

tieto



Annual Review and Sustainability

CREATING VALUE FOR LIFE

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Tieto in brief

Tieto is one of the largest software and services companies in the Nordics providing full lifecycle IT services. We also provide global product development services for companies in the communications and embedded technologies arena.

Our approximately 900 customers operate both in the private and public sectors. Tieto aims to capture the significant opportunities of the data-driven world and turn them into lifelong value for people, business and society. We aim to be customers' first choice for business renewal by combining our software and services capabilities with a strong drive for co-innovation and ecosystems.

Building on a strong Nordic heritage, Tieto combines global capabilities with local presence.

FACTS AND FIGURES (END OF DEC 2016)

Full name: Tieto Corporation
 Company founded in 1968
 Headquarters in Espoo, Finland
 Number of operating countries: 23
 Listed on NASDAQ OMX in Helsinki and Stockholm
 Total capitalization of equity: EUR 488.1 million
 Total capitalization of liabilities: EUR 586.4 million

KEY FIGURES

	2016	2015
Net sales, EUR million	1 492.6	1 460.1
Operating profit (EBIT), EUR million	140.8	125.2
Operating margin, %	9.4	8.6
Adjusted ¹⁾ operating profit (EBIT), EUR million	152.2	150.8
Adjusted ¹⁾ operating margin, %	10.2	10.3
Profit before taxes, EUR million	136.8	119.3
Earnings per share, EUR	1.46	1.23
Adjusted ¹⁾ earnings per share, EUR	1.58	1.51
Equity per share, EUR	6.62	6.57
Dividend per share, EUR	1.37	1.35
Capital expenditure and acquisitions, EUR million	99.2	136.7
Return on equity, %	22.1	19.0
Return on capital employed, %	21.6	20.4
Gearing, %	22.5	2.7
Equity ratio, %	47.3	46.2
Personnel on average	13 472	13 184
Personnel on 31 Dec	13 876	13 083

¹⁾ Adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items

2016 highlights

Q1/2016

- Tieto launches its third internal start-up – **Security Services** to combat modern cyber security attacks.
- Western Sweden's leading energy company, **Göteborg Energi**, decides to outsource its IT operations to Tieto. The major service areas in scope are within data centre (IT-infrastructure, integration, communication and application operations), work place, service desk and collaboration services.
- Tieto and the Finnish insurance company **LähiTapiola** increase collaboration: cloud services, automation and customer experience in focus.
- Tieto launches a **new strategy to accelerate innovation and growth** on 17 March, 2016.
- Tieto establishes **data-driven businesses** to co-create new solutions and business models with customers.
- Scandinavia's largest online fashion store **Nelly.com** chooses Tieto to provide better customer experience. Nelly.com will be able to offer a personal shopping service through Tieto's Customer Care as a Service (CCaaS).

Q2/2016

- Tieto and Swedish **Sparbanken Syd** sign outsourcing agreement for securities business.
- Tieto guides **Bergen**, Norway's second biggest municipality, on its digitalization journey by introducing new case and records management solution for the entire municipality. The solution forms the platform to offer extended and improved digital services to citizens, businesses and employees.
- Tieto to support **Ahlstrom's** IT transformation in the area of order fulfillment services. With the help of Tieto, Ahlstrom aims for improved and more effective end-to-end service management.
- Tieto continues the **industrialization of managed services** (application and infrastructure services).

Q3/2016

- In September 2016, Tieto acquires **Emric**, a leading Nordic software company for credit processing, to strengthen Tieto's banking solution suite and accelerate go-to-market of industry solutions.
- Tieto enters into strategic partnership with **Lyse** – strengthening the foothold in Norway. The agreement comprises of delivering cloud solutions, infrastructure operations and data centre services to leading Norwegian energy and technology group Lyse.
- Multiple **hackathons** conducted with customers and partners, inviting to an open ecosystem.

Q4/2016

- Tieto is the first Nordic company to appoint **Artificial Intelligence** to the leadership team of the new data-driven businesses unit.
- Finnish retailer **Kesko** and Tieto strengthen partnership to drive efficiency through modernized IT, and to develop digital services and customer experience further.
- Tieto launches **OneCloud** – a new solution allowing customers to efficiently manage multiple cloud services through one platform.
- Tieto develops Finland's first real-time mobile payment platform "**Siirto**" for **Automatia**. Siirto is Finland's first real-time multi-banking platform for mobile payments which follows the new regulations set by EU's Payment Service Directive (PSD2).
- Global cargo handling company **Kalmar** of Cargotec chooses Tieto as a partner to expand and enhance its future B2B eCommerce platform through one new global eCommerce solution. The new solution from Tieto forms an integrated selling platform for Kalmar with better collaboration and enhanced user experience for customers worldwide.



Increasing investments into innovation and growth

Tieto aims to become customers first choice for business renewal as the leading Nordic software and services company. As digitalization gains speed, demand for new innovations and the renewal of customers business and IT increases. Tieto seeks a pivotal role in this change and aims to pursue the significant opportunities of the future data-driven world.

For Tieto, 2016 was a year of renewing our strategy and further increasing investments into innovation and growth. To increase value for our customers, we continued our investments in future innovation, growth businesses and software-based industry solutions. Moreover, as a major step in enhancing employee experience and Open Source Culture, the company's head office moved to Keilalahti in Espoo, Finland.

TIETO'S NEW STRATEGY TO ACCELERATE INNOVATION AND GROWTH

Since our strategy launch in 2012, we have successfully renewed our company: increased our investments in growth businesses, recruited new competencies and established in-house start-ups. After consistent work and solid strategy execution, it was the right momentum for us to accelerate growth and innovation further.

Our new strategy 2016-2020 builds on the solid achievements of our previous strategy period 2012-2016 and upon a strong foundation of differentiating industry software and insight, full life-cycle services, industrialized service delivery and efficient, focused operations.

As stated in our new [strategy](#), Tieto aims to become customers first choice for business renewal. It has been very encouraging to see the good engagement we have been able to create among our stakeholders after the strategy launch.

INCREASED INVESTMENTS IN GROWTH BUSINESSES

In the digital world, all enterprises and organizations are facing a dual agenda: to run existing businesses and operations more efficiently, and to innovate new products and services with customer experience at the center.

With a strong growth and innovation agenda, we continued our investments on a higher level into future competencies, technologies and services. In parallel, we are constantly improving our productivity and competitiveness by continuing to step up standardization and automation.

In 2016 Tieto drove scale and repeatability through investments in software businesses. Growth will be based on a strong solution foundation built on a dynamic portfolio proven in current markets. The portfolio includes high-growth businesses like Customer Experience Management, Security Services and cloud services, in which the company has increased its investments during the past two years. In 2016 we also established new Data-Driven Business unit to deploy data-driven ideas together with our ecosystem.

In addition, to support innovation and longer-term growth, Tieto annually invests around EUR 130 million in the development of new offerings and its data centres.

We also continued to seek growth through M&A, with the acquisition of Emric, a Nordic market leader in software and services for credit processing. This will strengthen Tieto's position in the financial sector, enabling us to provide the full value chain to Nordic banking and finance customers within retail banking and consumer finance markets.

EMPLOYEE EXPERIENCE IN FOCUS

In this rapidly changing world of digitalization, the required skills and competences are evolving fast. Recruitments in new service areas and related competence development together with active co-

innovation with our customers and partners, ensure that we stay one step ahead of competition.

During 2016, Tieto added around 800 new competences in IT services. As a part of our long-term renewal we also actively support all employees with initiatives that enable everyone to constantly learn more and acquire new skills that fit the market demands.

Our employees and their experience was also in focus when we relocated to our new headquarters in Espoo. Keilalahti office is an activity based workplace environment which encourages collaboration and ensures strong communication between all the building's users. Furthermore, to help innovate and co-create new ideas, we also included a hub for our ecosystem of partners, customers and colleagues in Keilalahti. All these efforts foster the Open Source Culture, which promotes increased transparency and openness.

SUSTAINABILITY AND TRANSPARENCY

The importance of Tieto's sustainability work has increased significantly during the past years. In the light of the Paris agreement on climate change and the United Nations Sustainable Development Goals, customers as well as other stakeholders are more and more interested in building sustainable value chains. Tieto's aim as a corporate citizen is to minimize environmental impact, be an ethical forerunner, and create value for all stakeholders.

Digital solutions are important vehicles for reaching the United Nations Sustainable Development Goals. Tieto has explored the environmental impacts of IT since 2010 by calculating the estimated CO₂ emission reductions from our digital transaction services and other digital services replacing paper. In 2016, these estimated reductions amounted 228 ktons CO₂ through these services alone.

To help mitigate climate change we are applying a structured approach involving the whole company. In 2016, our energy consumption decreased by 6%, hence reaching the annual target of -3.5%. Our reported CO₂ emissions decreased by 4% in the full-year.

During the year, our work to become an ethical forerunner in society also continued with undiminished pace. Tieto has zero tolerance to corruption and any other unethical behaviour. 86% of our employees took our Code of Conduct and Anti-corruption e-learning in 2016. The Supplier Code of Conduct Rule coverage represents 85% of our total spend among regular suppliers. Implementation of business ethics throughout the

value chain will continue in 2017 and beyond. As part of this, sustainability is today an integral part of our regular customer dialogues.

We have been a signatory of the United Nations Global Compact (UNGC) principles for human and labour rights, anti-corruption and environment, since 2010, and are committed to continue supporting the UNGC. In 2016, we also initiated a new CR materiality analysis together with our main stakeholders, with the aim to renew our CR long-term plan for the current strategy period (2017-2020).

IT MARKET IN THE NORDICS

We at Tieto envision a future in which information is the biggest driver of continuously increasing societal and economic value. We seek a pivotal role in this change providing customers with new opportunities to renew their businesses and co-create future innovations.

In 2016, the overall IT services market grew by around 2% in the Nordic countries.

Given the developments in our market environment, we can be pleased that for the full year our total revenues grew by 2% and IT services grew by over 4%. We were also able to continue on the path towards improved long-term profitability objective, with an underlying operating margin of over 10% in 2016.

Looking ahead, digitalization of customers business – with two-fold agenda to grow revenue through innovation and to reduce costs by improved efficiency – continues to drive IT market growth and in 2017, the market is estimated to grow by 2–3%. Emerging services are expected to experience double-digit growth and the decline in traditional services will continue.

Focusing on Nordic enterprises and the public sector, we seek to grow and further increase our market share in the Nordics. Growth will also be supported by international expansion of selected industry solutions that have proven to be effective in current markets.

Tieto aims to continue to drive shareholder returns above industry average as well as to maintain its positive financial development and attractive dividend policy. At the same time, the company is continuing its investments to support innovation and growth.

SEIZING OPPORTUNITIES TOGETHER

Our industry continues to change at a rapid pace, thus creating a platform for growth and innovation. We firmly believe in the power of openness and co-innovation, and in this ecosystem, Tieto has a unique opportunity to shape the future we live in.

I would like to warmly thank our customers, employees, partners and shareholders for another year of collaboration and progress.

I look forward to continuing the renewal of our customers' business and stepping up Tieto's growth and innovation agenda even further together with our constantly expanding ecosystem.

Kimmo Alkio
President and CEO

IT market drivers

Digitalization of customers' business continues to drive IT market growth. Customers aim to grow revenue through innovation and reduce costs by improved efficiency as well as to ensure long-term sustainability.

- **Emerging services** are gaining ground while traditional services, such as infrastructure services, are seen as a source of cost reductions.
- **Cloud** becomes the vital underpinning for digital transformation, and customers increasingly combine private and public clouds to enable business innovation and agility in a cost-efficient way.
- Solutions supporting **automated end-to-end application lifecycle management** are gaining ground. These solutions enable faster innovation speed and reduced cost and time for the process to launch new products and services.
- New technologies will enable a **new data-centric ecosystem** where individuals are provided with personalized experiences – in many cases, by new service providers utilizing automated service deliveries.
- In line with the trend of sustainability becoming the new normal, customers see digital solutions as an enabler and facilitator of long-term sustainability in operations. For example, IT solutions will continue to **reduce CO₂ emissions** through decreased energy consumption, material use or transportation.
- **Co-creation with partners and customers** is becoming more important in order to make the best use of the new technologies for our customers and to accelerate innovation. This trend is accelerated by increasing openness, as open APIs (application programming interface) and open data make collaborative innovation possible.

[Read more about the market around us.](#)

The IT market is changing fast, also posing risks related to the management of change. [Read more about risks](#) related to our business environment.

Our market position

MARKET POSITION IN IT SERVICES

- The size of IT services market comprising Finland, Sweden and Norway is ~ EUR 14 billion (IDC 2016)
- The leading market position in IT services in Finland
- Among the top 3 vendors in Sweden
- Among the top 7 players in Norway

Tieto’s competitors in different customer industries, services and regions vary greatly. We have chosen to differentiate ourselves by combining our industry expertise and the best available technologies into solutions that best serve our clients in their specific business and market contexts.

Our major competitors include both international IT service providers and smaller niche players and geographically focused companies.

Most competitors provide a wide range of consulting, system integration and managed services. In industry solutions, there are multiple competitors.

PRODUCT DEVELOPMENT SERVICES MARKET

In R&D services for the telecom and semiconductor sector, Tieto is well recognized in Europe through its strong competence. Our well-established presence in the Nordic countries as well as Eastern Europe and Asia enables us to serve our customers flexibly and cost-efficiently.

In the R&D services, Tieto’s competitors are mainly global companies.

Nordic IT services market*



- Finland 35%
- Sweden 51%
- Norway 14%

* incl. Tieto’s core markets Finland, Sweden and Norway

We drive continuous stakeholder dialogue

Tieto wants to foster continuous collaboration and dialogue with all key stakeholders. At the end of 2016, a new materiality analysis was initiated to re-evaluate stakeholders' assessments of Tieto's sustainability impacts.

In general, the stakeholders with whom Tieto engages depend on the impact we have on the stakeholder and vice versa. Tieto also conducts stakeholder-mapping workshops to get a deeper understanding of stakeholder groups. Among the most prioritized stakeholders are employees, customers, investors and suppliers. Most stakeholder relations are managed throughout the organization. However, investor relations are centralized within the Group support functions. Similarly, supplier relations are mainly handled by Tieto's Procurement team.

Tieto's CR materiality analysis is conducted on regular basis together with stakeholders, and it identifies which sustainability aspects to address and report. At the end of 2016, a new materiality analysis was initiated to evaluate stakeholders' assessments of Tieto's sustainability impacts. The result will be implemented in our CR long-term plan 2017-2020.

Other types of dialogues, such as yearly surveys with customers and employees, also take place to learn more about stakeholders' specific experiences of Tieto as a company. The majority of issues and topics raised in dialogues during 2016 reflect well upon Tieto's business and our collaboration with stakeholders.

While customers are interested in the quality of products and services, innovation, and proactive interaction, employees have been interested in career opportunities, competence development and employee experience, to mention a few examples. Tieto's new strategy has also generated interest among stakeholders in 2016.

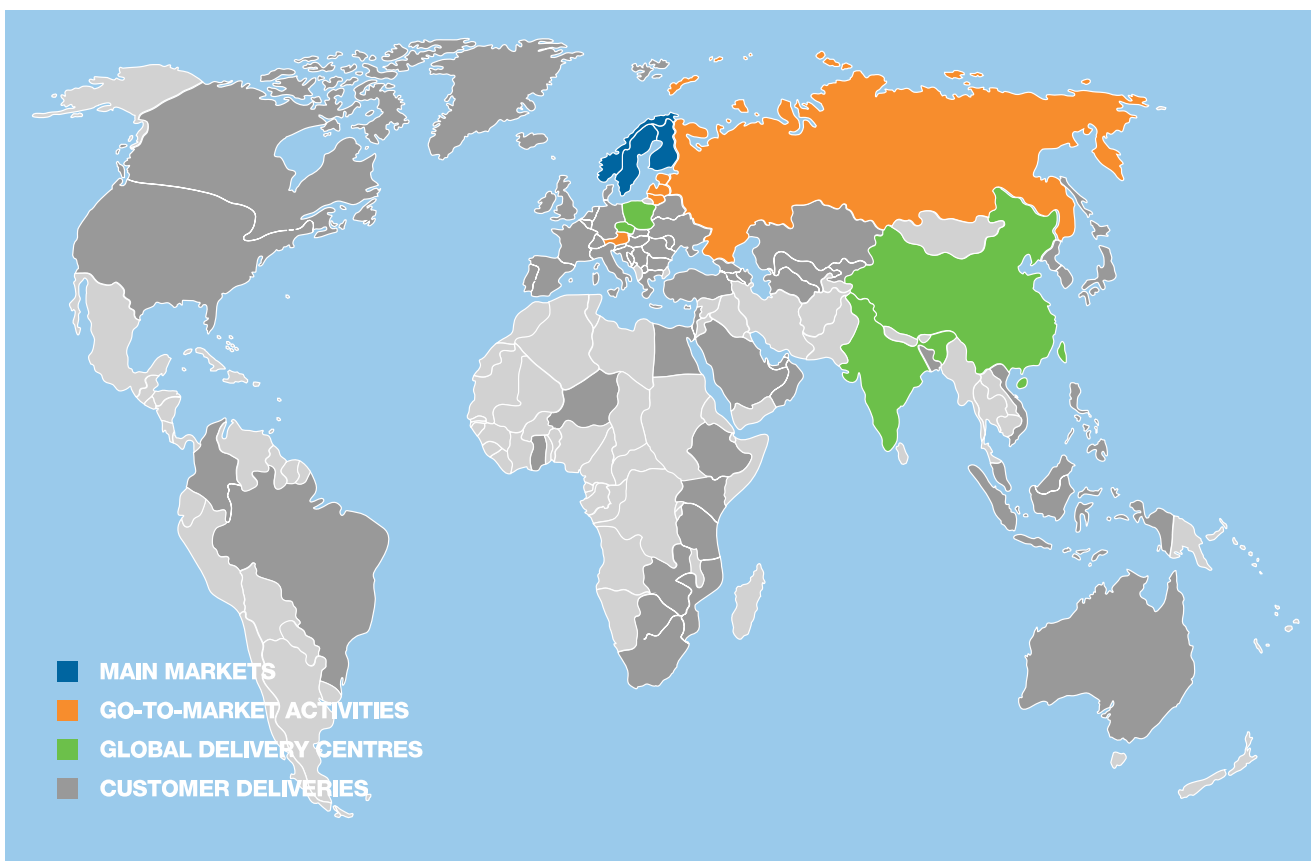
Our aim is to meet stakeholders' CR and sustainability requirements and needs, and to play an active role in our industry and society as a whole. During the past years, Tieto's customers have more and more addressed CR and sustainability as part of their evaluation of Tieto as an IT partner. Questionnaires and supplier requirements, covering compliance with the United Nations Global Compact as one example, are natural parts of these requests. CR communication with suppliers has also intensified as part of our Supplier Code of Conduct implementation and follow-up. CR communication with employees is related to Code of Conduct Policy compliance, as well as more general communication to raise awareness on CR and sustainability.

The table below presents Tieto's main stakeholders and how we engaged in 2016.

