

# Corporate Responsibility

REPORT 2010

## Building the next generation data centres

In 2010, Tieto opened in Sweden one of the world's safest and environmentally efficient data centres. >>page 45



## Greening with IT

Smart IT can help reducing greenhouse emissions. We have reduced the CO<sub>2</sub> emissions of our customers more than we emit from our own operations. >>page 16

## Best GRI reporting tool on the market?

Our Sustainability Intelligence services help our customers monitor, analyze, store and report all CR parameters efficiently. >>page 18

### Economic Responsibility

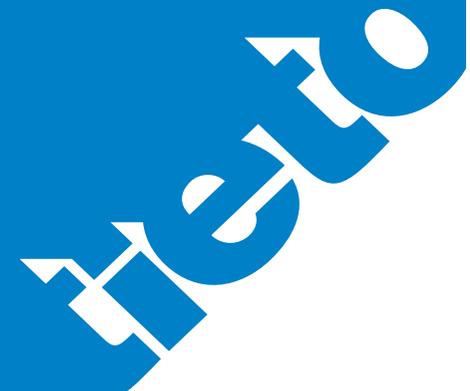
Aiming for sustainable profits >>page 20

### Social Responsibility

Improving our employer brand >>page 30

### Environmental Responsibility

Leading Green IT company >>page 40



# About this **report**

**This is our second Corporate Responsibility (CR) report based on GRI's framework. Last year (2009), the CR report had an application level C. This year (2010) our application level is a B+. This report and our Annual Report 2010 provide the basic information on our performance.**

This CR Report focuses on issues that we consider to be the most relevant and material regarding our economic, social and environmental

performance. These areas were identified in CR reporting workshops that were organised during 2010.

This report includes the Parent company Tieto Corporation and all subsidiaries over which the Parent company has direct or indirect control. GRI's Standard Disclosures cover the entire Tieto Group.

Unless otherwise stated, all information and data pertains to activities from 1 January to 31 December 2010. Mergers and acquisitions during 2010 have only affected data marginally.

Our environmental Key Performance Indicators (KPI) are based on 73–100% of our employee count, depending on KPI, covering the essential parts of this corporation. In terms of all other

KPIs, the coverage is complete; i.e. 100% of our employees. When we use the term "CO<sub>2</sub> emission" we mean CO<sub>2</sub> equivalent emission.

This is the first year for third party assurance of our CR Report. The performance data, disclosures and statements in this report are assured to a moderate level in accordance with the AA1000 Assurance Standard (2008) – see page 46 for the statement. Our assurers, Ethos International and TwoTomorrows, have provided a third party check confirming our application of the GRI G3 guidelines to be B+. Assurance increases transparency and is key to delivering a high-quality report.

Report Application Level	<b>C</b>	<b>C+</b>	<b>B</b>	<b>B+</b>	<b>A</b>	<b>A+</b>
Standard Disclosures		<b>Report Externally Assured</b>		<b>Report Externally Assured</b>		<b>Report Externally Assured</b>
G3 Profile Disclosures <b>Output</b>	<b>Report on:</b> 1.1 2.1–2.10 3.1–3.8, 3.10–3.12 4.1–4.4, 4.14–4.15		<b>Report on all criteria listed for Level C plus:</b> 1.2 3.9–3.13 4.5–4.13, 4.16–4.17		Same as requirement for Level B	
G3 Management Approach Disclosures <b>Output</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators <b>Output</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector Supplement in final version.



# 2010 in brief



**Year 2010 was an eventful one. In spite of economic challenges, we have continued to drive progress across our business. Here are some of the key achievements:**

- Revision of our strategy to better meet the changing market conditions, where IT is increasingly consumed as a service. The new strategy seeks higher differentiation and specialisation to further strengthen our market position. >>page 5
- Investments in new generation data centres, amounting to EUR 25 million in Finland, Sweden and Russia. The new data centre in Sweden, is one of the most secure and energy efficient in the world. >>page 45
- Renewal of our Code of Conduct. 91% of employees have signed it. >>page 36
- Launch of an anti-corruption policy. >>page 37
- Start of a CR community for all employees, including CR information, news, discussions and e-training. >>page 33
- Launch of the Eureka platform as an internal global channel for innovation, ideas and engaging employees in business development. >>page 35
- Integration of corporate ISO 14001 compliant environmental management system (EMS) into our internal business process system, Way to Excellence (W2E). >>page 41
- Improvement of internal data collection practices. In 2009, Carbon Inventory data was based on collected data from only Finland and Sweden. In 2010, we have collected data from 58 offices in 21 countries covering activities from more than 84% of all employees. >>page 42
- Increased volume of sustainability services. For instance, we increased the volume of electronic B2B transactions from 623 million in 2009 to over 763 million during 2010. The CO<sub>2</sub> savings from our customer services, by far, exceed our own CO<sub>2</sub> emissions. >>page 17

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# Message from the CEO



The world of IT is in continuous transformation. Modern IT offers many benefits for our customers and has great potential to contribute to a sustainable world. We at Tieto want to become the leading Green IT company and a thought leader in sustainability IT solutions and services.

