving the STI framework design for 2014 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 2013, all committee members were non-executive directors who were independent of the company and three of them independent of 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 was composed 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 2013

- The committee convened 8 times in 2013 and attendance was 100%.
- In addition to its regular agenda items, the committee arranged this year a full-scale tender process regarding the company's statutory auditor to be appointed by AGM 2014.

The President and CEO and operative management

Tieto Group's operative management consists of the President and CEO, the Leadership Team and the Industry Group, Service Line and Product Development Services (PDS) organizations.

The President and CEO is appointed by the Board and he is responsible for the Group's operative management, internal efficiency and quality.

The President and CEO is assisted by the Leadership Team, which includes the heads of Industry Groups and Service Lines, the head of Product Development Services, the head of New Markets, 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 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 both management dimensions (Industry Groups, Service Lines and PDS) make their own operative decisions and are responsible for conducting their operative duties. Industry Group, Service Line and PDS organizations have a profit and loss responsibility.

Members of the Leadership Team as at 31 December 2013

Kimmo Alkio

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

Kolbjørn Haarr

Executive Vice President, Telecom, Media & Energy and New Markets
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

Per Johanson¹

Executive Vice President, Financial Services
Born 1962
Nationality Swedish
Education BA, Marketing and MBA
Joined the company in 2009

Ari Järvelä

Executive Vice President, Manufacturing, Retail & Logistics and acting Head of Public, Healthcare & Welfare
Born 1969
Nationality Finnish
MSc. (Eng.)
Joined the company in 2001

Ari Karppinen

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

Satu Kiiskinen²

Executive Vice President, Consulting and System Integration
Born 1965
Nationality Finnish
Education MSc. (Econ.), Helsinki School of Economics and Business Administration, Finland
Joined the company in 2013

Katariina Kravi

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

Antti Vasara

Executive Vice President, Product Development Services
Born 1965
Nationality Finnish
Doctor of Technology
Joined the company in 2012

The remuneration of the Leadership Team is presented in the tables in the [Remuneration Statement](#). More detailed background information, such as full CVs of the Leadership Team, is presented on company's website (www.tieto.com/investors).

Other members in the Leadership Team during 2013

Eva Gidlöf³

Executive Vice President, Telecom, Media & Energy
Born 1957
Nationality Swedish
MSc. (Econ.)
Joined the company in 2008

Henrik Sund⁴

Executive Vice President, Consulting and System Integration
Born 1961
Nationality Swedish
MSc.
Joined the company in 2012

Ari Vanhanen⁵

Executive Vice President (acting), Global Accounts and Customer and Market Operations (CMO)
Born 1961
Nationality Finnish
MSc. (Eng.)
Joined the company in 1994

¹ Leadership Team member as from 1 January 2013.

² Leadership Team member as from 1 March 2013.

³ Leadership Team member until 31 July 2013.

⁴ Leadership Team member until 30 September 2013.

⁵ Leadership Team member until 15 January 2013.