Stakeholders	Key issues raised	Type of interaction	Frequency of interaction	Actions regarding issues raised
Employees	<ul style="list-style-type: none"> Career opportunities Continuous competence and personal development Healthy working environment and work-life balance Job satisfaction Equal and fair treatment, including compensation Professional network, knowledge sharing and social media capabilities Simplified processes and improved tools Strategic alignment and trust in the future Further focus on employee experience 	<ul style="list-style-type: none"> Job openings and active staffing for projects Development discussions, ongoing dialogue and feedback Learning offering in Tieto Academy and other learning platformst Employee engagement pulse surveys Occupational healthcare and ergonomics Co-operation with employee representatives/ unions Tools and forums available for all employees, e.g. Social Intranet 	<ul style="list-style-type: none"> Continuous advertising and sharing of internal opportunities Continuous dialogue and feedback between manager and employee Tieto wide employee survey (VOICE) every two years. Pulse surveys on more ongoing basis Based on needs, ongoing work with the employee representatives Annual salary reviews 	<ul style="list-style-type: none"> Job rotation, management attention and support for career and competence development project assignments Healthcare and consultation services, active monitoring and health checks Support for sports and leisure activities Social Intranet for active dialogue Keilalahti new HQ project, activity based floors in Pune, India, and Ostrava, Czech Republic, for enhanced employee experience Simplifying business processes and life in matrix Workday, a tool to simplify employee processe, implemented
Customers	<ul style="list-style-type: none"> Delivering on agreements and interacting proactively More frequent collaboration and communication with customers and within Tieto at all levels Bringing new insights and ideas and making proactive proposals to enhance customers' business and/or operations Importance of business ethics 	<ul style="list-style-type: none"> Joint planning and co-innovation Strategic, tactical and operational customer experience measurement Customer magazines, seminars, exhibitions, workshops Audits Governance models Materiality analyses 	<ul style="list-style-type: none"> Customer experience measurement: strategic annually, tactical every third month, operational monthly, or biannually in case of stable services Materiality analysis: annually Operative activities on a continuous basis, including governance 	<ul style="list-style-type: none"> Improvement of quality in deliveries Improvement of collaboration and communication with customers and within Tieto at all levels Providing all employees with a real-time view of customer experience Enhancing customer-centric culture and ways of working
Investors and shareholders	<ul style="list-style-type: none"> New strategy and financial targets highlighting innovation and growth in addition to continued financial performance and attractive dividend yield Investments in offerings and new talent driving future growth 	<ul style="list-style-type: none"> Investor meetings and group presentations Conference calls 	<ul style="list-style-type: none"> IR participated in around 100 investor meetings and group presentations during 2016 Capital Markets Day in May 2016 	<ul style="list-style-type: none"> Investments driving renewal of services increased to EUR 75 million Net recruitments to address the IT industry change accelerated, net recruitments up to 800 Base dividend increased and additional dividend proposed
Suppliers	<ul style="list-style-type: none"> Solid business ethics Respect for fundamental human and labour rights Mutually beneficial business relationships including aligned practices and agreed targets Work against corruption in all its forms 	<ul style="list-style-type: none"> Continuous dialogue about services and contracts (Sourcing) Bilateral supplier relationship and performance management programs including governance Supplier Sustainability Program (including self-assessments) with significant suppliers Supplier Code of Conduct Survey with regular suppliers Active communication of Procurement policy and practices internally in Tieto 	<ul style="list-style-type: none"> Key suppliers: on a continuous basis either on monthly, quarterly, or annual basis depending on urgency and priority Other suppliers: regular interaction and structured governance take place whenever the situation so requires Internal communication regularly according Procurement Communication plan 	<ul style="list-style-type: none"> Actions jointly agreed and depending on the specific programme objectives and relationship E.g. collaboration on cost optimization, delivery and quality management, joint innovation, risk management and sustainability issues Actions to improve supplier's quality, performance or service triggered by complaints or alleged incidents (from stakeholder or third party)
Business partners and ecosystems	<ul style="list-style-type: none"> Identifying and engaging with emerging partners and ecosystems to accelerate customer value Building the best possible solutions for our customers together with our partners Aligning business practices 	<ul style="list-style-type: none"> Regular meetings on strategic, tactical and operational level, with commercial and technical perspectives, take place to ensure the best possible value to customers 	<ul style="list-style-type: none"> Bi-annual, quarterly and on continuous basis 	<ul style="list-style-type: none"> Actions jointly agreed and depending on the specific partnership or ecosystem E.g. collaboration in developing services, products and business models.
Potential employees & students	<ul style="list-style-type: none"> Collaboration and job opportunities Joint projects with universities and student associations Internships / traineeships Corporate responsibility 	<ul style="list-style-type: none"> Career days Student fairs Development projects and research collaboration Internships / traineeships 	<ul style="list-style-type: none"> Career days and student fairs a few times a year Pan-Nordic Generation-T trainee programme annually Seasonal e.g. summer trainees 	<ul style="list-style-type: none"> Theses work, seminars and lectures, internships and recruitment Active engagement in social media channels
Former employees & colleagues	<ul style="list-style-type: none"> Professional networking 	<ul style="list-style-type: none"> Social media networks Alumni network 	<ul style="list-style-type: none"> Continuous and based on needs 	<ul style="list-style-type: none"> Tieto company site on LinkedIn and Facebook Local alumni groups and events

Tieto markets

Tieto has global capabilities and a strong presence where its customers need it. The company has operations in around 20 countries, with the Nordics – Finland, Sweden and Norway – as our main market. The size of these IT services markets was ~ EUR 14 billion in 2016 (IDC).



FINLAND
<ul style="list-style-type: none"> • Tieto's core market • Sales EUR 674 million • Personnel 3 550 • Market position: #1

SWEDEN
<ul style="list-style-type: none"> • Tieto's core market • Sales EUR 566 million • Personnel 2 700 • Market position: Among top 3

NORWAY
<ul style="list-style-type: none"> • Tieto's core market • Sales EUR 159 million • Personnel 640 • Market position: Among top 7

GO-TO-MARKET ACTIVITIES
<p>Austria, Estonia, Latvia, Lithuania and Russia</p>

GLOBAL DELIVERY CENTRES
<p>The Czech Republic - Ostrava Poland - Szczecin, Wroclaw India - Pune China - Chengdu</p>

CUSTOMER DELIVERIES
<p>Customer deliveries in over 90 countries in six continents</p>

Strategy

Tieto envisions a future in which data is the biggest driver of individual, societal and economic value. The company seeks a pivotal role in this change, and announced a new strategy in 2016 to pursue the opportunities of the future data-driven world.

With solid execution of its prior strategy, Tieto laid a strong foundation for accelerating innovation and growth in the Nordics and beyond in a time where each organization has the need and opportunity to both drive efficiency and co-innovate new services and business models.

With its new strategy for 2016–2020, Tieto aims to become its customers' first choice in their business renewal as the leading Nordic software and services company. The strategy builds upon a strong foundation of customer insight, own industry specific software, growth investments, full life-cycle services from advisory to managed services, industrialized service delivery and proven execution capability.

Tieto has made the following strategic choices:

1. SERVICES TO ACCELERATE CUSTOMER VALUE

Focus on services to help its customers succeed in their dual agenda - simultaneously drive efficiency in their current operations and innovate new businesses and business models. Tieto aims to

- play a larger role in customers' value chain and support their growth, by investing into pre-packaged industry solutions. These solutions build on the competitive industry specific software, deep industry insights and partnerships – **industry solutions**.
- help customers drive higher speed and efficiency in their business processes, through modernizing their technology landscape, industrialized service delivery and as a service business models – **technology services and modernization**.
- co-create new solutions and innovate data-driven business models with customers and partners – **new data-driven businesses**.

2. NORDIC LEADERSHIP AND INTERNATIONAL EXPANSION

Focusing on Nordic enterprises and the public sector, Tieto seeks to further increase its market share in the Nordics. In parallel, Tieto accelerates international expansion of selected industry solutions that are proven in current markets. Large-scale expansion to adjacent markets is considered long term.

3. OPENNESS AND CO-INNOVATION

Tieto invests in work practices and technologies to actively co-innovate with partners, customers and enable global talent networks. This will ensure a faster time to market for solutions, increase development opportunities for employees and agile access to global talent and competencies.

Tieto strategy 2016–2020

We aim to be our customers' first choice for business renewal



The strategy will be implemented in phases, and the focus in 2016 was to accelerate capabilities in Sweden along with the selected industry solutions international expansion. During 2016, Tieto also realigned its organizational structures to the renewed strategy and choices. The strategy execution focus for 2017/2018 will be on

driving innovation through accelerating and commercializing data-driven businesses and to operationalize open talent and innovation ecosystems as well as scaling chosen industry solutions internationally. Towards the end of the strategy period larger scale market expansion will be evaluated.

We implement the strategy in phases



Read more about the 2016 highlights.

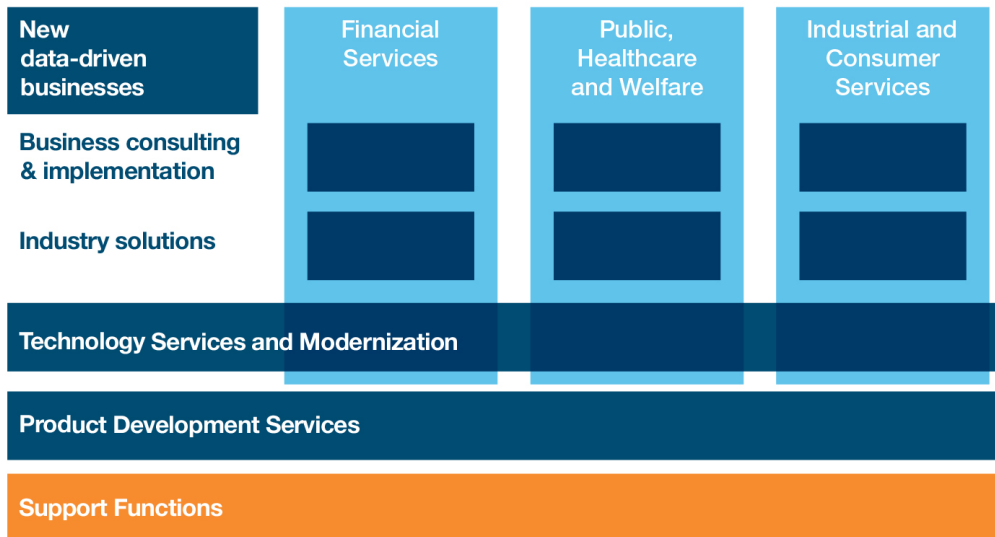
Operating model

Tieto realigned its structures and operating model to ensure effective implementation of the renewed strategy and to become customers' first choice for business renewal.

The new structure, operational from 1 July 2016, comprises of two main elements - industry groups and service lines.

Industry groups are the main go-to-market interface and service lines focus on customer experience and value through the services they bring to market.

We align our structure with the strategic choices



Industry groups represent Tieto's go-to-market and interface to customers. They aim to maximize Tieto's market share and customer experience in an industry, mobilizing all the assets and competencies of Tieto and partners.

There are three industry groups serving customers in the respective industry vertical.

1. **Financial Services** – serving all banking, insurance, capital markets and other financial institutions.
2. **Public, Healthcare and Welfare** – serving all central/regional/local governmental authorities and public and private healthcare, social and educational institutions.
3. **Industrial and Consumer Services** – serving customers in manufacturing, natural resources, retail, telecom, media, energy and utilities sectors.

Service lines focus on maximizing Tieto's market share and customer experience related to the services they bring to the market. There are four Service Lines:

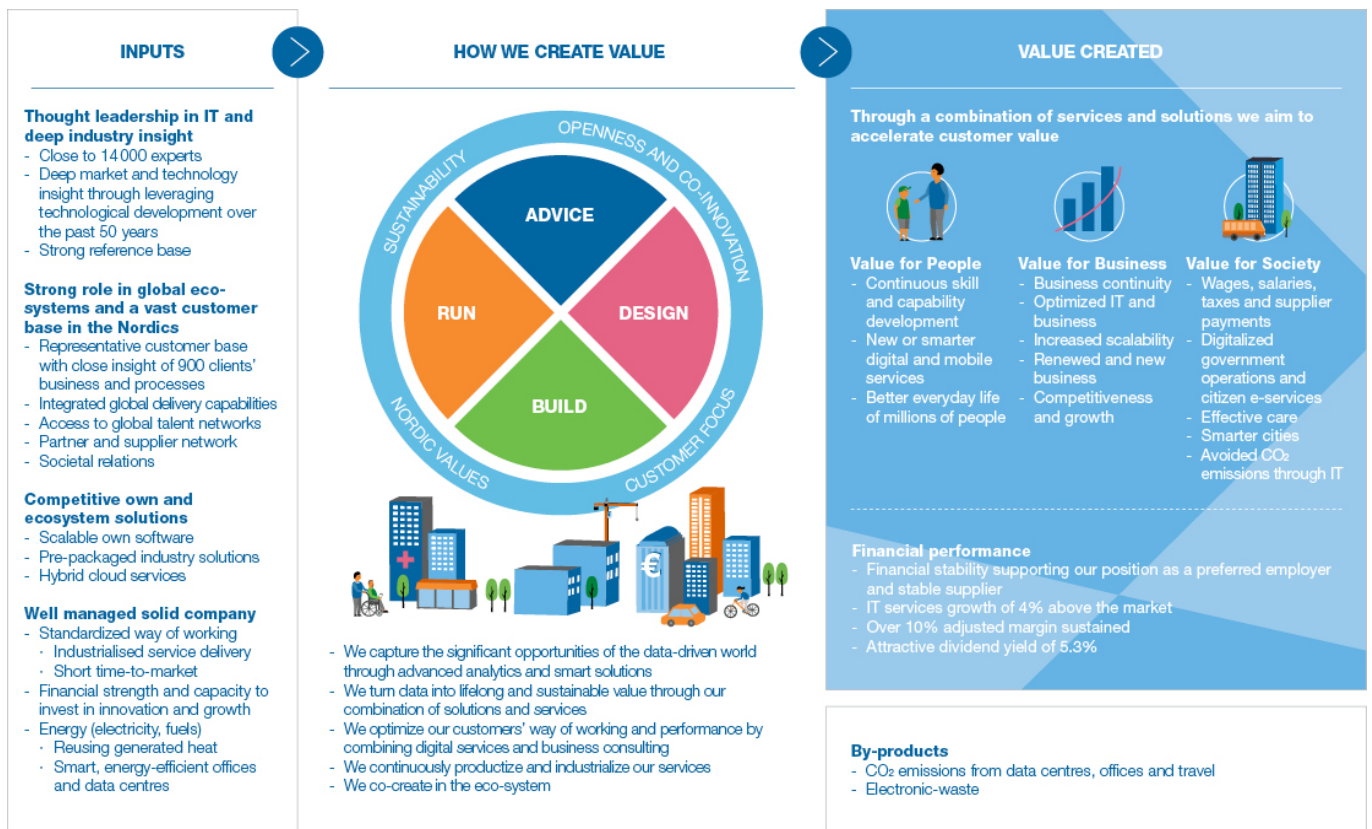
1. **Business Consulting and Implementation:** Business advisory and related implementation services to customers enabling their business renewal. These consulting and implementation services are highly industry specific and hence are organized in each industry forming a virtual service line at Tieto.
2. **Industry Solutions:** Industry specific pre-packaged solutions building on own and third party software and system integration capabilities. Considering that the solutions are highly industry specific, they are organized in each industry forming another virtual service line at Tieto.
3. **Technology Services and Modernization (TSM):** All the managed services, both applications and infrastructure are managed through this service line.
4. **Product Development Services:** High-end R&D services with focus on telecom, expanding to new domains.

Data-driven businesses are organized as a start-up with minimal organizational dependency with other businesses, and reported as part of the Industry Solutions service line.

Service lines form the main external reporting segment.

Creating value for life

In a rapidly changing world, where digitalisation plays a major role for business performance, every bit of information can be used to provide new and sustainable value. Tieto's value creation is based on our strategic aim: to become our customers' first choice for business renewal as the leading Nordic software and services company.



TIETO'S OPERATIONS CREATE VALUE FOR STAKEHOLDERS

The main role of Tieto as a software and IT services company is to help our customers renew their business and IT through digitalization. Tieto's role varies from advisory and the design of services to building and running systems and solutions. We look at the world from our customers' perspectives and aim to offer the best services and solutions from our full portfolio. This enables our customers to focus on their core business and create value in their respective domains.

Through the high standards in customer focus, openness and innovation, sustainability and our Nordic approach towards people management, Tieto is able to increase customer value and accelerate innovation. Tieto aims to capture the significant opportunities of the data-driven world and turn them into lifelong and sustainable value for people, business and society:

- Through smart technology, digital and mobile services, Tieto enables better everyday life for millions of people.
- Through optimizing business and IT, our customers can benefit from increased scalability and business continuity, while ensuring competitiveness and growth.
- Through innovative solutions, Tieto helps create smarter cities, effective care and efficient digital government operations, creating value for the whole society.

In addition, Tieto is committed to creating shareholder value for its owners, as well as playing a significant role in society as an employer and taxpayer.

TOWARDS INTEGRATED REPORTING

Tieto's Annual Report aims to provide an overall picture of Tieto's ability to create value.

In 2016, Tieto decided to take the first step towards using the International <IR> Framework as part of its annual reporting. The development towards integrated reporting commenced with a project examining the factors that affect value creation. Management views on value creation were gathered in a series of interviews. As a result of the process, Tieto's first integrated Annual Report was published in March 2017.

Read more about how we created value in the section [Highlights 2016](#).

Our approach to sustainability

Tieto is convinced that the long-term success of the company requires a business model that takes into account corporate responsibility (CR) and sustainability as a natural part of the daily business operations, including services and solutions provided to customers.

Tieto supports the leading global sustainability principles and complies with the requirements of many non-governmental organizations (NGOs) and industry standards. These multi-stakeholder initiatives guide us in our daily work.

- We have been a signatory of the UN Global Compact principles for environmental care, human rights, worker's rights and anti-corruption since 2010.
- We comply with the OECD Guidelines for Multinational Enterprises.
- We have engaged with the Global Reporting Initiative (GRI) since 2011 (Organizational Stakeholder 2011-2015, Gold Community Member 2016). Every year, we report non-financial information (externally assured) in accordance with the core option of the GRI G4 Reporting Guidelines.

As our new corporate purpose - Creating value for life - indicates, Tieto aims to play an active role in sustainable development for society, business and people.

- We are a member of FIBS non-profit corporate responsibility network in Finland.
- We are a member of NMC The Swedish Association for Sustainable Business.
- We are a member of the United Nations Nordic Network.

As a result of our sustainability performance, Tieto is included in the OMX GES Sustainability Finland Index. In addition, due to taking coordinated actions on climate change issues, Tieto was included in CDP's [Climate change report 2016 – Nordic edition](#) receiving scoring level B. According to [Ecovadis](#), providing supplier sustainability ratings for global supply chains, Tieto Corporation (Group) was in the top 2% of suppliers assessed in all categories in 2016. In the area 'Environment', Tieto was in the top 1% of suppliers assessed in the category 'Computer programming, consultancy and related activities'. Based on the Ecovadis CR rating, Tieto was granted a Gold recognition level.

Sustainability long-term plan

We recognize that our sustainability impacts occur throughout the value chain, and focus our corporate responsibility (CR) work around three long-term objectives – minimize environmental impact, be an ethical forerunner, and create value for all stakeholders.

As a company, we are convinced that our long-term success is connected to playing an active role in sustainable development. This requires a business model that takes into account social and environmental aspects, covering business operations, partners and suppliers, as well as services and solutions. Therefore, sustainability is a natural part of Tieto's daily business operations and integrated into our value chain.

CR LONG-TERM PLAN SUPPORTING SUSTAINABLE DEVELOPMENT

CR demands from customers have intensified during the past years. For many of our customers, compliance with the United Nations Global Compact is a minimum-level requirement. To meet stakeholder requirements and expectations we engage in open dialogue about sustainability. Our aim is to integrate sustainability from policy as well as practice perspectives.

Our long-term CR objectives are to lower the environmental impacts of the company as well as our customers and supply chain, to be an ethical forerunner in the global society, and to create value to all stakeholders.