Sustainability is about managing risks as well as opportunities. In order to be perceived as a good corporate citizen and manage our business profitably, we have to act in an environmentally responsible way and maintain sound business ethics that safeguard our good reputation. Sustainability offerings and Green IT services strengthen our businesses and reduce the environmental impacts both from us and our customers.

➔ “We are serious about contributing to the development of sustainable societies. In 2010 alone, we invested EUR 25 million in a new generation of data centres. Recycling and reuse of excess heat are an integral part of overall design in these centres.”

Energy consumption and climate change are some of today's most important and most discussed sustainability topics. We can reduce our customers' CO<sub>2</sub> emissions by efficient IT services. Tieto's long-term vision is to become 100% climate-neutral. Our environmental objectives for 2013 include a continuous annual decrease of our total CO<sub>2</sub> emissions and lower energy consumption per employee. For 2010, we have met these targets, lowering energy consumption per employee by 7% and per server by 22% on average.

I am very proud of the work we have done so far, and excited about our sustainability initiatives and new services that we are working on at the moment. These initiatives and services will bring great value to us and our customers' businesses in the coming years. With great satisfaction we conclude that during 2010 we have not only reduced our CO<sub>2</sub> emissions, but also, the reduction of customer's CO<sub>2</sub> emissions through our services by far exceeded the emissions

from our own operations. We are serious about contributing to the development of sustainable societies. In 2010 alone, we invested EUR 25 million in a new generation data centres. Recycling and reuse of excess heat are an integral part of overall design in these centres. Our new unit in Sweden is one of the safest and most energy efficient data centres in the world. We have also continued to implement our Green Office programme in Finland and plan to expand the concept to other countries as well.

We are a globally operating company, present in close to 30 countries with differing cultures and business environments. This poses certain challenges in data collection as well as maintaining common internal processes and practices. We have zero tolerance towards any kind of unethical behavior. In 2010, we updated our Code of Conduct and launched an anti-corruption policy that give clear guidelines to all our employees and business partners. Our Board of Directors and I fully support and enforce this policy. The Code of Conduct is based on UN Global Compact's 10 principles, and Tieto continues to be a Global Compact signatory in 2011.

In December 2010, we announced a new operating model which drives growth, and better supports competence and offering development work. I am sure that this will further accelerate our sustainability work as well. In 2011, we will continue to implement and integrate sustainability awareness and practices in all Tieto operations.

This is our second corporate responsibility report based on GRI's framework. On the following pages, you can read more about our work concerning economic, environmental and social sustainability – our objectives, achievements and challenges. I hope you find this report informative and useful. Your feedback and thoughts on the topics discussed in this report are naturally welcome. An open and honest dialogue with our stakeholders helps us become more sustainable and contribute to our common task of saving our planet. Let's make sure we achieve it – together.

**Ari Karppinen**

Acting President and CEO

# Corporate responsibility performance review

**Based on our materiality analysis, certain sustainability aspects are more important than others to us and our key stakeholders. These aspects and their measures are summarised below in a few concrete key performance indicators.**

## Environmental performance

Our biggest contribution to a sustainable society lies first and foremost in the environmental area, where our data centres, offices and business travels constitute the most important factors. By using the latest technology and state of the art IT solutions and services we can lower the CO<sub>2</sub> footprint from our own operations, and also the footprint of our customers.

Our value-adding, sustainable services are used by many companies and organisations, and we are proud to say that the reduction of customers' CO<sub>2</sub> emissions through our services by far exceed the CO<sub>2</sub> emissions from our own operations. Our ambition is firm: we will continue developing new smart IT solutions, both for IT infrastructure and applications management and digital end-user services.

On page 16 you can read more about our sustainability services.

## Customer and employee satisfaction

Another important aspect of our sustainability performance is the quality of our solutions and services. Our competitiveness depends on the value we add to our customers. High customer satisfaction can only be reached with the support of competent, satisfied employees. Competence development is therefore crucial for us as a company, at all times.