Internal control, risk management and internal audit

Internal control and risk management

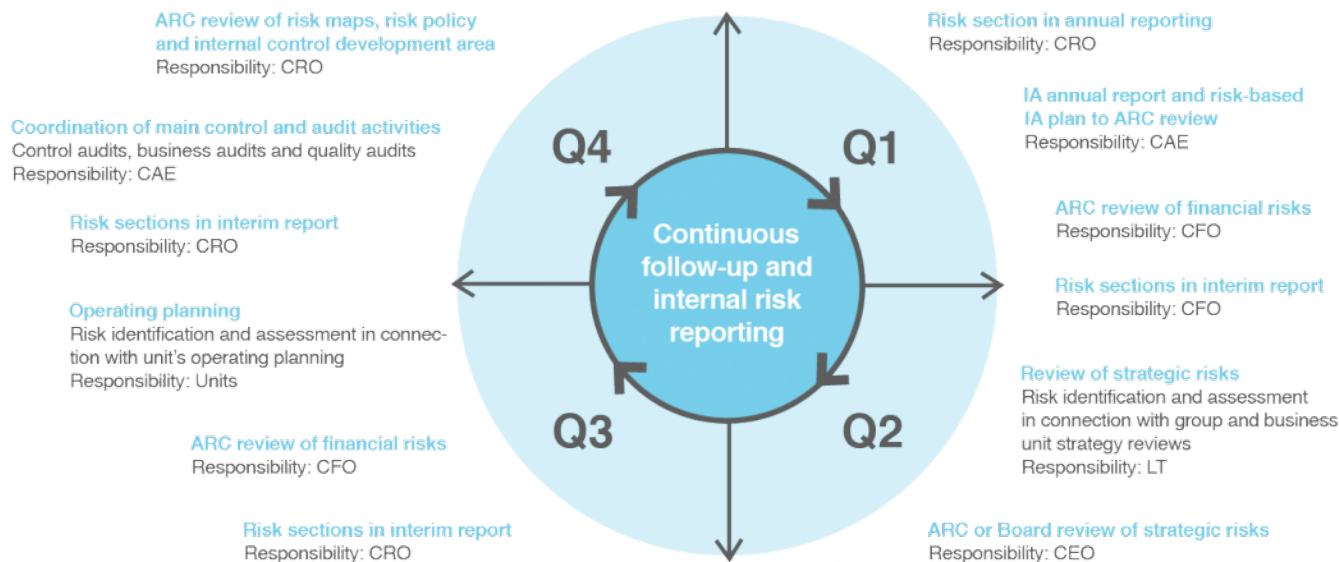
Tieto's internal control framework supports the execution of the strategy and ensures regulatory compliance. The foundation for internal control is set by the risk management framework, financial control, internal audit and the supporting policies.

The aim of Tieto's internal control framework is to assure that operations are effective and efficiently aligned with the strategic goals. The internal control framework is to ensure reliable, complete and timely financial reporting and management information. The framework endorses ethical

values, good corporate governance and risk management practices.

Risk Management Framework

Tieto uses risk management as a means of developing efficiency and control of business operations, their profitability and continuity. The role of risk management is to develop and maintain the company's risk management framework and report risk exposures consisting of strategic, financial, operational, and compliance risks.



CRO: Chief Risk Officer
CAE: Chief Audit Executive
IA: Internal Audit

The activities related to internal control and risk management are part of Tieto's management practices and integrated into the business and planning processes. The risk management framework consists of risk management organization, related policies, procedures, operating principles, tools, and guidelines. The owner of each process is responsible for the continuous development of the established procedures, including controls and risk management. The Chief Risk Officer (CRO) has the responsibility to arrange and lead Tieto's risk management. The Internal Audit (IA) assures the efficiency of the framework and risk management in business operations. The Audit and Risk Committee (ARC) monitors the adequacy of the company's risk management, financial control, and internal audit functions.

Continuous development of risk framework

Tieto's new operating model was taken into use at the beginning of 2013 and the risk management framework was adapted to the new operating model and organisation. At the same time, the updated risk management framework was introduced and the deployment started. The main goals for deploying the new framework are to get the risk levels to a desired level, deploy applicable and agreed best practice methods and tools, and to improve the risk management culture in Tieto. This was well achieved in the selected units and the deployment of the framework and risk management maturity improvement will continue in years to come.

Financial control

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.

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.

Internal audit

Tieto's Internal Audit function carries out both business and internal control audit activities.

Business audit activities aim to ensure the efficiency and appropriateness of Tieto's operations. Internal control audit activities are intended to assess and assure the adequacy and effectiveness of internal controls and risk management framework within Tieto. Internal audits are carried out independently coordinating the activities with other control functions and external auditors. Internal Audit reports to the Chief Financial Officer (CFO), the President and CEO and the ARC. The charter, annual report, and the annual internal audit plan are approved by the ARC.