Our current CR long-term plan is based on the CR materiality analysis conducted together with stakeholders in 2013-2014. This plan also comprises the elements of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

At the end of 2016, we started a new materiality analysis together with our stakeholders for the renewal of our CR long-term plan and targets for the current strategy period. In addition to reviewing stakeholder expectations, new CR initiatives and compliance requirements will also be taken into account. Among other things, this new plan will reflect Tieto's contribution to the United Nations Sustainable Development Goals.

The following table summarizes our current CR targets for prioritized CR areas during the strategy period 2013-2016.

Minimize environmental impact

CR aspect	Long-term target (2014-2016) ¹	Result 2016 (2015)
Energy consumption	Reduce total indirect energy consumption by 3.5% annually	-6% (-9%)
Use of materials and chemicals	Reduce paper consumption by 5% annually	-34% (-8%)
Waste management	Only partners accepting Supplier Code of Conduct Rule used for e-waste recycling (relation of e-waste partners)	74% (40%)

¹ To be renewed 2017

Be an ethical forerunner in society

CR aspect	Long-term target (2014-2016) ¹	Result 2016 (2015)
Business ethics	No breaches of Code of Conduct	0 (0)
	100% of employees trained on Code of Conduct and Anti-corruption annually	86% (73%)
Procurement and supply chain	100% of suppliers serving Tieto on regular basis to adhere to Supplier Code of Conduct Rule ²	49% ³ (31%)
	Zero violations of Supplier Code of Conduct Rule of contracts	0 (0)
Employee health and wellbeing	100% of employees (minimum 95%) to have energy above work related demand	91% (93%)

¹ To be renewed 2017

² Target by 2017

³ Representing 85% (81%) of our total spend among regular suppliers

Create value for stakeholders

CR aspect	Long-term target (2014-2016) ¹	Result 2016 (2015)
Customer experience	Customer Experience Index 8.2 by 2020 ² (scale 1-10)	7.64 (7.54)
Quality of products and services	ISO 9001 certification based on business needs (% of employees)	77% (73%)
	ISO 27001 certification based on business needs (% of employees)	48% (48%)
	All sites >50 employees to be certified with ISO 14001 (% of employees)	92% (82%)
	ISO non-conformities to be closed according to the requirements	Goal met (Goal met)
Financial performance	IT services revenue growth above the market (CAGR) ²	IT services' sales growth of 4%. IT services market estimated to have grown by 2%.
	10% EBIT margin as a long-term objective ²	9.4% (8.6%)
	Adjusted ³ margin sustainably over 10%	10.2% (10.3%)
	Dividend increasing annually in absolute terms (min. 50% of net results) ²	Proposed dividend up 5% to EUR 1.15 (1.10). Extra dividend of EUR 0.22 also proposed. Dividend yield 5.3%, payout ratio 94%, including extra dividend.
	Net debt/EBITDA 1.5 as an upper limit in the long-run ²	0.6 (0.1)

¹ To be renewed 2017

² Ambition 2020

³ Adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items

MINIMIZING ENVIRONMENTAL IMPACT

Tieto recognizes that climate change is a global concern, which needs to be addressed by all enterprises and organizations. Already in 2015, Tieto actively expressed its support for the COP 21 Conference in Paris (21st Conference of the Parties to the United Nations Framework Convention on Climate Change), and the results thereof, through CDP.

The management of our environmental impacts is mainly focusing on energy consumption (electricity, heating and cooling) for running data centres and offices, on business travel, and use of paper and other consumables. Hence, to us minimizing environmental impact means reducing energy consumption, increasing energy efficiency, replacing business travel with online conferencing options, and minimizing printing and consumables.

The bigger opportunity, however, lies in reducing emissions in other industries through innovative IT solutions and services. According to [the Global eSustainability Initiative Smarter 2030](#) report, ICT can enable a 20% reduction of global CO_{2e} (CO₂ equivalent) emissions by 2030, thus holding emissions at 2015 levels. Tieto is committed to increasing the environmental friendliness of our data centres, and implementing solutions that improve customers' sustainability as well as in society at large.

BEING AN ETHICAL FORERUNNER

Being an ethical forerunner in the global society means showing a good example as a corporate citizen across operating countries. The European Union's Anti-Corruption Report concludes that corruption continues to be a challenge in Europe, and that the situation varies from one member state to another. In recent years, some Nordic companies have suffered from corruption cases too. The European Union has launched an ICT-sector guide on implementing the UN Guiding Principles on Business and Human Rights. To us, it means focusing on human rights, throughout our supply chain.

Tieto's approach to business ethics is not only compliance-based, but is intended to create a culture based on transparency and openness. We call it an Open Source Culture.

CREATING VALUE FOR STAKEHOLDERS

Creating value for stakeholders touches upon Tieto's key stakeholder groups, customers, employees and investors, as well as society as a

whole. Our aim is to create sustainable value for all stakeholders.

By delivering sustainable IT services and solutions to enterprises and society, Tieto helps to improve economic, societal, as well as environmental conditions in the world. At the same time the company's profitability can be strengthened, which is crucial for our long-term success as an innovator, employer and taxpayer, to mention a few examples.

CR RISKS AND OPPORTUNITIES

To address CR related risks and opportunities, Tieto strives to integrate CR impacts at the core of our business, and to include more CR elements in business processes and systems. We have identified four main risks related to CR. All four are connected to some of the highest priority CR aspects identified in the latest materiality analysis (2013-2014).

Climate change concerns all of us – people, organizations and enterprises, and society. Tieto strives to mitigate climate change related risks via active environmental management through our Environmental Management System, and by lowering customers' emissions with sustainable IT solutions.

Tieto also recognizes that the company's **supply chain** poses potential risks in terms of human rights and labour rights. Supply chain risks are mainly mitigated via Supplier Code of Conduct Rule implementation, supplier management and continuous assessments. In addition, by increasing understanding of supply chain related impacts Tieto believes it's possible to improve the conditions of human rights as well as labour rights together with suppliers. In this context, it is imperative to recognize and act upon the differences between the cultures in the Nordics and in other Tieto countries.

Corruption is another potential CR risk, not only for Tieto but for enterprises and society at large. According to Transparency International's [Corruption Perception Index 2016](#), measuring public sector corruption, 69 per cent of the 176 countries scored below 50, on a scale from 0 (perceived to be highly corrupt) to 100 (perceived to be very clean). This year more countries declined in the index than improved, showing the need for urgent action.

The majority of Tieto's business operations are located in countries that may be considered to be cleaner from corruption based on Transparency International's measuring. However, Tieto recognizes that we may be exposed to corruption risks related to procurement and sales, especially in Eastern

Europe and Asia. We strive to mitigate these risks via Code of Conduct and Anti-Corruption Rule implementation, communication with suppliers, and training of sales personnel and partners.

The fourth CR risk area touches upon **employee health risks**. Tieto recognizes that today's operating environment with rapidly changing competence needs, work content and ways of working, might impact the psychosocial wellbeing of individual employees. Employee health risks are mitigated through our pro-active approach, line manager attention and follow-up, and communication. Tieto strives to offer employees a work environment which supports psychosocial wellbeing. Our Open Source Culture, where the employee experience has become a vital part, is one important element in this work. We also strive to offer a flexible and mobile work environment supporting a work-life balance.

As an IT services provider, we are convinced the biggest CR opportunities for Tieto relate to the positive sustainability impacts of our IT services and solutions, and to our role in creating a society where responsible and sustainable business is the norm. We have measured the sustainability impacts of IT since 2010 by calculating the emission reductions from our own digital transaction services and other digital services replacing paper. Tieto is committed to continuing the development of sustainable IT solutions.

Materiality analysis

Based upon analysis of the company's impact on society, and stakeholders' assessment of Tieto, the CR aspects with the highest priority are business ethics, customer experience, and procurement and supply chain. In the latter part of 2016, Tieto initiated a new materiality analysis for the strategy period 2017-2020.

While Tieto's material sustainability aspects are reviewed on an annual basis, the aim is to maintain the materiality analysis and the CR long-term plan throughout the company's strategy period. Tieto has concluded that no significant changes from the previous reporting period took place in the scope and aspect boundaries. Our current materiality analysis was conducted in 2013-2014, and is presented below. The CR aspects included have provided the basis for the sustainability disclosures and presentation of the CR long-term plan in this report. If not otherwise stated, aspects are material for the whole Tieto Corporation, and aspect boundaries outside the organization are Tieto's operating countries.

The materiality analysis 2013-2014 was conducted in line with GRI G4 requirements. Approximately 260 people from different geographical regions participated in an open crowdsourcing arranged by Tieto, and expressed their views on the company's impact on society. Participants represented employees, customers, investors and media, among others. Tieto also organized internal workshops together with the CR steering group and Leadership Team to assess the company's own impact. As a last step, the list of prioritized aspects was evaluated once again by external stakeholders to reassure the validity of the materiality graph. More information about this materiality analysis is available in Tieto's Corporate Responsibility Report 2013.

In 2015, Tieto's CR steering group decided to slightly adjust the materiality graph by leaving out three CR aspects, which represented more regular corporate governance or CR management issues.

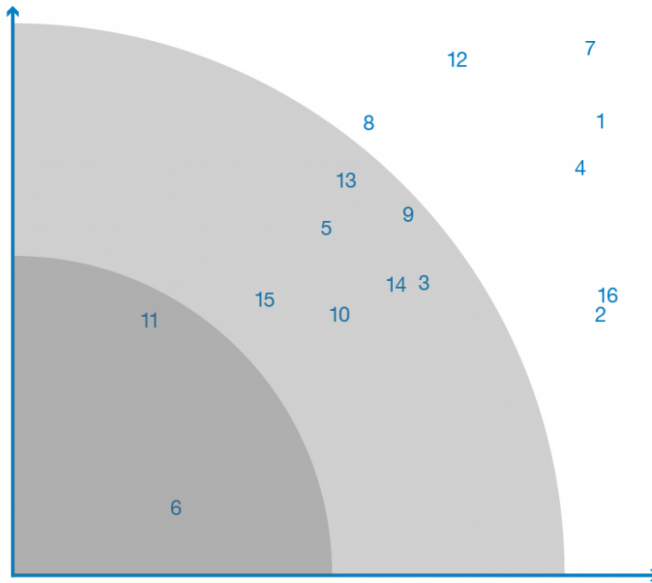
These aspects were: Corporate Governance, Environmental Management Systems and Certification, and Transparency and Openness. All of the topics are still covered in this report, partly due to GRI standard disclosure requirements.

At the end of 2016, Tieto initiated a new materiality analysis based on GRI G4 requirements. The stakeholder engagement activities included a CR material aspect survey for employees, partners and suppliers. In addition, selected customers were met for a dialogue on sustainability and important focus areas. Furthermore, an open survey as well as a Twitter chat was organized for the general public. Tieto will also gather input from its investors. The results will be implemented in our CR long-term plan 2017-2020.

Tieto believes that open and transparent dialogue with stakeholders is the best way to find out our real impact as a corporate citizen. In addition to conducting separate CR materiality assessments, the company strives to integrate CR as a natural part of any dialogue with customers and other stakeholders.

Materiality results

Influence on stakeholder assessment and decisions



Significance of economic, environmental and social impacts

- 1 Customer experience
- 2 Quality of products and services
- 3 Information security and data privacy
- 4 Financial performance
- 5 Sustainable IT
- 6 Social engagement
- 7 Business ethics
- 8 Energy consumptions
- 9 Waste management
- 10 Greenhouse gas emissions
- 11 Use of materials and chemicals
- 12 Procurement and supply chain
- 13 Diversity and equal opportunities
- 14 Learning and talent development
- 15 Employee relations
- 16 Employee health and wellbeing

Material aspects and boundaries

Material aspects	Aspect boundary
1. Quality and Customer Experience	Customers, owners, employees
<ul style="list-style-type: none"> • Customer Experience • Quality of products and services • Information security and data privacy 	
2. Creating value for our stakeholders	Customers, owners, employees, all suppliers, partners and alliances, society
<ul style="list-style-type: none"> • Financial performance • Sustainable IT • Social engagement 	
3. Business Ethics	Customers, owners, employees, all suppliers, partners and alliances, society
<ul style="list-style-type: none"> • Business ethics 	
4. Greener Operations	Customers, owners, employees, all suppliers, partners and alliances, society
<ul style="list-style-type: none"> • Energy consumption • Waste management • Greenhouse gas emissions • Use of materials and chemicals 	
5. Sustainable Supply Chain	Customers, owners, all suppliers, partners and alliances, society
<ul style="list-style-type: none"> • Procurement and supply chain 	
6. Our People	Customers, employees, owners and society
<ul style="list-style-type: none"> • Diversity and equal opportunities • Learning and talent development • Employee relations • Employee health and wellbeing 	

Managing Corporate Responsibility

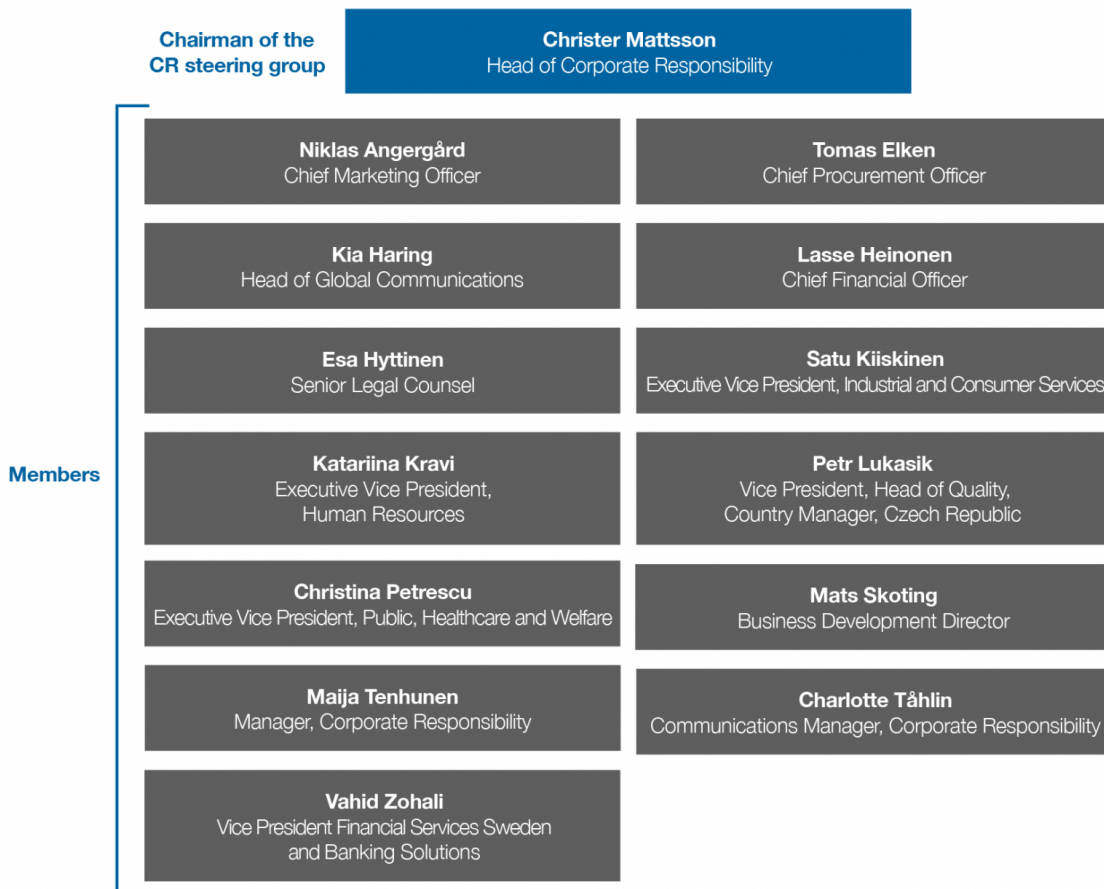
Sustainable value chains are growing in importance for our stakeholders, requiring Corporate Responsibility (CR) to be embedded throughout the organization and supply chain. Governance and compliance, processes and tools, as well as organization are all important elements to enable CR as an integrated part of daily business operations.

CR STEERING GROUP LEADING THE WAY ON CR

Tieto's CR work is led by the company's CR steering group. The CR steering group advises the Leadership Team and Board of Directors on the CR area, and approves the Sustainability section of Tieto's Annual Review. The CR steering group represents different functions and units of Tieto, ensuring the voices of internal and external stakeholders are taken into account.

During 2016, the CR steering group continued implementing the CR long-term plan 2014–2016, which has been focused around three long-term goals: minimizing environmental impact, creating value for stakeholders, and being an ethical forerunner in society. The steering group also decided to run a new material CR aspect update together with Tieto's stakeholders.

Tieto corporate responsibility steering group, on 31 Dec 2016:



During 2016, the CR steering group decided to strengthen governance of CR in the company. Two new governance bodies were established – the Sustainability Areas steering group and the Environmental Managers steering group. The purpose is to ensure aligned implementation of strategic as well as operative CR and sustainability issues.

On a daily basis, the CR activities are managed by a CR team. This team is led by the Head of CR, Christer Mattsson, who is also the chairman of the CR steering group. The Head of CR owns the CR policies and processes, and reports to the company's CFO, Lasse Heinonen.

The management of specific CR aspects, as defined in Tieto's materiality analysis, is handled by appointed aspect owners. These owners are responsible for setting goals, implementing and reporting on aspect KPI performance. High-priority CR goals are presented in the CR long-term plan, which is approved by the Leadership Team in cooperation with the Board of Directors. Management of specific CR areas is presented in more detail in the respective section of this report.

POLICIES AND RULES GIVING STRATEGIC DIRECTION AND PRACTICAL GUIDANCE

Tieto's ethical values are summarized in the [Tieto Code of Conduct policy](#), which applies to all of Tieto's employees as well as any party contributing to the company's services, products and other business activities. It is based on the United Nations Global Compact principles regarding human rights, labour rights, anti-corruption and the environment; and the OECD Guidelines for Multinational Enterprises.

To clarify the ethical guidelines applying to suppliers Tieto has a separate [Supplier Code of Conduct Rule](#), which is also based on the United Nations Global Compact and OECD Guidelines for Multinational Enterprises. This rule is implemented in all new supplier contracts with regular suppliers. [The Anti-corruption Rule](#) provides practical guidelines on how to evaluate and avoid unethical behaviour. Additionally, Tieto's employees are expected to adhere to the Competition Law Compliance Rule. Tieto also has an [Environmental Rule](#) which outlines the precautionary approach to environmental management at Tieto and in the value chain. This rule is compliant with ISO 14001 requirements.

The Code of Conduct policy and its rules are owned by our Head of Corporate Responsibility and coordinated by our CR function. Managers are responsible for ensuring that the content and the

spirit of the CR policy and rules are communicated, understood and acted upon within their respective organizations. Tieto also has several other policies and rules supporting the management of specific CR aspects. Policies and rules are reviewed on a yearly basis, as part of the company's compliance programme.

IMPLEMENTING SUSTAINABLE BUSINESS PRACTICES IN DAILY BUSINESS OPERATIONS

To help implement CR in daily business operations Tieto has developed a Corporate Responsibility Management Process, which is included in our Tieto Way business system. This process utilizes best practices from the United Nations Global Compact Management Model and the GRI G4 guideline. The tool enables clear linkages of process and documents to other business processes. Among other things, the Corporate Responsibility Management Process formally presents the role of a CR aspect owner.

To support the management of environmental work, we have an Environmental Management System (EMS), which is ISO 14001 compliant. The EMS consist of processes, competences, governance and organization, communication and information, and tools. Implementation is secured through ISO 14001 certification.

Our EMS process, offering a role-based view, is integrated into our Corporate Responsibility management process. It is also integrated into our Tieto Way business system, thus making it possible to establish clear process links to other processes. Furthermore, there is a linkage between the EMS process and audit activities. A responsive user interface makes it possible to access the EMS from any device.

Our Code of Conduct and Anti-corruption e-learning supports implementation of CR practices among employees. Tieto also has an Environmental e-learning supporting Environmental Management System implementation and ISO 14001 certifications.

We believe sustainability concerns the whole company, and encourage our employees to discuss and promote the positive sustainability impacts that digitalization can bring to customers. CR presentation materials are a regular part of the Tieto's sales materials. These materials, including background facts, help sales teams to learn about CR and answer customers' CR requests. Naturally, the CR team and aspect owners actively support the sales teams.

Tieto's approach to CR and sustainability is mirrored through our company values, which have been developed in co-operation with employees: We work together.

We care for our people and customers. We are committed to quality. We learn and grow.

Policies and Rules supporting management of CR aspects, 31 December 2016:

Aspect	Policy/Rule
Customer experience	Quality Policy
Quality of products and services	Quality Policy
Information security and data privacy	Security Policy, Privacy Policy, Information Classification Rule, Data Transfer Rule
Financial performance	Financial Handbook
Sustainable IT	Environmental Rule
Social engagement	Code of Conduct Policy
Business ethics	Code of Conduct Policy, Anti-corruption Rule, Supplier Code of Conduct Rule, Environmental Rule, Competition Law Compliance Rule
Energy consumption	Environmental Rule
Waste management	Environmental Rule
Greenhouse gas emissions	Environmental Rule
Use of materials and chemicals	Environmental Rule
Procurement and supply chain	Procurement Policy, Supplier Code of Conduct Rule
Diversity and equal opportunities	HR Policy
Learning and talent development	HR Policy
Employee relations	HR Policy
Employee health and wellbeing	HR Policy, Occupational Health and Safety Policy

Business ethics

In the global business context, the importance of business ethics is continuously growing. To answer customers' sharpened requirements, Tieto is putting emphasis on implementing its responsible business practices throughout the value chain. Our Code of Conduct training is mandatory for all employees on an annual basis.

Tieto as a company, including the Board of Directors and top management, has zero tolerance to unethical business behaviour, and sees implementation of ethical values and work practices as a vital part of the company's corporate responsibility. In addition to adhering to local legislation in operating countries, such as the UK Bribery Act and US Foreign Corrupt Practices Act, Tieto's ethical values are outlined in the company-wide Code of Conduct Policy and related Rules, which apply to all stakeholders.

The focus on business ethics among Tieto's customers has increased during the past years, especially related to corruption, gifts and hospitality. During 2016, Tieto put increased efforts into highlighting the differences between customers' ethical business practices and Tieto's own among its sales and delivery teams.

Internal communication on the Code of Conduct Policy and Anti-corruption Rule was also strengthened during the year. Among the topics highlighted were fraud and conflicts of interest. Code of Conduct and Anti-corruption training effectiveness was improved through better reporting and follow-up of e-learning statistics, making it easier for managers to track e-learning completion rates among employees.

Tieto also initiated an on-boarding programme with the purpose of ensuring sufficient controls with customers, suppliers or any other third party to achieve necessary screening and due diligence. Our aim is to digitalize this process.

A compliance management system was established to better track recurring tasks and development items. These tasks include annual reviews of policies and rules, compliance risk analyses, knowledge sharing and escalations being handled.

POLICIES AND RULES GOVERNING BUSINESS ETHICS

Tieto's Code of Conduct Policy defines the company's human rights and workplace practices regarding non-discrimination, equal opportunities and a safe working environment, among many other things. It also specifies the business practices regarding, for instance, conflicts of interest, gifts and bribes, and the safeguarding of corporate assets. In addition, the policy states that Tieto does not take political stances, nor give financial or in-kind contributions to political parties or institutions.

To highlight specific sections of the Code of Conduct Policy, Tieto has separate rules providing more detailed guidance. One example is the Supplier Code of Conduct Rule, which is implemented in all new supplier contracts with regular suppliers.

Another example is the Anti-Corruption Rule. Tieto recognizes that corruption is still a major ethical problem in society globally, and needs to be addressed by all enterprises and organizations. The Anti-corruption Rule provides practical guidelines on how to avoid unethical behaviour, and advises employees on how to evaluate different types of situations one may encounter at work. The rule is tailored for Tieto's type of business, and applies to all employees in all countries of operation.

Tieto's Competition Law Compliance Rule provides guidance for employees to assess what kind of behaviour is considered appropriate when interacting with other companies on the market, and to recognize when to seek the advice of our Legal function.

In a rapidly changing and competitive business environment, conflicts of interest is an area which needs to be carefully addressed by all companies and organizations. At Tieto, this issue is addressed in the Code of Conduct Policy as well as the Operative Decision Making and Authority Policy, which describes the overall operative decision-making rules and authorities in the company. Tieto also applies segregation of duties, where one person cannot approve activities in which this person is involved.

Tieto's Operative Decision Making and Authority Policy also clarifies the distribution of assets such as philanthropic donations. At Tieto, these are authorized by the Board of Directors.

IMPLEMENTING ETHICAL BUSINESS PRACTICES IN DAILY BUSINESS OPERATIONS

In addition to accepting the Code of Conduct when joining the company, Tieto's employees are expected to refresh their knowledge on the content of the Code of Conduct on a yearly basis by taking the Code of Conduct and Anti-corruption e-learning course. This e-learning uses practical examples tailored for Tieto. Real-life cases help to recognize situations where employees must assess and make decisions based on the Code of Conduct.

“ 86% of employees trained in the Code of Conduct Policy and Anti-corruption Rule in 2016.

The increased focus on Code of Conduct Policy training generated good results in 2016. Tieto aims at 100% e-learning coverage on a yearly basis. By the end of 2016, 86% (73%) of employees had been trained in the Code of Conduct Policy and Anti-corruption Rule.

MONITORING AND FOLLOW-UP OF UNETHICAL BEHAVIOUR

Tieto's approach to unethical behaviour is embedded in our proactive awareness campaigns, continuous monitoring, and follow-up processes. Tieto's risk management approach comprises a risk map for higher-level management, including the Board of Directors. The risk categories are compliance, financial, operational, project and

strategic. To identify and validate risks of unethical behaviour, Tieto conducts internal as well as external audits when required.

Internal audits are conducted by the Internal Audit function according to the annual plan based on risks found. The aim is to ensure the company complies with the laws, regulations, and customer agreements in focus, as well as policies and guidelines, in all operations. The Internal Audit Policy outlines the internal audit's objectives, intentions, directions, responsibilities, and possible consequences in terms of risk control, auditing, expediency, and ethics. The policy covers governance, risk management, and business processes, and applies to all employees.

“ No Code of Conduct breaches in 2016.

Some internal investigations are also initiated by whistle-blowing. Tieto's whistle-blowing process allows anonymous and confidential reporting on violations of the Code of Conduct, related rules, or any unethical behaviour to the General Counsel of the company. The process is designed to ensure that persons reporting violations will not be subject to any retaliation. Failure to act in compliance with the Code of Conduct can result in appropriate disciplinary actions.

External financial audits are conducted by an external party and vary between full scope and statutory, depending on the size of business operations and specific needs. Audits include, among other things, testing of transactions as well as assessment of possible risks of corruption. The scope of the testing may cover risk based audit assignments to evaluate the efficiency of the risk controls in place. No findings of misconduct were discovered in the financial audits in 2016.

As part of Tieto's zero tolerance to unethical behaviour, the company has a target of zero breaches of the Code of Conduct Policy. For 2016, no breaches of the Code of Conduct Policy took place.

Internal whistle-blowing escalations in 2016 generated five internal audits in four different countries in five sites, altogether covering approximately 26% of employees. These audits included analysis of risks of corruption and bribery, diversion, conflict of interest, related party action, disbursement, and suspected false invoicing and

skimming. However, the results of these audits concluded there were no confirmed incidents of corruption. The cases did not cause any harm or loss for Tieto as an internal control system was in place. The result from the audits show that a full implementation of Tieto Procurement processes is important in order to reduce the risk for conflict of interest and fraud.

No confirmed discrimination cases were found in 2016.

Going forward, Tieto will evaluate the learnings made during the year from reviews of customers' supplier codes of conduct and liability rules. We also plan to further communicate about these among customer and delivery teams. In addition, the aim is to review and update Tieto's Code of Conduct Policy together with its related rules and e-learning. Furthermore, a gap analysis related to the ISO 37001 anti-bribery management system will be conducted in order to set plans for further actions.

Quality and customer experience

To enhance customer experience our quality focus embraces products and services as well as operations, and is an integral part of our daily work.

HIGHLIGHTS 2016:

- Customer Experience Index increased to 7.64 (7.54).
- Tieto ranked among the top Finnish companies in the State of Customer Experience Management in Finland study.
- 92% of operations covered by our ISO 14001 based Environmental Management System.
- A three-year cyber security plan was established and will be implemented in 2017.

Customer experience

During the past years, Tieto has been focusing on developing customer experience and creating a customer-centric culture throughout the company. The aim is to have real-time, accurate and actionable customer insights made available to all employees. After building a solid foundation, the focus in 2016 was in implementing the Customer Experience strategy across Tieto's businesses.

Tieto aims at creating a more customer-centric world, where everyone and every interaction counts, and there is seamless and mutually rewarding collaboration between Tieto and its customers.

“ Tieto ranked among the top Finnish companies in a Customer Experience Management study.

2016 was largely characterised by the implementation of Tieto's Customer Experience (CX) strategy. This strategy covers CX related target setting, implementing customer experience measurements, monitoring the measurement results at all organizational levels, and taking corrective and preventive actions in case of weak results. Tieto's investments in this area were acknowledged in 2016, when Tieto gained sixth position in a [State of Customer Experience Management study](#) conducted among 74 Finnish companies.

Customer experience performance is monitored through an annual Customer eXperience Survey (CXS), and communicated through the Customer eXperience Index (CXI, previously CEI) score and the Relationship Net Promoter Score (rNPS)®. This strategic-level measurement covers the company's strategic and key customers, and aims to evaluate to what extent customers believe Tieto is delivering its strategy and value proposition.

One of the key actions during the year was the deployment of relationship experience measurement by redesigning the content of the CXS survey. The survey was implemented in a new platform for gaining real-time, accurate customer insights and measuring customer experience - the Enterprise Feedback Management (EFM) tool. The tool was rolled out within Tieto for hundreds of users. During the year, a clear correlation between customer experience performance and revenue growth was observed, confirming that purchase behaviour is strongly linked to customer experience.

The company also initiated an Accelerate Customer Experience (ACE) programme, focusing on improving delivery and design quality, perceived value, and customer centricity within Tieto. Another important milestone was to establish facilitated customer-specific actions, such as coaching sessions and joint workshops for improved customer experience.

STRONG PERFORMANCE IN PEOPLE AND BEHAVIOUR RELATED CUSTOMER INTERACTION

Our Quality Policy declares Tieto's commitment to continuously improving ways of working through frequent dialogue with customers and acting upon their feedback.

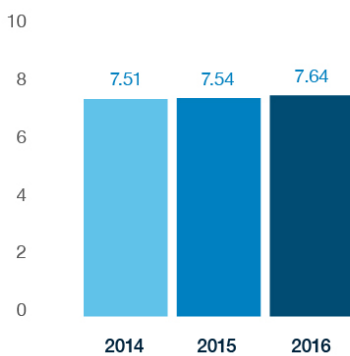
“ Taking a step towards real-time customer experience measurement through implementation of a re-designed Customer eXperience Survey.

To support the strategic ambition of becoming customers' first choice for business renewal by 2020, Tieto aims to seek for customer advocacy by manifesting superior customer experience and a customer-centric culture that creates value for all stakeholders. To achieve this, we are targeting a Customer eXperience Index (CXI) of 8.20 and a Relationship Net Promoter Score (rNPS) of +40 by 2020.

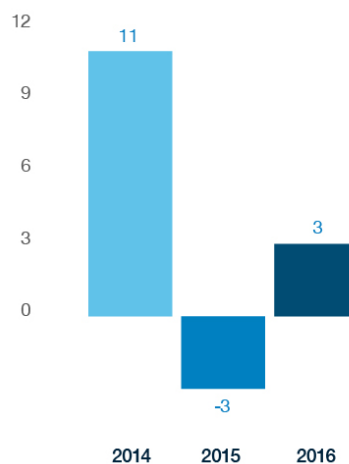
In 2016, Tieto achieved a CXI score of 7.64 (2015: 7.54). More than 650 customer representatives participated in the annual survey, giving their feedback in face-to-face interviews. During 2016, Tieto made significant efforts to improve both quality and delivery capability, which resulted in a Relationship Net Promoter Score of +3 (-3).

The results show that Tieto performs strongly in people- and behaviour-related factors, such as showing respect and commitment, being an open and honest communicator, and meeting corporate responsibility expectations. On the other hand, in addition to improving delivery quality, room for improvement remains in our proactivity to propose new insights and ideas that enhance customers' business, as well as value creation.

Customer experience index



Relationship Net Promoter Score®



The roadmap for 2017 includes deploying customer journey and touchpoint experience measurements, which will be applied to solution implementation, usage and maintenance, and supplier sourcing related to the customer journey. In addition, we will continue the ACE programme and facilitated customer-specific actions, e.g. customer team coaching, to succeed together with our customers.

Customer experience measurement processes in Tieto are owned and managed by the Customer Experience and Insights unit. Managers at all levels are responsible for implementing the process with their customers. CX-related targets are also included in all employees' performance goals.

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Quality of products and services

Tieto's quality focus embraces the whole organization. The work is guided by business and customer needs, and evaluated against high international standards. In 2016, Tieto continued expanding its certification coverage and developing its quality roadmap to be able to create increasing business value and service experience for customers.

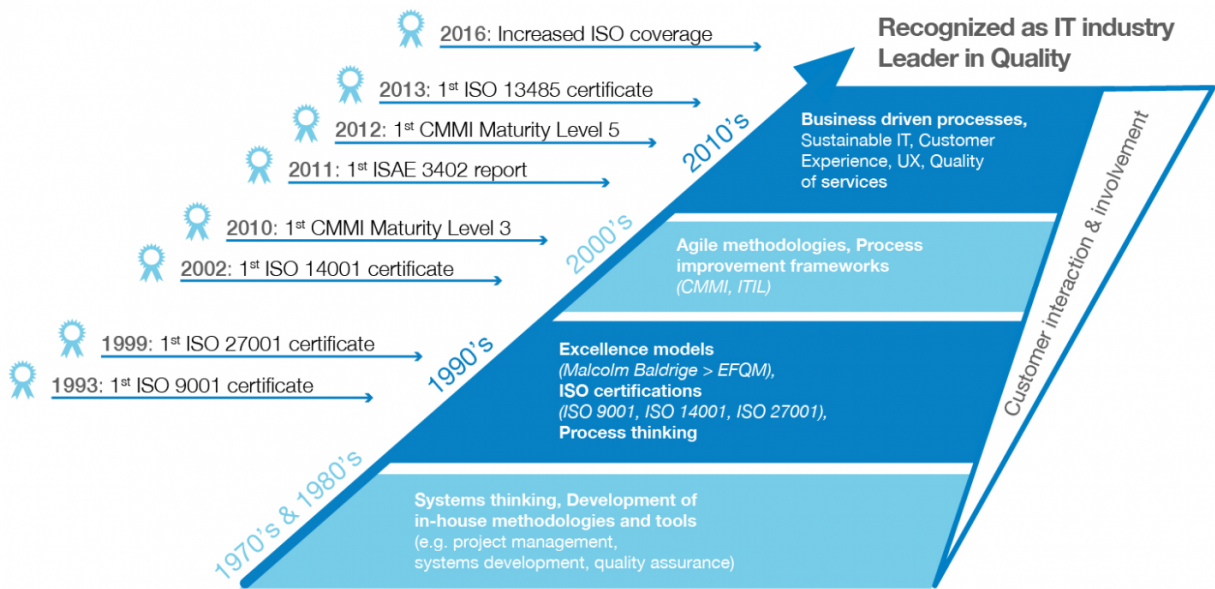
The cornerstones of ensuring good quality of products and services include establishing good governance of processes, constant measuring of performance, and adherence to relevant regulatory systems and industry standards. Tieto's Quality Policy applies to all operations and employees, and states the benefits of maintaining high quality, the company's objectives regarding quality, and how Tieto understands customers' experiences of perceived quality.

“ 92% of Tieto's operations covered by our ISO 14001 based Environmental Management System.

Tieto's quality system, Tieto Way, contains the most important business processes: Offering Development, Sales and Customer Relationship Management, Project Delivery, and Continuous Service Delivery. These processes constitute the main vehicle for strategy realization through Tieto's operating model, including the roles, tools and competences. Together, they form end-to-end business processes needed for developing, selling and delivering products and services to customers. The management aspects of quality, risk, security and compliance are embedded into each business process.

The Tieto Way is continuously benchmarked and compliant with many international standards and frameworks. In addition to the ISO 14001 environmental management, ISO 9001 quality management, and ISO 27001 information security management standards, the Tieto Way complies with ITIL (IT Service Management), PMBOK (Project Management Book of Knowledge), and CMMI (Capability Maturity Model Integration). Furthermore, compliance is ensured with selected industry standards, such as ISO 13485 for medical devices, PCI-DSS for payment card data security, PA-DSS for payment application data security, and ISAE 3402 standard on Assurance Engagements.

Tieto Quality Journey



PROGRESS IN ISO CERTIFICATION COVERAGE

In 2016, Tieto made progress in extending the ISO certification coverage. We completed a certification roadmap based on business needs, and added new sites to our ISO certified network. For example, both Sweden and Norway completed country-level certification audits for the environmental management standard ISO 14001, which is increasingly a requirement from customers.

A total of 56 audits were planned and completed in 2016 for the maintenance of existing ISO certificates and certificate extensions. Currently, 77% of Tieto's operations are covered with ISO 9001 and 48% with ISO 27001 certifications, hence meeting the target to maintain ISO certificates based on business needs. In addition, 92% of our operations are covered with ISO 14001 certifications, hence reaching the target to have all sites with more than 50 employees covered with this ISO standard. Coverage is measured in terms of number of employees.

Our aim is to have all non-conformities to be closed as per the requirements. In 2016, our external certification partner, DNV GL, reported ten major non-conformities. These were in the areas of information security objectives not defined, management reviews not planned/conducted, identification of security requirements of interested parties not done, risk analysis for customer requirements, and planning/conducting internal audits. Five non-conformities had a closure period in 2016 and have been closed. Five have a closure period in 2017. Tieto has done root cause analysis and identified corrective - preventive actions which were accepted by DNV. Implementation of corrective actions is in progress and these will be closed in the requested time period.

In these audits, DNV GL also identified a number of strengths across Tieto, such as high corporate culture related to environmental management, monitoring of energy consumption and focus on energy savings, regular monitoring of customer feedback at management and operational levels, improved customer survey methods and coverage, and systematic risk management within projects

In 2017, Tieto will continue to improve on quality aspects to provide business value for customers, and other customer experience improvements. The aim is also to maintain existing ISO certificates and add new certificates or sites based on business and customer requirements. Furthermore, we will initiate activities and audits to transition all existing ISO 9001 and 14001 certificates to the 2015 revised versions.

Information security and data privacy

Today's increasingly complex IT landscape sets new demands on information security and data privacy arrangements for protecting personal and business-critical information. Cyber security resilience is a fundamental part of Tieto's business, and vital for maintaining our customers' trust. To be ahead of development, we are constantly updating our processes and training our employees.