Major risks

Risks at Tieto are categorized as strategic, operational, financial, and compliance risks.

Strategic risks are related to market volatility, IT market transformation to new technologies, change management, ability and speed to re-skill, agility to response to new entrants in the market, dependencies on few big customers in some business areas, and stabilizing the delivery quality in the dynamic business environment.

Operational risks refer to changing business model in continuous services, risk and continuity management, customer bidding and requirement analysis, and maintaining the high professional standard of the delivery management and quality assurance. These are taken into account in the terms and conditions of customer and supplier agreements and addressed by various regulators.

Financial risks are linked to macroeconomic factors and consist mainly of credit risks, currency risks, interest rate risks and liquidity risks.

Compliance risks originate from the challenge of complying with a great number of requirements: laws, internal policies and rules, ethics and integrity, anti-corruption, anti-bribery, insider matters, trade compliance legislation, and other external regulations.

Risks are aggregated by utilizing corporate risk reporting tools, resulting in risk maps which are reviewed by Tieto Leadership Team and the Audit and Risk Committee. Tieto's major risks as well as the measures for their mitigation are described below.

Market volatility

Volatile external market conditions may turn unfavourable and the growth of the core Nordic market may not develop as expected. Changes in the economic environment and customer demand could possibly affect both business volumes and price levels, or there could be delays in the anticipated cloud adoption, which might result in slower income growth than expected.

These potential impacts are partly mitigated through multi-year contracts for continuous services. Tieto also aims to

foster long-term business relations and to be a preferred supplier to its key customers. The company also implements tighter cost and investment control with continuous investment performance monitoring, accompanied with clear and agile decision making. Global service capabilities, cross-selling and tough price competition are the main drivers in the IT sector for the development of the global delivery model. Tieto aims at being the principal integrator in hybrid cloud world in Nordic countries. This is supported by existing competencies, and by the choice of right partners and development of cloud skills.

Change and transformation

In large scale adaptation to the market by organizational transformation and right-sizing, the change resistance can prolong the transition, which may affect the operational efficiency long after the change. In case of extensive outsourcing, saturation could limit the solution portfolio and the cost of offshore locations might increase. Keeping the right balance between resources and focus and clarity in solution portfolios in the home markets and in the emerging markets is essential. The change management capacity is concentrated in a common program management office (PMO), which provides standard tools and systems for the change, including communication, target setting, and training for the transition period of strategy execution. PMO can also be used to plan re-skill and staff retention to response to challenges from new entrants in the market.

Dependence on big customers and few markets or industries

Close to 50% of Tieto's sales and the majority of profits are generated in Finland, where Tieto's high market share makes growing more challenging. Sweden is clearly the second-biggest market with growth potential. The telecom and financial services customer sectors account for close to half of the company's sales. Additionally, around half of our current services are non-recurring services. Sudden changes in the market environment, customer demand and customer strategies or the competitive landscape in these areas might harm Tieto's operations and profitability.

To diversify the business, Tieto also provides services to a number of other industries and aims to develop its business mix with a view to providing full life-cycle IT services and by this, to strengthen its position amongst both current and new customers. To further improve competitiveness and reduce the risk, Tieto will increase resource fluidity (internal reassignments), and aggressively acquire new clients and downsize operations with unsatisfactory profitability, if necessary.

Service continuity

The target of having zero downtime is the basis for reliable and trustworthy deliveries. Thus, business continuity planning is a high priority in Tieto's operational management. In the new business model, where the importance of cloud technology is increasing, impact analysis and interrelations analysis play the key role to mitigate the risks related to the single points of failures and their impact to the business.

To reduce the service continuity risk and better understand the interdependencies in data centres, IT asset management, configuration management and monitoring systems are constantly renewed. In addition to a comprehensive business interruption insurance portfolio, Tieto has recovery procedures and backup systems in place to handle potential service interruptions. Incident analysis, best practices and experiences from previous incidents help in preparing for and mitigating service continuity risk.