As one of the largest IT services providers in Northern Europe, Tieto recognizes that any disturbances in IT infrastructure or IT systems involving customers could have an immediate impact on a large number of users, whether in their professional or private lives. This is why information and cyber security must be part of any process, delivery or work we do. Our security arrangements aim at predicting, preventing, responding and detecting different types of attacks and incidents.

Tieto's Information Security Management System (ISMS) covers our information security rules and organization, as well as provides the mandatory information regarding security processes. In general, information security deals with confidentiality, integrity, and availability of IT services and data.

“ Three-year cyber security plan established.

To comply with the European data privacy and information security regulations (GDPR) and local laws, Tieto's solutions, services and internal processes are continuously monitored. Furthermore, we strive to increase information security awareness among employees by e.g. organizing e-learning courses, conferences and training programmes. For instance, the e-learning modules were updated in 2016 to better cater for the coming GDPR regulations.

During 2016, Tieto also conducted a cyber security maturity model assessment and related benchmarking. The findings served as a basis for devising a three-year cyber security plan. The aim is to improve overall cyber resilience for Tieto, and the plan will be reviewed and updated on an annual basis. Implementation will start in 2017.

Risk management, business continuity, awareness and well-functioning security services are all important building blocks for establishing good cyber security resilience. At Tieto, Group-level responsibility for security and data privacy arrangements is managed by our Chief Security Officer and Chief Risk Officer, who heads the central risk management function. Internal and external audits are also regularly followed up in the Tieto Leadership Team and Board of Directors' Audit Risk Committee.

Tieto's Security Policy and Privacy Policy help to manage information security and data privacy throughout all business operations. Tieto also has an Information Classification Rule to assure that the confidentiality, integrity, and availability of information assets are protected and that the information is handled, stored and disposed correctly. In addition, the Data Transfer Rule specifies the terms and conditions for transferring any personal data of Tieto's customers outside the EU and EEA areas, the European Commission standard contractual clauses are used as contractual safeguards when transferring personal data from EU to non-EU countries.

For unexpected incidents, Tieto has a Major Incident Management (MIM) process in place. It supports efficient management of incidents and aims at minimizing the impact on customers and end-users by restoring business-critical IT services and maintaining constant communication with affected stakeholders. In addition, Tieto's Security MIM (sMIM) process is used for security related incidents, defining communication and mitigation actions based on sensitivity and criticality of the incident. This model will also be used in relation to the GDPR requirements of timely breach notification.

During 2016, no substantiated complaints regarding breaches of customer privacy and losses of customer data were reported.

In addition to maintaining our active dialogue on cyber security issues with stakeholders on a societal level, Tieto will continue its fervent work with the topics internally. Specific actions include continuing the implementation of the GDPR programme, as well as organizing a special Security Awareness programme as part of our three-year cyber security plan.

“ 48% of employees certified by ISO 27001.”

At the end of 2016, 48 per cent of our employees were certified by the ISO 27001 Information security management standard, meeting both business needs and customer requirements. Tieto also conducts annual ISAE 3402 audits, which describe and document the adequate internal controls for information security and financial reporting. This audit is carried out for data centres and infrastructure services.

Society and stakeholders

Our aim is to play an active role in society and create value for all our stakeholders – economically, socially and environmentally.

HIGHLIGHTS 2016:

- Our operating margin improved to 9.4%, thus close to our 10% long-term objective.
- CO₂ emission avoidance for customers, enabled through the use of our digital transaction services, reached 228 ktons CO₂ (based on our own calculations).
- We made four philanthropic donations - My Dream Now, Sweden, Lila Poonawalla Foundation, India, Identity Foundation, India, and Finland 100 Programme, Finland.
- We helped accelerate settlement of health insurance claims for underprivileged in India through pro bono work for Uplift Mutuals.

Read how we engage with stakeholders in [the Stakeholder dialogue](#) section

Economic impact

For us, economic responsibility means striving to ensure that we are profitable in order to create long-term sustainable value for our stakeholders and contribute to a global and sustainable economy. In 2016, our operating margin improved to 9.4%, thus close to our 10% long-term objective.

Tieto's financial objectives are to grow IT services revenue above the market (CAGR), achieve a 10% reported operating margin (EBIT), increase dividends annually in absolute terms, and to have a net debt/EBITDA of 1.5 as an upper limit in the long run.

In 2016, IT services sales growth was over 4%, supported by acquisitions. It is estimated that the IT services market relevant to Tieto grew by 2%. Full-year operating profit (EBIT) amounted to EUR 140.8 (125.2) million, representing a margin of 9.4% (8.6). Tieto's profitability is relatively sensitive to the level of restructuring measures. Operating margin adjusted for items including restructuring costs remained above 10% at 10.2%. The proposed dividend is up by 5% to EUR 1.15 (1.10) and additionally, an extra dividend of EUR 0.22 is proposed. Dividend yield is 5.3% and payout ratio 94%, including extra dividend.

Tieto's capital structure remained strong and net debt/EBITDA was 0.6. The proposal to pay extra dividend addresses our objective to achieve a level close to 1. Tieto will maintain its capacity to invest in future growth both organically and inorganically after dividends.

Tieto's economic contribution to stakeholders is summarized in the graph below. It illustrates our economic impact on customers, employees, suppliers, governments and society at large.

Economic value for different stakeholders, EUR million

	2016	2015	2014
Revenues	1 514.5	1 492.5	1 541.8
Operating costs	493.8	484.7	534.8
Employee wages and benefits	827.1	828.3	846.0
Payments to providers of funds	104.3	100.6	70.3
Payments to governments ¹⁾	22.7	22.3	20.7
Community investments	0.1	0.1	0.1
Economic value retained	66.5	56.5	69.9

¹⁾ of which

	2016	2015	2014
Finland	4.2	6.0	4.4
Sweden	10.0	7.5	7.1
Norway	0.7	1.5	0.8
Czech Republic	2.1	2.4	2.2
India	4.6	1.1	1.7
Other	1.1	3.8	4.5
Total	22.7	22.3	20.7

Our tax strategic aim is to comply with all jurisdictions local tax legislation and other obligatory rules. Tieto is committed to operating in a responsible way and to complying with ethically acceptable principles in all of our activities. This means that Tieto fulfils all reporting requirements and pays all legally imposed direct, indirect and other taxes in those countries where the Group has operations. Furthermore, Tieto shall always operate with full co-operation with the authorities and aim to disclose all information that is needed to determine the tax consequences.

During the year, Tieto received financial assistance from local governments in some of our operating countries. In Austria, we received EUR 0.1 million from the government for research funding.

In Sweden, we received EUR 0.1 million from Vinnova, the Swedish Innovation Agency, for the international research project within Eureka and EUR 0.1 million for employment support. In Finland, we received EUR 0.7 million from TEKES, the Finnish Funding Agency for Technology and Innovation to support digitalization and cloud services development in different industries as well as for product development purposes in our PDS unit. The government of the Czech Republic provided a grant of EUR 3.3 million to support economic development and employment. In addition, we have received tax relief and tax credits in some of our operating countries. In India, Tieto received a tax relief of EUR 1.9 million because of tax holiday. In Norway, we received a tax credit of EUR 0.3 million relating to a development project. Also in Lithuania and Singapore, minor tax relief was received.

Significant financial assistance received from government, EUR million

Austria	0.1
Sweden	0.2
Norway	0.3
Finland	0.7
India	1.9
Czech Republic	3.3
Total	6.5

For a full description of our financial performance, please read our [Financial Review 2016](#).

In Tieto, Group-level finance operations are handled by our Chief Financial Officer's (CFO) office. In addition, each Industry Group and Service Line has a dedicated Finance partner, who works closely with business and supports management in financial processes and reporting. Our shared service centre in Riga, Latvia, supports accounting and master data maintenance services to fulfill Group reporting and statutory reporting needs and requirements.

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 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.

The correctness of Tieto's financial reporting, including interim and annual reports, and the compliance of financial reporting with regulatory requirements are ensured through our internal control practices. The Audit and Risk Committee of our Board of Directors has the oversight role in our external financial reporting.

Tieto's 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.

Our Financial Handbook includes internal financial information that is directed to people involved in the financial planning and reporting or working with finance matters. The information covers a broad spectrum from steering system to detailed timetables for reporting, as well as descriptions of reporting systems and financial guidelines.

Tieto's financial reporting follows the International Financial Reporting Standards (IFRS) as adopted by the European Union. As a listed company, we are compliant with the regulations of the NASDAQ Helsinki and Stockholm Stock Exchanges.

Sustainable IT

Tieto sees digitalization as a key driver for sustainable development. With our strong customer knowledge and experience, technology expertise, and ecosystem of innovation, we are committed to pursuing the opportunities of the data-driven world to create value for people, business and society.

Sustainable IT is a broad term describing the different dimensions of minimizing the environmental impact of IT - i.e. the manufacturing, use and disposal of IT over the lifecycle - as well as concepts or IT and technologies with a positive sustainability impact for people, business and society at large, such as cloud and IoT (Internet of Things).

The positive impacts of IT span over economic, social as well as environmental areas. In healthcare and welfare, digital solutions have opened totally new opportunities for patients as well as society at large. As one example, Tieto's next generation IT solution for social care and healthcare, Lifecare, aims for an unbroken chain, where information is seamlessly shared and available in the right place, at the right time, for the best possible care. This solution is used across the Nordics within home care, elderly care and dental care, to mention a few areas.

Tieto envisions a future in which information is the biggest driver of continuously increasing social, economic as well as environmental values. Data flowing between people, machines and environment can be gathered and turned into information, supporting smarter decisions and innovation. As one example, Tieto's Industrial Internet start-up is engaged in a long-term collaboration with HSB Living Lab, Sweden, to innovate IT solutions that enhance future living. More than 2 000 sensors have been installed in the living lab building, collecting data on everything from energy and water consumption to material behaviour and safety solutions in the homes - information which can be analyzed for making more sustainable housing decisions, for instance related to environmentally friendly washing solutions or smart refrigeration.

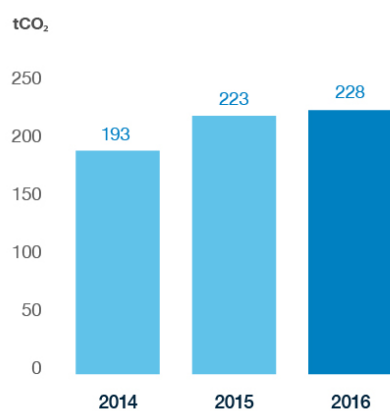
MEASURING THE SUSTAINABILITY IMPACTS OF IT

According to the [Global eSustainability Initiative Smarter 2030 report](#), ICT can enable a 20% reduction of global CO_{2e} (CO₂ equivalent) emissions by 2030, thus holding emissions at 2015 levels. The report also states that emissions avoided through the use of ICT are nearly ten times greater than the emissions generated by deploying it.

“ In 2016, the CO₂ emission avoidance for customers enabled through our services reached 228 ktons CO₂.

Tieto has measured the positive sustainability impacts of IT since 2010 by calculating the CO₂ emission avoidance enabled by the use of our digital transaction services and other identified services replacing paper. Based on our calculations, the CO₂ emission avoidance amounted to 228 ktons in 2016 (223) with these services alone. ¹

Avoided emissions (ktons CO₂)



¹⁾ The services include Ahjo Helsinki paperless decision making, B2B e-transaction replacing paper, bank contract changes or product openings, bank marketing campaign materials, bank secure mails, electronic account statements, secondary school applications, insurance policy documents, corporate reporting in pension, new customer applications and contracts.

Social engagement

As a corporate citizen we aim to engage in the societies where we operate. Every year we do philanthropic donations to support different sustainability needs. In 2016 (for 2017), three of the recipients were supporting education for children – our future. We will also engage in the Finland 100 programme, and the centenary of Finland's independence in 2017.

Based upon authorization of Tieto's Board of Directors, the recipients of Tieto's yearly philanthropic donations are systematically selected by Tieto's Corporate Responsibility (CR) steering group. The decision is confirmed by Tieto's Leadership Team. Selections are based on local community-needs assessments made in co-operation with the local business operations. Based on Tieto's approach, our donations are aligned with the business strategy and purpose – creating value for people, business and society – and have a close connection to local businesses and operating countries. Depending on local needs and assessments, Tieto strives to support social wellbeing as well as environmental protection. In addition, the philanthropic donations can be long-term programmes as well as short-term initiatives, such as disaster aid. Tieto also complies with applicable local laws on social engagement.

Apart from doing philanthropic donations, Tieto is also engaged in pro bono work. To facilitate the settlements of health insurance claims for underprivileged people, Tieto has developed and provided Uplift Mutuals, India, with a SaaS offering.

MY DREAM NOW HELPS CHILDREN PURSUE THEIR FUTURE DREAMS

My Dream Now is an organization in Sweden focusing on building a bridge between companies and schools with the aim of inspiring young students to fulfill their future dreams. In 2016, My Dream Now received one of Tieto's philanthropic donations.

Tieto has engaged in My Dream Now in different ways over several years. Tieto employees have volunteered as class coaches, among other things. In addition, students have participated in study visits and job shadowing at Tieto to inspire and increase their understanding of daily work life.

TIETO JOINS THE FINLAND 100 PROGRAMME IN 2017

Finland became an independent state on 6 December 1917 and will hence turn 100 years in 2017. Founded in 1968, Tieto has been part of almost half of the journey in building today's Finland. To participate in the centenary and celebration, Tieto has decided to support the Finland 100 Programme.

The centenary of Finland's independence will be the most significant commemorative year for this generation of Finns. The theme of the year is 'Together' and the programme is developed together with participants. Tieto will be supporting projects in line with the company's corporate purpose of creating value for life.

IDENTITY FOUNDATION HELPS UNDERPRIVILEGED CHILDREN

Founded in 2003, **Identity Foundation** is a charitable trust in Pune, India, working with underprivileged children. Tieto has supported Identity Foundation's Mobile Learning and Infotainment Centre (MLIC) buses since 2007. In 2016, Identity Foundation received one of Tieto's yearly philanthropic donations.

The MLIC programme revolves around the utilization of two mobile learning and infotainment buses. Here underprivileged children, such as street children, can get literacy as well as life skills education. The MLIC's also serve as information facilities by giving children an exposure to positive entertainment and providing useful information. In 2016, over 18 different MLIC activities or sub-programmes were conducted together with 24 partnering NGOs, reaching more than 6 100 children.

LILA POONAWALLA FOUNDATION EMPOWERS WOMEN TO PURSUE HIGHER EDUCATION

Lila Poonawalla Foundation (LPF) is an educational trust in India whose vision is to contribute to the empowerment of Indian women by supporting academically outstanding and financially deserving girls through scholarship to pursue higher education. In 2016, one philanthropic donation was made to Lila Poonawalla Foundation as part of Tieto's local engagement in India.

Since its inception in 1996, over 12 220 scholarships have been granted to 5 848 deserving girls. The foundation gives scholarships to the girls from Pune, Amaravati and Wardha district. LPF scholarships are merit-cum-need based scholarships. The highlight of the foundation is that it gives an outright grant to all the girls who are selected by the foundation trustees.

UPLIFT MUTUALS FACILITATES EASY ACCESS TO QUALITY HEALTH CARE

Uplift Mutuals is a local not for profit organization, which has emerged out of the need for access to quality health care at reasonable costs. Under Uplift Mutual's model, low-income families in the unorganized sector in India can share their health risks and get access to mutual micro insurance for financing their medical treatments and hospital visits. Besides health insurance, the organization also provides medical advice via telephone, and has even employed its own doctors who provide their services to patients free of charge.

Tieto has engaged with Uplift Mutuals since 2012. Based on pro bono work, Tieto has developed and provided Uplift Mutuals with a SaaS solution, Uttam, replacing the often time-consuming manual work needed to settle health insurance claims. With the help of the easy document uploading functionality, Uplift has been able to process claims in a matter of 48 hours, where the usual turnaround time is about 20-25 days.

In addition to easing the burden for low-income families to fund their health issues, Uttam also provides an easy-to-use process for expanding the micro insurance for health programmes to cover more communities. Furthermore, it has helped to reduce operational costs for Uplift Mutuals. Going forward, Tieto will help launch Uttam as a mobile solution, supporting Uplift's expansion to larger communities.

ME&MYCITY'S LEARNING CONCEPT FOSTERS STUDENTS EMPLOYABILITY SKILLS

Me&MyCity (Yrityskylä) is an award-winning Finnish education innovation and learning concept aimed at sixth-graders and ninth-graders, covering society, working life and entrepreneurship. In 2014, Me&MyCity was granted a philanthropic donation by Tieto covering a three-year engagement with this organization.

The Me & MyCity learning environment for sixth-graders is a miniature city where students work in a profession, and function as consumers and citizens as part of society. In Tieto's office, children can try out to be a project manager or sales manager, as well as a specialist who works on customer cases, for instance related to smart home innovations.

Greener operations

Tieto's Environmental Rule communicates our commitment to the United Nations Rio Declaration on Environment and Development. Our aim is to minimize our environmental impact throughout our value chain. We support the precautionary approach to environmental challenges, and apply the principles of continuous improvement.

HIGHLIGHTS 2016:

- Total reported CO₂ emissions decreased by 4% to 28 ktons CO₂ (29).
- Energy recycling solutions in data centres helped reduce reported CO₂ emissions by 2 516 tons CO₂ (2 148).
- Indirect energy consumption decreased by 6% (9%) compared to the previous year, reaching 103 587 (110 335) MWh.
- The share of e-waste partners accepting Tieto's Supplier Code of Conduct Rule increased to 74% (40%).
- Tieto's head office moved to a new location, Keilalahti, where sustainability has been integrated as a key element.

Greenhouse gas emissions

Tieto continuously examine ways to reduce the greenhouse gas emissions of our activities. Emissions are mainly generated by indirect energy consumption in data centres and offices and by employee travel.

Tieto's climate initiative focuses on how to increase energy efficiency in offices and data centres, and how to reduce business travel. The reporting of CO₂ emissions caused by indirect energy consumption has been expanded to cover both location and market based CO₂ emissions 2015-2016.

During 2016, total reported location based CO₂ emissions decreased by 4% to 28 ktons CO₂ (29). Scope 1 CO₂ emissions, generated by diesel consumption in data centres, increased by 12% to 0.1 ktons CO₂ (0.1).

At the same time, Scope 2 CO₂ emissions generated by electricity consumption, cooling and heating, decreased by 11% from 20 to 17 ktons CO₂. The Scope 2 calculations include energy fed back to district heating. Scope 3 CO₂ emissions increased by 12% to 11 ktons CO₂ (10) due to increased business travel during 2016.

Total reported market based CO₂ emissions also decreased by 4% to 34 ktons CO₂ (35). Market based Scope 2 emissions decreased from 26 to 23 ktons CO₂, also representing a decrease of 11%.

Emission class	Unit	2014	2015	2016	% change 2016-2015	% change 2016-2014
G4-EN3 Direct energy consumption						
Diesel	litres	51 595	38 356	43 097	12%	-16%
Total	litres	51 595	38 356	43 097	12%	-16%
Energy returned to district network*	kWh					
G4-EN3 Indirect energy consumption						
	kWh					
Electricity	kWh	100 476 049	93 009 445	86 693 438	-7%	-14%
Cooling	kWh	16 668 789	18 746 350	18 996 095	1%	14%
Heating	kWh	17 514 499	13 802 259	14 928 279	8%	-15%
Energy returned to district network*	kWh	-13 970 000	-15 223 000	-17 031 000	12%	22%
Total	kWh	120 689 337	110 335 053	103 586 811	-6%	-14%
G4-EN 15, 16 Total direct and indirect greenhousegas emissions						
	tCO2					
Electricity (location-based)	tCO2	16 492	15 114	13 069	-14%	-21%
Electricity (market-based)	tCO2		21 259	18 745	-12%	
Cooling	tCO2	3 742	4 194	4 050	-3%	8%
Heating	tCO2	3 259	2 472	2 790	13%	-14%
Diesel	tCO2	134	100	112	12%	-16%
Energy returned to district network	tCO2	-1 949	-2 148	-2 516	17%	29%
Total GHG Scope 1	tCO2	134	100	112	12%	-16%
Total GHG Scope 2 (location-based)	tCO2	21 544	19 633	17 393	-11%	-19%
Total GHG Scope 2 (market-based)	tCO2		25 778	23 070	-11%	
Total GHG Scope 1-2 (location-based)	tCO2	21 679	19 732	17 505	-11%	-19%
Total GHG Scope 1-2 (market-based)	tCO2		25 878	23 182	-10%	
G4-EN17 Other relevant indirect greenhouse gas emissions						
	tCO2					
Flights	tCO2	9 670	8 455	9 690	15%	0%
Own cars	tCO2	1 296	1 166	1 090	-7%	-16%
Total GHG scope 3	tCO2	10 966	9 621	10 780	12%	-2%
Total CO2 emissions (location-based)	tCO2	32 645	29 353	28 285	-4%	-13%
Total CO2 emissions (market-based)	tCO2		35 499	33 962	-4%	

As a whole, approximately 62% (70%) of reported CO₂ emissions in 2016 derived from energy consumption in business operations. While business travel represents only a small part of the company's purchases, it is still recognized as one of the key emission sources. In 2016, 38% (32%) of our reported CO₂ emissions related to employee travel.

Sources of reported emissions (% from total tCO₂)



- Data center 26%
- Office 35%
- Travel 38%
- Laboratories 1%

To reduce greenhouse gas emissions caused by business operations, Tieto has set energy consumption targets, as well as travel cost targets. Activities related to energy consumption are presented in more detail in the Energy consumption text. Regarding travel costs, Tieto's goal was to keep travel costs flat in 2016. However, during the year travel costs increased by 6% (0.7%), mainly due to the increased number of employees, and increased business travel related to the introduction of a new corporate strategy and reorganization in 2016.

Tieto's Travel Rule requires a pre-approval step for employee travels, which helps to eliminate unnecessary travel. The company also encourages employees to use internal online conferencing options. These consist of a social and commercial media inspired workplace with digital communication and collaboration tools, such as integrated teleconferences, video conferences, chat, and functionalities to share digital content with others.

Energy consumption

Active management of energy consumption is an important part of Tieto's climate change initiative and management of greenhouse gas emissions. The company's energy consumption is mainly related to indirect consumption of energy in offices and data centres. In addition, a small portion is related to the direct consumption of diesel in data centres.

Today's hyper-connected world is placing energy consumption high up on the agenda for the IT services industry as well as society as a whole. The amount of energy consumed by the world's data centres, storing information used by billions of people, is expected to increase significantly in the next decade. This means the ICT sector has an important role to play in driving energy efficiency measures.

Tieto's approach to energy consumption is outlined in the company's Environmental Rule. In line with this rule, Tieto strives to reduce direct and indirect energy consumption in data centres and offices through energy-efficient equipment, by switching off equipment and lights when not in use, and relocating to BREEAM or LEED certified buildings when upgrading facilities.

“ In 2016, indirect energy consumption decreased by 6%.

The yearly goal is to reduce indirect energy consumption in operations by 3.5% on the Group-level. In 2016, indirect energy consumption decreased by 6% (9%) compared to the previous year, reaching 103 587 (110 335) MWh. In offices, continuous energy saving measures, such as control and adjustments of lighting and air-conditioning in premises, are a natural part of Tieto's environmental work. In addition, consolidation and office space reduction are also impacting positively on overall energy consumption. In data centres, energy efficiency is mainly managed through consolidation and transformation, but also through optimization of cooling systems, all of which took place in 2016. The energy consumption data was also impacted by changes in the data collection

scope due to alignment with our environmental management system scope.¹⁾

Tieto's ISO 14001 based Environmental Management System plays an important role in meeting set energy consumption targets. Country site managers are responsible for following up on proper energy efficiency management, collecting energy data, and implementing energy-saving actions in their respective sites, as well as raising Tieto employees' environmental awareness, resulting in a wiser and hence lower energy consumption overall.

ENERGY EFFICIENCY A CORE CRITERIA IN TIETO'S NEW-GENERATION DATA CENTRES

Based on Tieto's data centre strategy the company is actively replacing old data centre facilities with new-generation data centres, where virtual servers and other energy efficient equipment is a core criteria. Tieto is using Power Usage Effectiveness (PUE) to measure the effective use of electricity in its data centres, and aims at getting the PUE as low as possible in all locations, or to close sites where PUE does not meet efficiency requirements

The transformation project, which was started in 2015, continued in 2016. The aim is to ramp down old servers, virtualize servers, and replace some systems with more energy efficient models. A project to close down an old data centre in Helsinki was also started. This project is expected to be completed during 2018.

During 2016, Tieto also implemented a number of general measures to increase energy efficiency in data centre operations, such as changing cooling systems in some locations. Another example is Tieto's new-generation data centre in Espoo, where the traditional battery based UPS system (Uninterrupted Power Supply) was replaced with a Rotary-UPS system, also helping to reduce harmful waste.

Tieto is convinced however that the smartest way of optimizing energy efficiency in data centres is by re-using excess heat from data centre servers. This solution has been implemented in Tieto's new-generation data centres in Espoo, Finland, and Stockholm, Sweden. The Espoo data centre is connected to the local district heating network. In 2016, this data centre was feeding back excess heat corresponding to 60% of the total energy use in the data centre. In 2016, Tieto as a whole managed to reuse 21% of total energy consumption.

OFFICES SUPPORTING PEOPLE AND ENVIRONMENT

In office premises, Tieto's Facilities team is working to ensure that office buildings are supporting employee experience as well as environmental requirements. Energy efficiency of a building has become an important new site selection criteria. In line with its facilities strategy, Tieto is continuously consolidating office space and switching to green buildings. The target is that 70% of employees will work in green facilities by 2020, i.e. facilities with, for instance, BREEAM or LEED certification. By the end of 2016, the ratio was 42% of employees.

In 2016, office consolidation took place in Finland. In addition, office space utilization was further optimized in Russia and Poland. Energy saving measures were also taken in some locations to optimize lighting and air-conditioning.

In Helsinki, Finland, Tieto's head office moved to a new location, [Keilalahti](#), at the end of the year. In this building, sensor technology combined with Industrial Internet solutions and data-driven analytics make it possible to collect, combine and analyze data from thousands of installed sensors. The information can be used in making sustainable decisions in facility maintenance. As one example, office space utilization can be optimized and hence energy consumption be lowered.

¹⁾ Read more in the 'About sustainability reporting' text

Waste and use of materials and chemicals

Tieto's environmental footprint is also related to waste and use of materials and chemicals in business operations. The waste category with most significant impact is electronic waste. During 2016, the share of e-waste partners accepting Tieto's Supplier Code of Conduct Rule increased from 40% to 74%.

Tieto's Environmental Rule states that a responsible way of conducting business operations includes recycling of obsolete office material and waste according to local recycling opportunities, and taking good care of environmentally harmful chemicals and materials. Recycling of e-waste should be handled according to best practices from the environmental and human rights points of view. Our Group-wide Environmental Management System (EMS) complies with the ISO 14001 standard and supports management of waste in daily business operations.

“ The share of e-waste partners accepting Tieto's Supplier Code of Conduct Rule increased to 74%.

Computers, mobile phones and other types of electronic equipment are all needed to develop IT products and services. The purpose of managing e-waste separately is to help mitigate the environmental footprint. Tieto recognizes that e-waste differs from municipal waste due to the risks of leakage of toxic materials, such as substances in computer batteries, but also due to the importance of recycling precious metals. In addition, e-waste handling may include human and labour rights issues. Local legislation defines the specific waste-management practices to be followed in each country. At Tieto, e-waste management is handled by the Facilities Management and ICT team.

Tieto's long-term goal is to have 100% of e-waste recycled by responsible partners. As part of ISO 14001 certification activities and Supplier Code of Conduct Rule implementation, the share of e-waste partners accepting our Supplier Code of Conduct Rule increased from 40% at the end of 2015 to 74% in 2016. The work to reach a full coverage will continue in 2017 together with our Procurement and ICT teams.

From a material use perspective, Tieto strives to use materials and chemicals responsibly. While the target for paper consumption is an annual reduction of 5% (measured in tons), the long-term aim is to support an organizational culture of a 100% paperless office through digitalization and electronic archiving. As one example, the company applies a 'Follow Me' printing feature to reduce the amount of unnecessary printing. In 2016, paper consumption decreased by 34% to 34 tons on corporate level. The majority of the change is due to an improvement in data collection quality, resulting in a more accurate data. In addition, paper saving activities such as e-invoicing, e-forms, e-receipts and e-sourcing reduced the consumption.

Our people

Tieto's Human Resources continued to support the company renewal in 2016. Employee experience has become a vital part of Tieto's Open Source Culture. The move to the new head office in Finland and decision to take a new Human Capital Management tool into use are examples of this development. Both took place in 2016 and are greatly driven by employee experience.

To facilitate execution of the new strategy and operating model, Tieto is fostering an Open Source Culture based on openness and transparency, where employees feel empowered and can influence their work and build an inspiring working environment. During 2016, this cultural aspiration expanded into covering the full employee experience.

One important element in building the employee experience is the development and renewal of the physical working environment, internal tools and practices. In November 2016, the first employees moved to Tieto's new head office in Keilalahti, Espoo, Finland – a highly collaborative and activity-based premises supporting different working modes with an overall aim to fuel interactions and innovation. The company's aim is to introduce similar empowering and engaging ways of working across Tieto's offices worldwide, enabling more mobile ways of working among other things. The Keilalahti building also applies Tieto's own Intelligent Building concept.

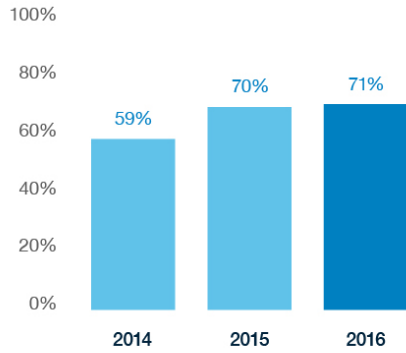
Collaboration and co-innovation throughout the ecosystem is an important part of Tieto's strategy execution. In 2016, Tieto initiated activity to start working on a platform-based resourcing option.

During the year, Tieto also started preparing for the digitalization of HR information and practices with the next generation Human Capital Management (HCM) platform – Workday. This cloud based solution was successfully launched in January 2017.

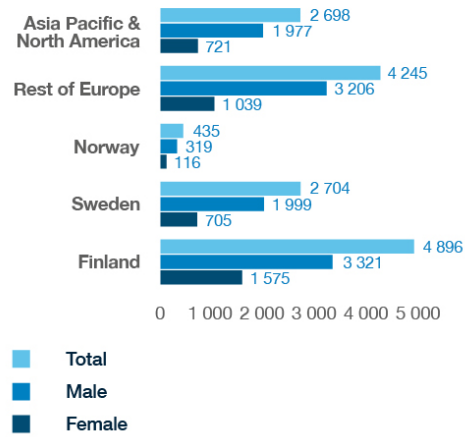
The aim is to simplify and unify HR processes from an end-user perspective. Workday provides employees and managers real-time access to all essential people data from one place, through any device at any time. Going forward, it will be possible to build analytics capability at Tieto HR, adding increased value to people as well as business.

Two strategy pulse surveys were conducted during the year, replacing the former yearly Voice survey for measuring employee engagement. These served as important checkpoints of employees' understanding, views and feelings about the new strategy and Tieto as an employer. Tieto also conducted several strategy live chats. These covered different topics and were webcasted to all employees through Tieto's intranet. Employees could participate in active discussions on the new strategy together with colleagues and management. The overall employee engagement score, measured in autumn 2016, reached 71%, which is slightly better than the year before.

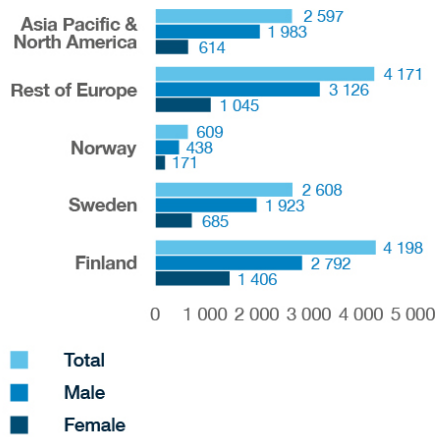
Employee engagement score



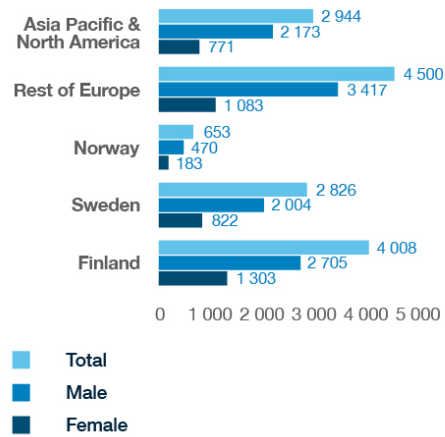
Workforce by region by gender, 2014



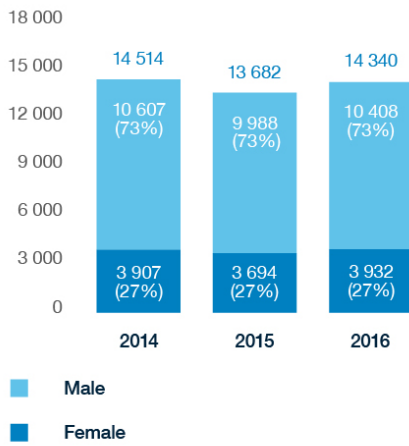
Workforce by region by gender, 2015



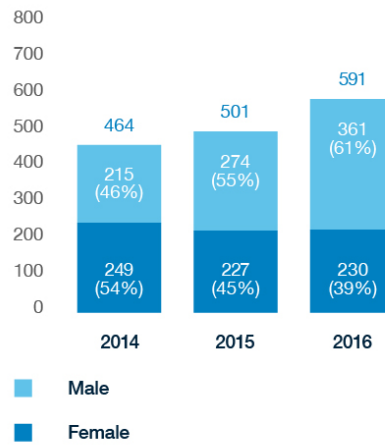
Workforce by region by gender, 2016



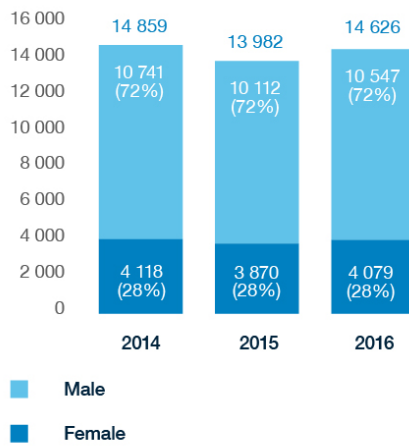
Full-time employees by gender, 2014–2016



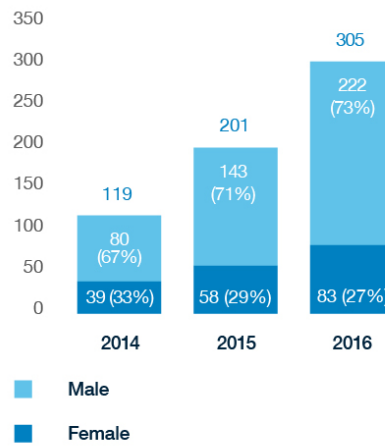
Part-time employees by gender, 2014–2016



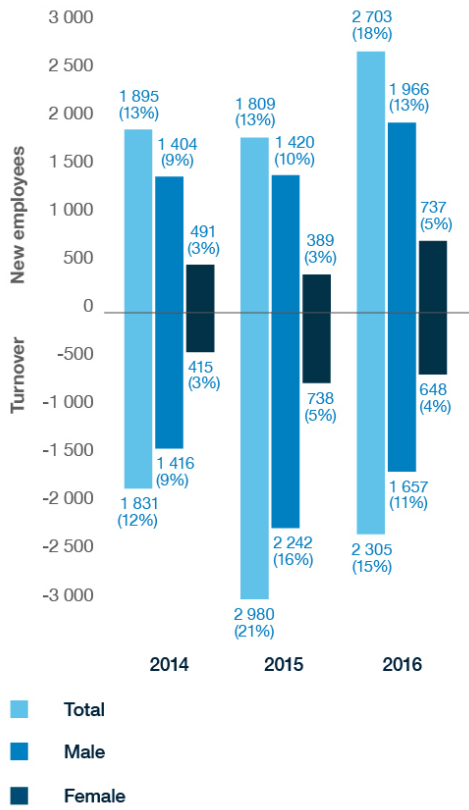
Permanent employment contract by gender, 2014–2016



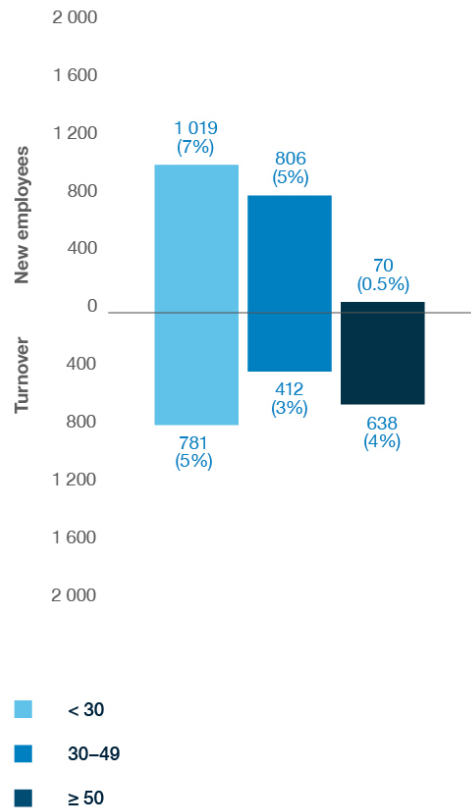
Temporary employment contract by gender, 2014–2016



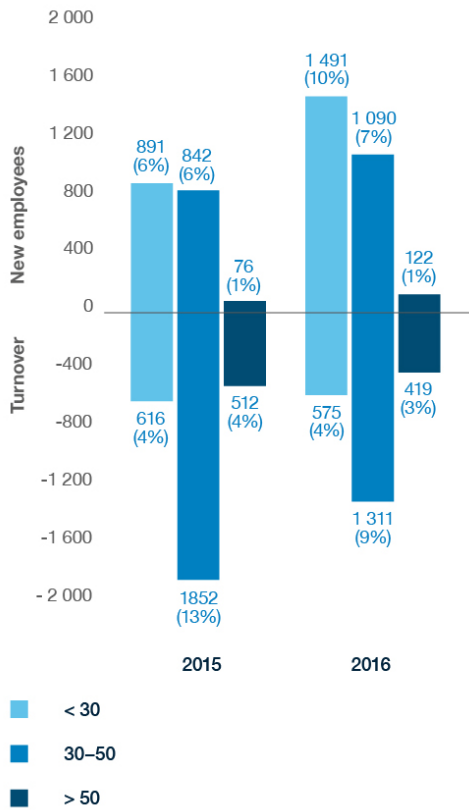
New employees and employee turnover by gender, 2014–2016



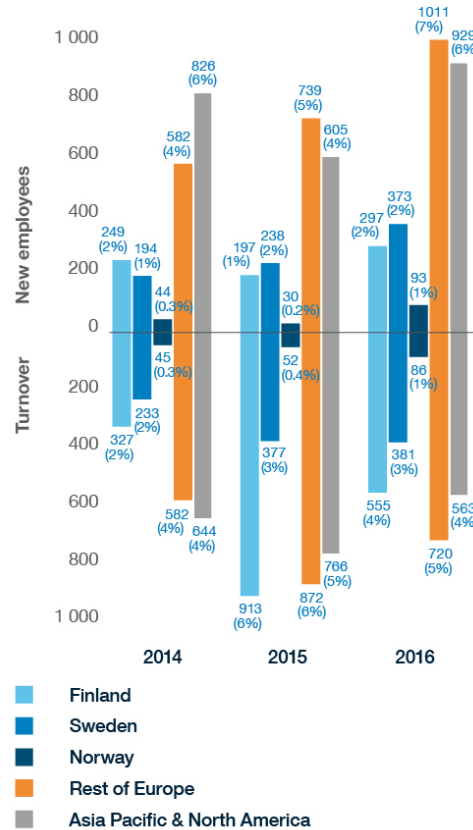
New employees and employee turnover by age groups, 2014



New employees and employee turnover by age groups, 2015–2016



New employees and employee turnover by region, 2014–2016



Tieto’s Human Resources (HR) department is responsible for developing people practices in Tieto. The HR function is led by the Group-level Head of HR while country HR teams are responsible for country-specific HR operations. In addition, Business HR support is also assigned to the respective Service Lines and Industry Groups.