Quality costs related to customer bidding and delivery management

Inability to appropriately understand and analyse customers' changing needs, their business processes and the exact requirements can lead to misjudgements in setting the scope of projects or services and, consequently, difficulties in meeting the specifications of customer agreements. This in turn can result in project overruns, operating losses or termination of customer contracts. In some cases, even the company's brand might be tarnished.

Tieto continuously gathers customer feedback to establish the requirement baselines and checklists for different business areas and improves the bidding risk management, requirement analysis, delivery management and the quality assurance of the deliveries. Specific risk assessment tools were developed for better understanding of customer bidding and management of risks, end-to-end, from sales to the closure of the delivery. In case of changes

in customers' business requirements, it is contractually agreed that the consequent changes in project deliveries are managed throughout the project organization in a standard manner.

Retention of employees

Fresh competition and demands for new services requires ability and speed to re-skill, attract young, and retain existing talent and business knowledge for new service models and offerings. Tieto's success builds on passion, innovation, attraction of young talent, the skills renewal, business knowledge, maturity of organization, and performance of its employees worldwide. Inability to retain key employees and to recruit new talent with the required competence might have a negative impact on the company's performance and strategy implementation. High employee turnover might also cause delays in customer projects, leading to penalties or loss of customer accounts.

To reduce these risks, Tieto implements a unified delivery models across sites and offers its employees challenging jobs, diverse development, social communication, and training opportunities as well as interesting career paths through job rotation. The company has competitive compensation packages, including company-wide bonus and incentive systems. Modern recruitment tools and well developed recruitment strategies, talent management and competence development have a high strategic priority at Tieto. The company also has an Employer Branding programme to motivate employees and to build and strengthen Tieto's image as an attractive employer.

Credit risks

Changes in the general market environment and global economy can usher in additional financial risks. Credit risks might arise if customers or financial counterparties are not able to fulfil their commitments towards Tieto.

Under Tieto's Credit Policy, the finance department together with the business organization is responsible for assessing customers' creditworthiness, taking into account past experience, their financial position and other relevant factors. Credit risk regarding financial counterparties is managed by using counterparty limits, as set out in Tieto's Treasury Policy.

A special focus has been put on raising awareness of credit risks with additional reporting and training processes. The collection process has been designed to better correspond to higher credit risks.

Currency risks

Tieto's currency transaction exposure arises from foreign trade, cash management and internal funding in foreign currencies. Translating the balance sheets and income statements of Group companies into euros creates a translation exposure.

As a substantial proportion of the Group's consolidated revenues are generated in Sweden, fluctuations of the Swedish krona against the euro may have an impact on the consolidated financial statements.

Tieto's Treasury Policy defines the principles and risk limits under which Group Treasury manages Tieto's currency risks.

Liquidity risks

Exceptional market conditions in the financial market might impose temporary limitations on raising new funding and lead to an increase in funding costs.

Group Treasury monitors and manages the liquidity position of Tieto by maintaining sufficient loan and investment portfolio. Analyses of alternative financing sources for the company and their pricing are continuously updated. Tieto's financial risks are described in full in the notes to the financial statements.

Compliance risks

In Tieto, governance, risk, and compliance (GRC) are closely linked and consistently defined in corporate policies and guidelines with proper controls. In the finance function, for example, financial reporting, compliance and risk monitoring are efficiently integrated into daily operations. Thanks to automated processes and compliance management tools, Tieto can readily adapt to changes in business conditions, regulations or corporate policies with the necessary compliance risk controls in place.

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.

For the basis of AGM 2014 proposal, the ARC arranged a full-scale tender process on the company's statutory auditors. All major accounting firms participated in the tender.

ARC proposes to the AGM that the auditor to be elected be reimbursed according to the auditor's invoice and in compliance with the purchase principles approved by the committee. ARC proposes that the firm of authorized public accountants PricewaterhouseCoopers Oy be re-elected as the company's auditor for the financial year 2014.