The Tieto Human Resources (HR) Policy serves as the overall strategic direction for our people practices, and applies to all employees and operations globally. This policy states that Tieto supports and respect the principles set out in the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Learning and talent development

The business environment evolution is placing high demands on people development needs. During the year, recruitments as well as one acquisition took place to strengthen competences across different businesses.

The dynamic business environment is impacting competence needs for Tieto as well as other companies. The main drivers for competence renewal are the overall digitalization of society, emergence of new business models and managing the duality – i.e. drive efficiency as well as co-innovate new services and business models simultaneously. New IT roles arise while others become obsolete.

In general, Tieto needs expertise with deep knowledge of IT and experience of the latest technologies, as well as with an understanding of specific industry and customer needs. Knowledge of local market environments, legislation and regulations are also important. At the same time, the company's new strategy and investments to new business areas calls for new competences and skills to be acquired.

During the year, approximately 2 700 new employees were recruited, for instance, industry and solution consultants, architects and software developers. In addition, one acquisition took place, Emric, helping to further strengthen the company's competence base in the areas of financial services and bringing around 200 new employees onboard.

BUILDING A COMPANY CULTURE THAT SUPPORTS LEARNING AND TALENT DEVELOPMENT

To support the constant development needs Tieto is nurturing an Open Source Culture, where employees can grow and learn through collaboration and co-innovation across ecosystems. Activity-based office premises and online tools supporting flexible ways of working are two examples of how the company is striving to create a work environment supporting this culture.

In November 2016, Tieto's new head-office in Espoo opened for the first employees. On each floor, the new office has different areas for communication, collaboration, concentration and chilling out -matching the current diverse needs. Employees can choose an area that best fits them, their role and task at hand. Moreover, the floor plan brings people together and thus substantially increases collaboration and innovation. Each area in itself has different spaces with different emotions and atmospheres, via diverse furniture, lights, colours, scenery, and information and communication technology. The environment embraces transparency, openness, boosts ad hoc collisions, not only from the floor plan, design or area perspective but also using intelligent data.

MOVING TOWARDS CONTINUOUS DIALOGUE AND PERFORMANCE DEVELOPMENT FEEDBACK

Tieto's HR policy states that the present and future employability of the workforce should be supported by continuous learning and competence development. At the same time, the rapidly changing business environment makes competence and performance development a mutual responsibility of the employee and the company.

According to Tieto's Strategy Pulse survey in November, 78% of employees had a goal and development discussion in 2016. Taking attrition and workforce dynamics into account, the annual target is 90%. To better support the needs for constant renewal for the individual as well as the company Tieto is more and more moving towards a culture of continuous dialogue and feedback between the manager and the employee.

ACTIVITIES SUPPORTING COMPETENCE DEVELOPMENT NEEDS

At Tieto, Group-level talent and leadership development activities that support businesses are coordinated and developed by the Tieto Talent and Leadership Development team. Specific competence development is carried out within businesses.

As a whole, Tieto supports employees' growth and learning needs with multiple options, including job rotation, on-the-job learning, self-study, working in different assignments, and through various trainings and e-learnings, to mention a few examples. Approximately 730 trainings are available in the Tieto Academy training portal on a regular basis, and the company also organizes trainings based on needs.

Every year, Tieto also conducts specific training programs. As one example, several new programs for project managers were designed and implemented in 2016. The purpose is to develop project managers to better meet different industry demands and create added value for customers. Tieto also designed and started two new product management programs.

In 2017, Tieto aims at improving awareness and competence of employees in the areas of advanced analytics, design thinking and DevOps. We will also modernize the leadership development portfolio to include more virtual elements and provide topical programmes, e.g. related to leading innovation. Furthermore, Tieto Leadership Forum 2017 will be organized for 250 top leaders and professionals. This event is broadcast to all employees.

“ Open Source Culture supporting learning and talent development.”

Diversity and equal opportunities

Tieto provides equal opportunities for all employees and sees diversity as a strength, helping to build our competitiveness thanks to a reserve of varied experiences and competences. In 2016, Tieto in India was named among the best companies for women.

The ICT industry is developing at a rapid pace. Tieto believes a wide mix of people, whether of gender, age or cultural background, is needed in order to stay competitive. This is why diversity is an integral part of Tieto's recruitment as well as other Human Resources activities. As an employer, Tieto is committed to the principle that all employees shall be treated with equal respect and dignity, and shall be provided with equal opportunities to develop themselves and their careers.

At the end of 2016, 72% (72%) of personnel was male and 28% (28%) was female. Typically, the IT industry is still male dominated and an equal division of male and female employees will be difficult to achieve in the short term. To increase the amount of women in the company, Tieto implements country-specific equality initiatives based on local requirements and needs.

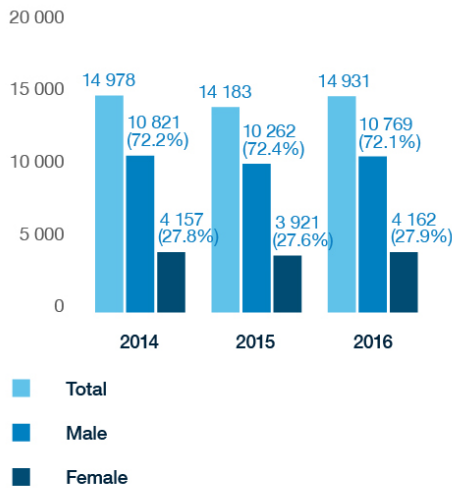
“ Tieto in India named as one of the best companies for women.

In India, diversity and inclusion, of which gender equality covers a big part, has persistently been an integral part of Tieto ever since its inception in India in 2005. In 2016, Tieto was named as one of the best companies for women in the country. The Best Companies for Women in India Study 2016, instituted by Working Mother in partnership with the AVTAR Group, aims to identify best practices and policies followed by companies for increasing women's workforce participation. The study was conducted amongst the 350 biggest employers in the country and lists the 100 Best Companies for Women in India.

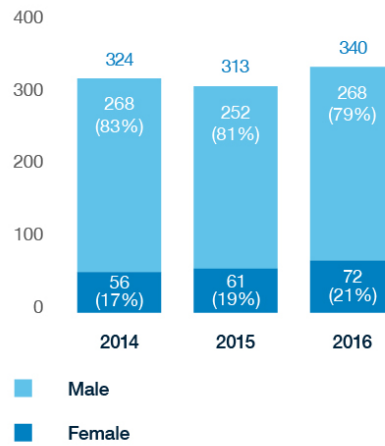
Tieto Sweden was the first IT company in the world to receive the gender equality certification from the Swiss EDGE Certified Foundation at the end of 2015. This certification represents the leading global assessment methodology and business certification standard for gender equality. It assesses policies, practices and numbers across five different areas of analysis: equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible working, and company culture. Furthermore, Tieto Sweden awarded a prize, IT-woman of the year, at the Universum Awards for Professionals, to highlight gender equality.

Tieto's approach to diversity and inclusion is mirrored in appointments to jobs, rewarding and personal success, which are based on individual ability and performance. In organizational development, Tieto strives at ensuring that management positions increasingly represent females, young professionals and different nationalities. The share of women in senior management positions reached 21% (19%) at year-end. By 31 December 2016, our leadership team consisted of seven men and three women. Our Board of Directors consisted of eight men and two women.

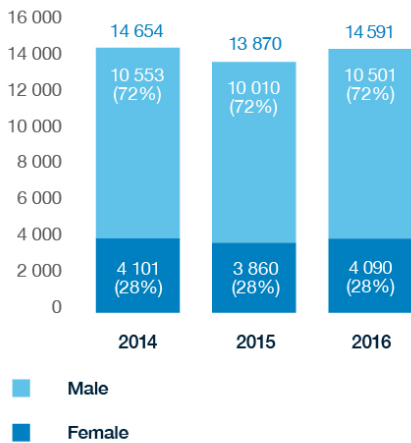
Total workforce by gender, 2014–2016



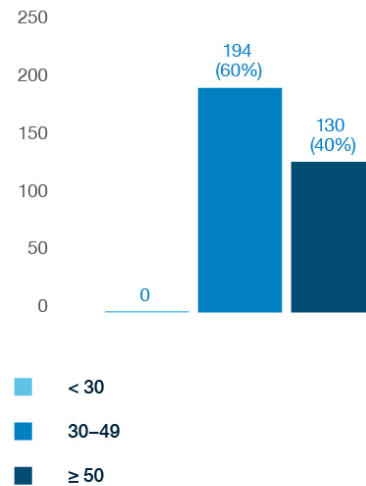
Senior management by gender, 2014–2016



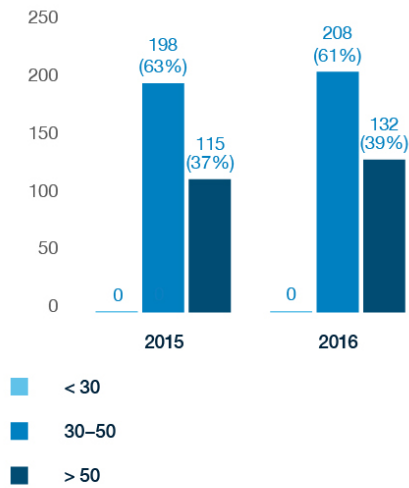
Employees by gender, 2014–2016



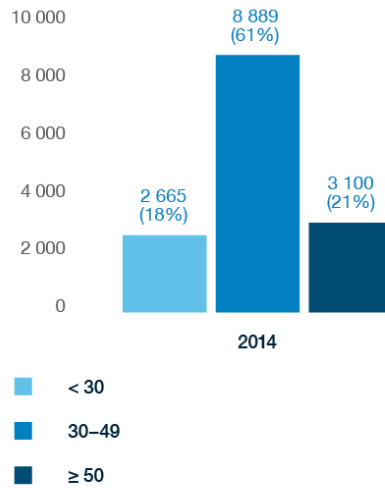
Senior management by age groups, 2014



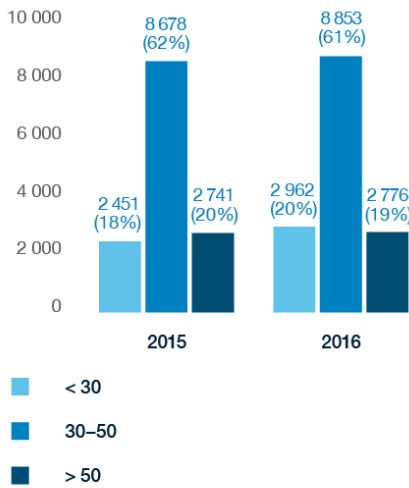
Senior management by age groups, 2015–2016



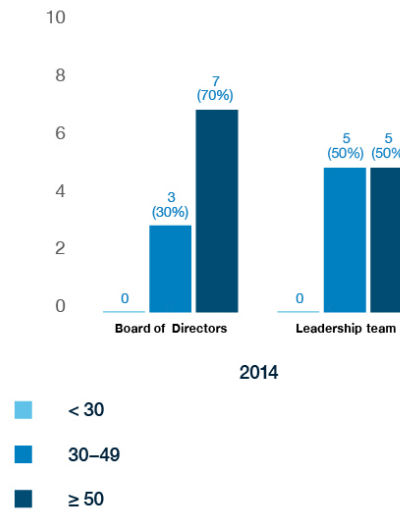
Employees by age groups, 2014



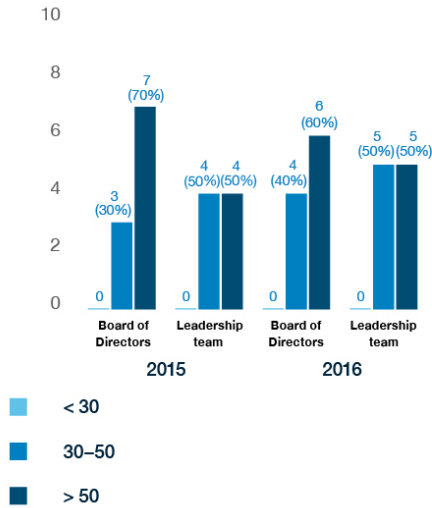
Employees by age groups, 2015–2016



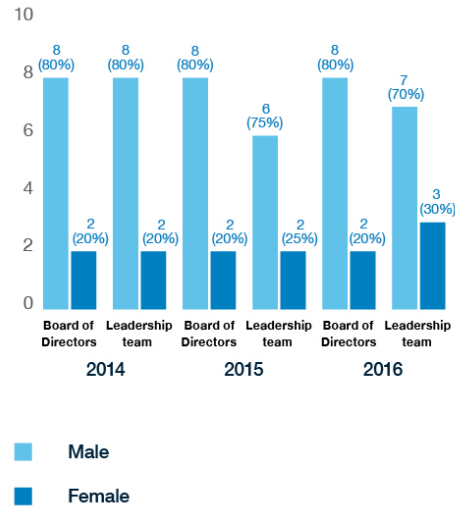
Board of Directors and Leadership team by age groups, 2014



Board of Directors and Leadership team by age groups, 2015–2016



Board of Directors and Leadership team by gender, 2014–2016



At the end of the year, the average age of our employees was 40 years. Many roles in the IT services industry require technological and managerial skills acquired after years of experience. At the same time, the young generation is important to bring in new fresh ideas to the company.

To recruit young professionals Tieto has, as one example, the GenT trainee programme - a yearly graduate programme in Finland, Sweden and Norway. To this programme, the company recruits motivated young talents who can help to drive innovation and company change, and also create a culture of cross-business collaboration. In Finland and Sweden, Tieto also recruits summer trainees and provides master thesis opportunities for students.

Tieto's Code of Conduct policy as well as HR policy state that no forms of discrimination or disrespectful treatment at work are accepted. The yearly goal is to have zero discrimination incidents. No confirmed discrimination cases were found in 2016. Two discrimination incidents were reported and investigations carried out. However, both cases are completed and no further actions are required by the organization.

Tieto is committed to continuing strengthen diversity and inclusion in the company. In Sweden, the aim is to keep the EDGE certificate in the coming years. Based on the approach that leadership comes by skills rather than age, a reverse mentorship program will start in 2017. In this program, young professionals (under 35) are mentors to senior professionals and managers over 35. The Nordic GenT trainee programme will also continue, with the aim of reaching a level of 50% women.

Employee health and wellbeing

Tieto believes in a good and safe work environment, which supports physical and mental wellbeing, and empowers employees to perform and develop as professionals as well as individuals.

Tieto's Occupational Health and Safety Policy states that the company's objective is to proactively avoid any physical or mental illness, accidents or incidents caused by the work environment and affecting the general health of an employee. The company has a zero tolerance for work-related injuries. If a work-related injury occurs, Tieto is committed to actively work to eliminate the cause of the injury.

Changing business environment and shifting customer needs are forcing IT companies and their employees to continuously adapt and develop. While offering opportunities for personal and professional growth, Tieto recognizes this development could also have an impact on the psychosocial wellbeing for some employees, especially when combined with time and cost-critical project based work.

To follow-up on the wellbeing of personnel, we have been measuring employees' work-life balance and experience of stress since 2013. According to the Employee Engagement measurements in 2016, 91% of employees perceived that they have energy left above work-related demands, thus slightly below the target of 95% as a minimum.

STRENGTHENING HEALTH AND WELLBEING THROUGH AN OPEN SOURCE CULTURE

We believe our Open Source Culture has an important role to play in strengthening health and wellbeing among employees. This culture supports a work environment built on openness, transparency and engagement.

Employee experience is an integral and important element in the Open Source Culture. As part of this, Tieto is striving to provide modern and user friendly work tools and office premises supporting a positive work environment. At the same time, employee experience is also based on invisible elements, such as open communication and good leadership. In the end, it's about increasing positive and empowering feelings, and minimizing feelings of frustration that retain employees from performing at their best.

“ New head office supporting employee experience and sustainability.

Tieto's new headquarters in Espoo is designed with employee experience in focus. Here, the aim has been to create a work environment supporting work, different roles, strategic goals and ecosystem thinking in a way that enhances psychosocial wellbeing at the work place.

OFFERING VARIOUS HEALTH-PROMOTING INITIATIVES

As a whole, Tieto is driving many initiatives to support the health and wellbeing of employees. Apart from developing a positive and supportive work environment, the company offers various health-promoting initiatives. These cover annual health check-ups or counselling for stress- or family-related issues, as well as injury- or sickness-related healthcare. Tieto also encourages employees to participate in sports and leisure challenges and other activities arranged by the company.

Country-specific health and wellbeing practices vary according to specific local needs and priorities, and local legislation. As one example, in India Tieto offers employees comprehensive health check-ups free of charge and with assigned medical centres. The company also drives other types of activities to ensure wellness at the workplace. For example, the Association for Sports, Social and Entertainment Activities in India is elected on a yearly basis and plans and conducts engagement activities within sports, culture, and corporate responsibility.

Tieto in Finland has participated in several pilots related to health and wellbeing practices. As one example, in co-operation with a Finnish pension company and occupational healthcare, Tieto Finland now uses an Early Intervention model to prevent and manage risks of work ability. Another new practice, developed in co-operation with the occupational healthcare, is a modernized service model: a Digital Clinic application. Further, Tieto has piloted an online service encouraging activity breaks.

The overall responsibility for developing health and wellbeing in Tieto is carried by the Human Resources (HR) function. The HR team in each country of operation is responsible for the coordination and implementation of arrangements related to occupational health and wellbeing.

In 2017, Tieto will continue focusing on employee experience as a means to strengthen health and wellbeing overall. As part of this, we will start to plan how to copy the headquarter premises concept to other sites.

Employee relations

Tieto recognizes its success as a company is built on the wellbeing and motivation of employees. As an employer, Tieto wants to offer a workplace that both challenges and cares. The long-term goal is to become the employer of choice among our own employees as well as potential employees, such as students and young professionals but also more experienced professionals and leaders.

In 2016, Tieto decided to conduct two more focused company-wide Strategy Pulse surveys instead of the previous annual employment engagement survey, Voice. The main reason behind this change was to gather employee feedback on a more regular basis rather than through one yearly survey, but also to take the temperature on how the strategy was perceived among employees. The response rates were 35% in June and 55% in November 2016.

As a result of this change, the previous year's overall Voice score was no longer available. However, based on the Strategy Pulse survey results the Employee Engagement score in 2016 was 72% in June and 71% in November, thus slightly better than the Employee Engagement score of 70% in 2015. One of the highlights was the relatively stable Employee Engagement score, considering the significant organizational changes during the year. Another improvement was that more employees feel respected and valued in their work compared to the previous year. On the other hand, strategic alignment and trust in the future still needs more attention.

BEING A RESPONSIBLE EMPLOYER

As stated in Tieto's Code of Conduct, the company supports freedom of association and collective bargaining as defined in the ILO Declaration on Fundamental Principles and Rights at Work. Naturally, local employment laws and practices, collective agreements, and individual contract terms, are followed. As a company, Tieto also strives to maintain a high priority on active collaboration with personnel representation bodies.

In 2016, 45% of Tieto employees were covered by collective bargaining agreements. However, the differences between countries vary extensively, with the highest participation in Sweden (100%) and in Finland (98%). In countries of operation where collective bargaining is not applied, for example China and India, Tieto strives to facilitate local forums where issues can be addressed. One example is the Anti-harassment Committee (AHC) in India, a body of representatives from various units of Tieto India which addresses complaints against harassment based on pregnancy, childbirth or related medical conditions, race, religious, creed, colour, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation, or any other basis protected by central, state, or local law or ordinance or regulation.

The European Works Council (EWC) in Tieto is the company's Personnel Representative Body (PRB), which works to uphold a free flow of information throughout the company. Human Resources work as an enabler and make sure that all agreements are followed through as agreed. The Executive Vice President of HR is responsible for facilitating the EWC meetings based on the wishes of the EWC members. In addition to the EWC there are country-specific forums, based on local practices and legislation, where the company and employee representatives can share information.

Tieto's personnel elects two members and two deputy members to the Board of Directors. This is done by the personnel representatives in accordance with the Personnel Representation Co-operation Agreement.

Through personnel representation, the aim is to achieve, among others, increased unity in decision making concerning, for example, business operations, financial matters and personnel considerations.

Tieto also supports and facilitates several networking initiatives within the company, for example Tieto Young Professionals (TYP), female networks, an architect community and Tieto Ambassadors networks.

These networks are actively supporting various company initiatives. As one example, Tieto Ambassadors have been driving the move to the new Tieto headoffice.

Procurement and supply chain

Tieto's Supplier Sustainability Programme continued in 2016, helping to strengthen implementation and management of Tieto's ethical requirements throughout the supply chain. By the end of the year, the Supplier Code of Conduct Rule coverage represented 85% of total spend among regular suppliers.

Tieto's supplier base consists of direct and indirect suppliers. Direct suppliers deliver IT products and services needed for customer deliveries, including hardware, software and IT consultant resources. Indirect suppliers deliver products and services needed for our own operations, such as human resources services, facility management and travel services.

In 2016, the total monetary value of procurement amounted to EUR 609 million (605), representing 41 per cent of revenues. Approximately 160 of Tieto's suppliers represent as much as 80 per cent of the company's spending, making it essential to have an aligned perspective on issues related to corporate responsibility (CR). The vast majority of purchases take place in the Nordic countries. Purchases from suppliers invoicing Tieto from Finland, Sweden or Norway represent over 70 per cent of the total annual purchase volume.

Tieto's Procurement Policy is based on the company's values, Code of Conduct Policy and Operative Decision Making and Authority Policy. The Procurement Policy applies to all Tieto companies and employees in all countries of operation. Our Supplier Code of Conduct Rule specifies the ethical business practices applying to suppliers, and is applied to all new supplier contracts to ensure sustainability throughout the supply chains. This rule is based upon the principles of the United Nations Global Compact, of which Tieto is a signatory, and also complemented with Tieto specific expectations.

The Group-level Procurement unit holds a key role in the implementation of Tieto's Procurement Policy as well as Supplier Code of Conduct Rule, and works in close co-operation with Tieto's businesses. Compliance with the Supplier Code of Conduct Rule is also part of the personal KPIs for everyone working in the Procurement unit.

In general, first-tier suppliers enable easier control and thus better possibilities to address sustainability related issues. As a result of consistent consolidation, the number of suppliers in Tieto's supplier base have decreased significantly during the past years, from 7 200 in 2014 to 6 500 in 2016. As a result, Tieto's procurement is more centralized and focused on preferred suppliers today, compared to a few years ago, helping the company to mitigate supply chain related risks.

“ The Supplier Code of Conduct Rule coverage represents 85% of total spend among regular suppliers. ”

Tieto's aim is that all external business undertakings providing goods, services, technology or subcontractors to, or through, Tieto on a regular¹ basis, comply with the minimum requirements stated in the company's Supplier Code of Conduct Rule by 2017. By the end of 2016, 49% (31%) of all regular¹ suppliers had accepted Tieto's Supplier Code of Conduct Rule. The coverage represents 85% (81%) of spend among regular suppliers. In addition to this, Tieto also actively implemented aligned business practices to hundreds of new suppliers followed acquisitions made during the year. Zero violations of the Supplier Code were encountered in 2016 through audits or whistleblowing.

The need for more frequent follow-up of the supply chain has increased in the light of the continuously evolving supplier base. In 2016, a Supplier Code of Conduct Rule compliance campaign was initiated. Among other things, compliance reporting was improved through consolidation of CR information from multiple sources to one single database - the company's ERP system. Furthermore, a user-friendly online tool for sharing information, where suppliers can manifest their compliance with Tieto's Supplier Code of Conduct Rule, was implemented.

One of the main highlights in 2016 was the new headquarters in Espoo, Finland, where Tieto's Procurement organization supported the project and integration of a number of sustainable solutions and services.

Going forward, Tieto plans on continuing robust implementation of the Supplier Sustainability Programme. In addition, the supply chain related KPIs will be revised to focus more on suppliers involved with customer deliveries. The renewed targets will be determined through Tieto's updated CR long-term.

¹⁾ 1 invoice/month, minimum 12 invoices during the year

About sustainability reporting

The non-financial data and information included in Tieto's Annual Report 2016 are prepared in accordance with the core option of GRI G4 Reporting Guidelines. The disclosures focus on the sustainability aspects that are considered to be the most material regarding Tieto's economic, social and environmental performance.

Tieto's material sustainability aspects were identified during a materiality analysis in 2013-2014. The work was included in the company's revised CR long-term plan, which was implemented during the strategy period ending 2016.

The sustainability disclosures include the Parent company Tieto Corporation and all subsidiaries over which the Parent company has direct or indirect control. The GRI Standard Disclosures cover the entire Tieto Group.

If not otherwise stated, all information and data pertains to activities from 1 January to 31 December 2016. The regional data is divided differently between HR and financial data due to system restrictions.

If not otherwise stated, Tieto's energy reporting and corresponding Scope 1 and 2 emissions covers all operating sites (offices, laboratories and data centres). Energy data collection scope was aligned with our Environmental Management System scope; data is collected from data centres, laboratories as well as offices with 50 employees or more. The energy consumption of offices <50 employees was estimated based on our global average values with a 10% safety margin. The scope 2 calculations include energy fed back to the district heat systems in data centres. The original data sources are internal IT systems and invoices from utility providers.

Energy and emission calculations follow the Greenhouse Gas Protocol, and emissions are reported in CO₂. Some calculations are manually conducted. The source of the indirect, locations based energy emission factors is the International Energy Agency (IEA). Base year emissions for Scope 2 were updated using three year average factors for all years. The sources for indirect, market based energy emission factors are energy companies for actual factors. Residual mix factors are used for EU and the IEA factors are used for non-EU countries with no actual market based factor. For direct energy, DEFRA's emission factor is applied. The market based CO₂ emissions from electricity consumption are now reported for the first time for 2015-2016.

Scope 3 business travel related CO₂ emissions were restated as reporting of CO₂ emissions generated from taxi use was discontinued due to data quality issues. In 2016, the CO₂ emissions from taxi use were 1.2% of total reported CO₂ emissions. The CO₂ factors used are DEFRA for flights and VTT Lipasto for own car use. The data was collected from the company IT systems and service providers. Data collection for flight information covers 99% of operations and employee car use covers 71%. Locations with major operations and a significant amount of travel are within the scope.

The base year for the environmental calculations is 2014. In the report, the metric ton/UK tonne equivalent to 1 000 kilograms is stated solely as ton. No restatements were done.

If not otherwise stated, our workforce related figures in the Sustainability section are based on the GRI G4 guidelines. The numbers include joint ventures, hence differing from the headcount in the Financials section. The data sources are company systems, which provide data on full-time and part-time employees and permanent and temporary employees. In 2016, our Voice survey on employee engagement was not conducted, but instead many of the questions were asked in our Strategy Pulse survey. Thus the customer engagement index results 2015-2016 are not fully comparable.

An independent third party, PricewaterhouseCoopers Oy, has provided assurance on the corporate responsibility information disclosed in Tieto's Annual Report 2016. The scope of the assured information is indicated in the independent practitioner's assurance report. Assurance increases transparency and is key to delivering a high-quality report.

This report is also our annual Communication on Progress in accordance with the UN Global Compact requirements. It qualifies for the GC Advanced level.

Our [Corporate Responsibility Report 2015](#) was published on 22 March 2016.

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Independent Practitioner's Assurance Report

To the Management of Tieto Corporation

We have been engaged by the Management of Tieto Corporation (hereinafter also the Company) to perform a limited assurance engagement on selected Corporate Responsibility disclosures for the reporting period 1 January to 31 December 2016, disclosed in Tieto Corporation's Annual Report 2016 (hereinafter Corporate Responsibility Information). In terms of the Company's GRI G4 reporting and G4 Content Index, the scope of the assurance has covered economic, social and environmental Corporate Responsibility disclosures listed within the Specific Standard Disclosures as well as General Standard Disclosures G4-10 and G4-11.

Management's responsibility

The Management of Tieto Corporation is responsible for preparing the Corporate Responsibility Information in accordance with the Reporting criteria as set out in the Company's reporting instructions and the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative. The Management of Tieto Corporation is also responsible for such internal control as the management determines is necessary to enable the preparation of the Corporate Responsibility Information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements,

professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Corporate Responsibility Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Tieto Corporation for our work, for this report, or for the conclusions that we have reached.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". That standard requires that we plan and perform the engagement to obtain limited assurance about whether the Corporate Responsibility Information is free from material misstatement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Corporate Responsibility Information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Corporate Responsibility Information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Visiting the Company's Head Office as well as one site in Sweden.
- Conducting one video interview with one site in India.
- Interviewing employees responsible for collecting and reporting the Corporate Responsibility Information at the Group level and at the site level where our site visits took place.
- Assessing how Group employees apply the Company's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Tieto Corporation's Corporate Responsibility Information for the reporting period ended 31 December 2016 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of corporate responsibility information should be taken into consideration.

Helsinki, 27 February 2017

PricewaterhouseCoopers Oy

Sirpa Juutinen
Partner
Sustainability & Climate Change

GRI content index table

Custom Content Index - 'in accordance' Core

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Standard Disclosure Title	Link and Reference	Omission	Tieto aspect name and number	UNGC	OECD
STRATEGY AND ANALYSIS						
G4-1	Statement from the most senior decision-maker of the organisation.	CEO statement			Criteria 19	x
ORGANIZATIONAL PROFILE						
G4-3	Name of the organisation.	Tieto in brief			COP report profile	
G4-4	Primary brands, products and services.	Tieto in brief			COP report profile	
		Operating model				
G4-5	Location of organisation's headquarters.	Tieto in brief			COP report profile	
G4-6	Number and name of countries.	Tieto in brief			COP report profile	
		Markets				
G4-7	Nature of ownership and legal form.	Tieto in brief			COP report profile	
G4-8	Markets served.	Markets			COP report profile	
G4-9	Scale of the reporting organisation.	Tieto in brief			COP report profile	
		Markets				
G4-10	Workforce.	Our People			Principle 6 COP report profile	
G4-11	Percentage of total employees covered by collective bargaining agreements.	Employee relations			COP report profile	x
G4-12	Organization's supply chain.	Procurement and supply chain			Criteria 2 COP report profile	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Operating model Shares and shareholders Procurement and supply chain			Criteria 2	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	Greener Operations				
G4-15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Our approach to sustainability				
G4-16	List of memberships of associations.	Our approach to sustainability				
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES						
G4-17	List of entities included.	About sustainability reporting				
G4-18	Process for defining the report content and the Aspect Boundaries. Implementation of Reporting Principles.	Materiality analysis				
G4-19	Material Aspects identified in the process for defining report content.	Materiality analysis				
G4-20	Aspect Boundary within the organization for each material Aspect.	Materiality analysis				
G4-21	Aspect Boundary outside the organization for each material Aspect.	Materiality analysis				
G4-22	Effect of any restatements of information provided in previous reports.	About sustainability reporting				
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Materiality analysis				
STAKEHOLDER ENGAGEMENT						

G4-24	List of stakeholder groups engaged by the organization.	Stakeholder dialogue	Criteria 21
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder dialogue	Criteria 21
G4-26	Approach to stakeholder engagement.	Stakeholder dialogue	Criteria 21
G4-27	Key topics and concerns raised through stakeholder engagement.	Stakeholder dialogue	Criteria 21

REPORT PROFILE

G4-28	Reporting period.	About sustainability reporting	COP report profile
G4-29	Date of most recent previous report.	About sustainability reporting	COP report profile
G4-30	Reporting cycle.	Our approach to sustainability	COP report profile
G4-31	Contact point for the report.	About sustainability reporting	COP report profile
G4-32	GRI Content Index for in Accordance 'Core'.	GRI content index table	COP report profile
G4-33	Report assurance procedures.	Independent assurance report	COP assurance

GOVERNANCE

G4-34	Governance structure.	Corporate governance statement	Criteria 20
G4-36	Executive-level position/s with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Managing CR	Criteria 1, 20
G4-37	Processes for consultation between stakeholders and the highest governance body.	Corporate governance statement Stakeholder dialogue Managing CR	Criteria 1, 20
G4-39	Reporting whether the Chair of the highest governance body is also an executive officer.	Corporate governance statement	Criteria 1, 20
G4-48	Highest committee or position that formally reviews and approves the report.	Managing CR Independent assurance report	Criteria 1, 20

ETHICS AND INTEGRITY

G4-56	The organization's values and CR policies.	Managing CR	Criteria 12-14 Principle 10
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SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Standard Disclosure Title	Link and Reference	Omission	Tieto aspect name and number	UNGC	OECD
ECONOMIC						
MATERIAL ASPECT: ECONOMIC PERFORMANCE						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Economic impact		4: Financial performance	Criteria 15-18	x
G4-EC1	Direct economic value generated and distributed.	Economic impact		4: Financial performance	Criteria 9-11	x
G4-EC4	Financial assistance received from government.	Economic impact		4: Financial performance	Criteria 9-11	x
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Social engagement		6: Social engagement	Criteria 15-18 Principle 1	x
G4-EC7	Development and impact of infrastructure investments and services supported.	Social engagement		6: Social engagement	Criteria 9-11	

ENVIRONMENTAL

MATERIAL ASPECT: ENERGY

G4-DMA	Generic Disclosures on Management Approach.	Managing CR Energy consumption	10: Energy consumption	Criteria 15-18 Principle 8	x
G4-EN3	Energy consumption within the organization.	Energy consumption	10: Energy consumption	Criteria 9-11 Principle 7	x
MATERIAL ASPECT: EMISSIONS					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Greenhouse gas emissions	13: Greenhouse gas emissions	Criteria 15-18 Principle 7, 8	x
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Greenhouse gas emissions	13: Greenhouse gas emissions	Criteria 9-11 Principle 7	x
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Greenhouse gas emissions	13: Greenhouse gas emissions	Criteria 9-11 Principle 7	x
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	Greenhouse gas emissions	13: Greenhouse gas emissions	Criteria 2, 9-11 Principle 7	x
SOCIAL					
MATERIAL ASPECT: EMPLOYMENT					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Employee relations	18: Employee relations	Criteria 15-18 Principle 3	x
G4-LA1	Total number and rates of new employee hires and employee turnover.	Our people	18: Employee relations	Principle 6	
Tieto 18.1	Employee engagement index.	Employee relations	18: Employee relations		
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Diversity and equal opportunities	16: Diversity and equal opportunities	Criteria 15-18 Principle 1, 6	x
G4-LA12	Composition of the governance bodies and breakdown of employee categories.	Our People Diversity and equal opportunities	16: Diversity and equal opportunities	Principle 6	
MATERIAL ASPECT: NON-DISCRIMINATION					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Diversity and equal opportunities	16: Diversity and equal opportunities	Criteria 15-18 Principle 1, 6	x
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	Diversity and equal opportunities Business Ethics	16: Diversity and equal opportunities	Criteria 3-5 Principle 6	x
MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Business ethics	9: Business ethics	Criteria 15-18 Principle 1,6,10	x
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Business ethics	9: Business ethics	Criteria 12-14 Principle 10	x
Tieto 9.1	Code of conduct policy, Anti-corruption rule and Competition compliance rule training coverage.	Business ethics	9: Business ethics		
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Customer experience	1: Customer Experience	Criteria 15-18	x
G4-PR5	Results of surveys measuring customer satisfaction.	Customer experience	1: Customer Experience		
MATERIAL ASPECT: CUSTOMER PRIVACY					
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Information security and data privacy	3: Information security and data privacy	Criteria 15-18 Principles 1,2	x
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Information security and data privacy	3: Information security and data privacy		

TIETO SPECIFIC TOPICS

DMA and Indicators	Standard Disclosure Title	Link and Reference	Omission	Tieto aspect name and number	UNGC	OECD
QUALITY OF PRODUCTS AND SERVICES						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Quality of products and services		2: Quality of Product and Services	Criteria 15-18	x
Tieto 2.1	ISO certification coverage.	Quality of products and services		2: Quality of Product and Services		
Tieto 2.2	ISO non-conformities handling.	Quality of products and services		2: Quality of Product and Services		
SUSTAINABLE IT						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Sustainable IT		5: Sustainable IT	Criteria 15-18 Principle 9	x
Tieto 5.1	Estimated avoided emissions from the use of IT services.	Sustainable IT		5: Sustainable IT	Criteria 15-18 Principle 9	x
WASTE MANAGEMENT						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Waste and use of materials and chemicals		12: Waste management	Principle 8	x
Tieto 12.1	Electronic waste recycled by responsible partners.	Waste and use of materials and chemicals		12: Waste management		
USE OF MATERIALS AND CHEMICALS						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Waste and use of materials and chemicals		14: Use of materials and chemicals	Criteria 15-18 Principle 8	x
Tieto 14.1	Printing paper consumption.	Waste and use of materials and chemicals		14: Use of materials and chemicals		
PROCUREMENT AND SUPPLY CHAIN						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Procurement and supply chain		15: Procurement and supply chain	Criteria 15-18 Principle 1,2,4,5	x
Tieto 15.1	% of suppliers adhering to the Supplier Code Rule.	Procurement and supply chain		15: Procurement and supply chain		
Tieto 15.2	Violations of Supplier Code.	Procurement and supply chain		15: Procurement and supply chain		
LEARNING AND TALENT DEVELOPMENT						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Learning and talent development		17: Learning and talent development	Criteria 15-18 Principle 1	x
Tieto 17.1	Percentage of employees receiving regular performance and career development reviews.	Learning and talent development		17: Learning and talent development		
EMPLOYEE HEALTH AND WELLBEING						
G4-DMA	Generic Disclosures on Management Approach.	Managing CR Employee health and wellbeing		19: Employee health and wellbeing	Criteria 15-18 Principle 1	x
Tieto 19.1	% of employees with energy level above work related demand.	Employee health and wellbeing		19: Employee health and wellbeing		

Tieto's online Annual Report is available at
www.tieto.com/ar2016

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