Auditing

The 2013 AGM re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor for the financial year 2013. PricewaterhouseCoopers Oy notified the company that authorized public accountant Kim Karhu acts as chief auditor. In 2013, Tieto Group paid the auditors a total of EUR 1.0 (1.2) million in audit fees, of which EUR 1.0 (1.1) million to the Group's auditor PricewaterhouseCoopers Oy, and a total of EUR 1.5 (0.6) million for other services, of which EUR 1.4 (0.6) 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 HR 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 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 2013, the annual remuneration of the Board of Directors is the following:

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

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 2013 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 2013⁸

	Annual remuneration		Meeting based, EUR ⁹
	EUR (60%) ¹⁰	Shares (40%) ¹¹	
Markku Pohjola (Board and RC Chairman)	43 200	1 777	16 800
Kurt Jofs (Deputy Chairman)	28 800	1 184	16 800
Teuvo Salminen (ARC Chairman)	28 800	1 184	16 000
Eva Lindqvist	18 900	777	12 800
Sari Pajari	18 900	777	14 400
Risto Perttunen	18 900	777	14 400
Ilkka Sihvo	18 900	777	12 800
Jonas Synnergren	18 900	777	16 000
In total	EUR 195 300	Shares 8 030	EUR 120 000

⁸ The Board members do not have received any other benefits.

⁹ In 2013, the Board and ARC held 1 per capsulam meeting. No compensation is paid for per capsulam meetings.

¹⁰ Gross compensation before taxes.

¹¹ Shares were purchased and delivered in May 2013.

Board of Directors' shareholdings in Tieto as at 31 December 2013

Name	At 31 Dec 2013	At 31 Dec 2012
Markku Pohjola (Board and RC Chairman)	22 500	18 000
Kurt Jofs (Deputy Chairman)	9 623	8 439
Teuvo Salminen (ARC Chairman)	8 403	7 219
Eva Lindqvist	2 910	2 133
Sari Pajari	1 743	966
Risto Perttunen	5 710	4 933
Ilkka Sihvo	16 243	15 466
Jonas Synnergren	1 743	966

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 company-level and individual measurable targets. 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 then 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.

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 year 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. Key principles of Tieto's share plans, such as the basis and size of rewards, are described on company's website (www.tieto.com/Investors).

Tieto has not established any new option plans since AGM 2009. The terms and conditions of option programmes (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 company's website (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, Leadership Team members are provided with additional pension schemes.

Most of the additional schemes are classified as defined contribution plans.¹² 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 of 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 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 additional pension 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.

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	<p>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.</p> <p>In order to receive the bonus, the CEO must remain in the continuous employ of the company without receiving notice of termination until the beginning of January 2015.</p>
Bonus 2013	Not yet determined (In 2012: 165 037).
Basis of bonus	<p>Target 30% of base salary based on the Group's external revenue, profit and strategy implementation when achievements meet the targets.</p> <p>Maximum 60% of base salary based on the Group's external revenue, profit and strategy implementation when achievements exceed the targets.</p> <p>Weighting of the reward factors:</p> <ul style="list-style-type: none"> • Profit of the company 65% • External revenue of the company 25%. • Strategy implementation 10%
Options	<p>2009 A option programme: right to subscribe for 30 000 shares.</p> <ul style="list-style-type: none"> • 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 285 000.¹³ <p>2009 C option programme: right to subscribe for 30 000 shares.</p> <ul style="list-style-type: none"> • 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 106 800.¹⁴ <p>Terms and conditions of the option programmes are available on company's website (www.tieto.com/Investors).</p>
Long-Term Incentive Programme 2012–2014	<p>The reward to be paid to the President and CEO at target corresponds to 50% annual gross salary and at maximum 120% annual gross salary.</p> <p>A total of 4 006 Tieto shares were delivered to the President and CEO in 2013 in connection to the Performance Period 2012.¹⁵</p> <p>Further information is available on company's website (www.tieto.com/Investors).</p>
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 223 121

Retirement age	63
Pension expenditure	In 2013, EUR 202 744
	In addition to the statutory pension provision: a defined contribution pension plan where the expenditure is 23% of the annual base salary. ¹⁶
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.

¹² The exception is the scheme of one member who is covered by a fund-based pension system previously adopted by Tieto.

¹³ 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 30 December 2013, EUR 9.50.

¹⁴ 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, EUR 3.56 on the grant date 30 November 2011 and EUR 5.21 on the grant date 15 October 2013.

¹⁵ In connection to the share delivery, a cash payment was made to cover payroll taxes.

¹⁶ 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 company's website (www.tieto.com/Investors) under the insider register.

Remuneration of Leadership Team members

The table below summarizes the remuneration of the Leadership Team members.

Leadership Team (excluding the President and CEO)	
Total salaries	EUR 2 900 741
Total benefits	EUR 170 691
Special payments	EUR 594 795
Total bonuses 2013	Not yet determined (In 2012: EUR 556 787)
Basis of bonus	<p>The basis of bonus as well as target and maximum amounts for bonuses vary between the Leadership Team members. The purpose of the bonus is to reward for</p> <ul style="list-style-type: none"> • company performance and • individual performance <p>These two form overall performance evaluation (OPE). OPE for each LT member is confirmed by the Board.</p> <p>CFO: in addition to individual performance measurement, bonus is based on company performance, measured by the following factors</p> <ul style="list-style-type: none"> • Profit of the company 40% • External revenue 20% • Cash flow improvement 40% <p>Other LT members: in addition to individual performance measurement, bonus is based on</p> <ul style="list-style-type: none"> • company and/or • own Industry Group or Service Line -related performance criteria (operative margin, external revenue and other operational targets)
Options	<p>2009 A option programme: right to subscribe for 10 000 shares.</p> <ul style="list-style-type: none"> • The fair value of the option rights is EUR 95 000.¹⁷ <p>2009 B option programme: right to subscribe for 23 000 shares.</p> <ul style="list-style-type: none"> • The fair value of the option rights is EUR 63 940.¹⁸ <p>2009 C option programme: right to subscribe for 82 000 shares.</p> <ul style="list-style-type: none"> • In accordance with the Board of Directors' decision, the 25 000 options 2009 C were allocated to one Leadership Team member in 2013, and those options have a transfer restriction until the publication of the financial results for the financial year 2014. If the target performance criterion is not met, the allocated options or portion thereof as per the criterion attainment shall be forfeited. • The computational value of the option rights is EUR 300 110¹⁹ <p>Terms and conditions of the option programmes are available on company's website.</p> <p>See the insider register on company's website for updated information on the options held by each member.</p>
Long-Term Incentive Programme 2012–2014	<p>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.</p> <p>A total of 6 417 Tieto shares were delivered to LT members in 2013 in connection to the Performance Period 2012 and are under transfer restriction according to the terms of the programme.²⁰</p> <p>Further information is available on company's website (www.tieto.com/Investors).</p>
Expenditures related to share-based incentives (including option programmes)	EUR 463 664
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	<p>In 2013, in total EUR 1 523 316</p> <p>CFO: In addition to the statutory pension provision: a defined contribution pension plan where the expenditure is 23% of the annual base salary.²¹</p> <p>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.²⁰</p> <p>The company provides Leadership Team members based outside Finland with individual pension plans according to local practices.</p>
Period of notice	Various terms, between 6 and 12 months.
Severance payment	Various terms, amounts corresponding to the periods of notice.

¹⁷ 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 30 December 2013, EUR 9.50.

¹⁸ 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.

¹⁹ 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.

²⁰ In connection to the share delivery, a cash payment was made to cover payroll taxes.

²¹ 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 2013	Shares at 31 Dec 2012	Options at 31 Dec 2013	Options at 31 Dec 2012
Kimmo Alkio	15 973	5 367	60 000	180 000
Eva Gidlöf ²²	N/A	3 260	N/A	15 500
Kolbjørn Haarr	0	0	46 000	21 000
Lasse Heinonen	8 731	5 000	18 000	25 000
Per Johanson ²³	1 079	N/A	8 000	N/A
Ari Järvelä	2 478	1 500	15 000	18 000
Ari Karppinen	6 539	5 000	28 000	31 000
Satu Kiiskinen ²⁴	0	N/A	0	N/A
Katariina Kravi	1 090	0	0	0
Henrik Sund ²⁵	N/A	0	N/A	0
Ari Vanhanen ²⁶	N/A	10 710	N/A	21 000
Antti Vasara	3 000	3 000	0	0

²² Leadership Team member until 31 July 2013.

²³ Leadership Team member as from 1 January 2013.

²⁴ Leadership Team member as from 1 March 2013.

²⁵ Leadership Team member until 30 September 2013.

²⁶ Leadership Team member until 15 January 2013.

The compensation of the whole Leadership Team in 2013 is also summarized in note 7 of the financial statements. Remuneration statement is available on company's website (www.tieto.com/Investors).

Information for shareholders

Shareholder's calendar 2014

- Record date for the AGM 10 March
- Registration period 6 February–17 March 3.00 pm EET
- Annual General Meeting 20 March
- Record date for dividend payment 25 March
- Ex-dividend date 26 March
- Payment of the dividend as from 10 April
- Interim report 1/2014 25 April
- Interim report 2/2014 18 July
- Interim report 3/2014 23 October

Annual General Meeting

Tieto Corporation's Annual General Meeting (AGM) will be held on Thursday 20 March 2014 at 3.00 pm (EET) at Finlandia hall (congress swing, hall A), address Mannerheimintie 13 e, 00100 Helsinki, Finland.

Documents of the AGM

The documents of the AGM are available on the company's website www.tieto.com/agm.

The right to participate and registration

Each shareholder, who is registered on 10 March 2014 in the shareholders' register of the company held by Euroclear Finland Oy, has the right to participate in the Annual General Meeting. A shareholder, whose shares are registered on his/her Finnish book-entry account, is registered in the shareholders' register of the company.

A shareholder, who is registered in the shareholders' register of the company and wants to participate in the Annual General Meeting, shall register for the meeting no later than 17 March at 3.00 pm (EET) by giving a prior notice

of participation, which shall be received by the company no later than on the abovementioned date. Such notice can be given:

- through Tieto's website at www.tieto.com/agm
- by e-mail agm@tieto.com
- by phone +358 20 727 1740 (Mon-Fri 9.00 a.m.–3.00 p.m. EET)
- by telefax +358 20 602 0232 or
- by mail to Tieto, Legal/AGM, P.O. Box 38, FI-00441 Helsinki, Finland.

Holders of nominee registered shares

A holder of nominee registered shares has the right to participate in the general meeting by virtue of such shares, based on which he/she on the record date of the general meeting, i.e. on 10 March 2014, would be entitled to be registered in the shareholders' register of the company held by Euroclear Finland Oy. In addition, the right to participate in the general meeting requires that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Oy at the latest by 17 March 2014 by 10 a.m. (EET). As regards nominee registered shares this constitutes due registration for the general meeting.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.90 per share be paid from the distributable assets for the financial year that ended on 31 December 2013. The dividend shall be paid to shareholders who on the record date for the dividend payment on 25 March 2014 are recorded in the shareholders' register held by Euroclear Finland Oy or the register of Euroclear Sweden AB. The dividend shall be paid as from 10 April 2014.

Further information on the AGM at www.tieto.com/agm.

Tieto's online Annual Report is available at
www.tieto.com/ar2013

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