Both customer and employee satisfaction constitute opportunities, but also challenges. Several measures, including strategy renewal and the launch of a new operating model, have been taken to increase the customer and employee satisfaction. More information on customer satisfaction can be found on page 28. Employee satisfaction and our actions in this regard are elaborated on on page 32.

## Ethical performance

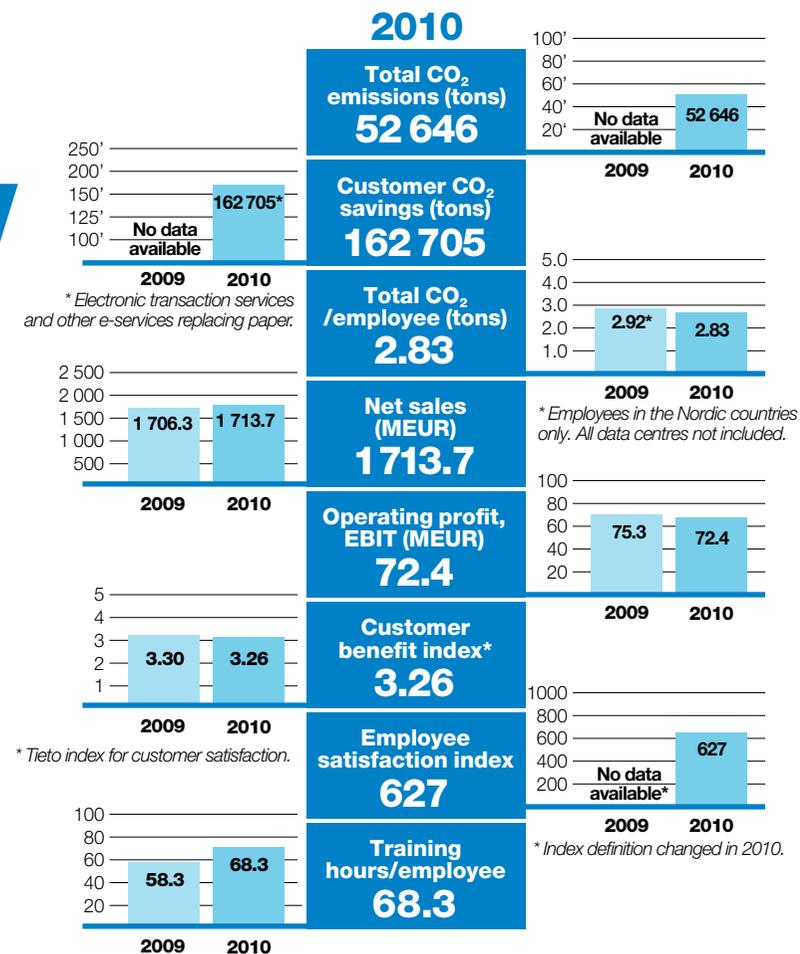
Being present in countries with high corruption rates could pose challenges. However, only one incident occurred during 2010. As the whole industry is growing in developing countries, there is a clear need for explicit values and procedures in the area of working conditions and human rights. Here our Code of Conduct guides all employees and business partners, no matter the location. We have zero tolerance for discrimination, corruption and unfair competition.

In 2010, the Code of Conduct was renewed and has now been signed by almost all employees. Our actions in the area of business ethics are described in more detail on page 37.

## Financial performance

The IT services market has gone through difficult times during the past years. The global downturn that started in late 2007 has impacted the whole sector, resulting in tougher

competition, price pressure, adoption of new delivery and business models. All of this is true for us as well, and we have worked hard to tackle the challenges posed by the economic development in our main markets. This has resulted in strategy renewal, increased global delivery capacity and streamlining activities in selected parts of the organisation. More information on financial performance can be found on page 20.



# About Tieto



Tieto is the leading IT service company in Northern Europe providing IT and product engineering services. With approximately 18 000 experts, we aim to become a leading service integrator creating the best service experience in IT.

## Knowledge, passion and sustainable results

Our highly specialised IT solutions, expertise in digital services and superior customer centricity set us apart from our competitors. We believe in long-term business relations and we know that the knowledge and passion of our employees is what creates sustainable results for our customers. Sustainability is one of our strategic cornerstones and an integral element in everything we do.

Our operations are organised into four Business Lines (Industry Solutions, Enterprise Solutions, Managed Services and Transformation as well as Product Engineering Solutions) and four Market Units (Finland and the Baltic countries, Scandinavia, Central Europe & Russia and Global Accounts).

## Market presence and growth

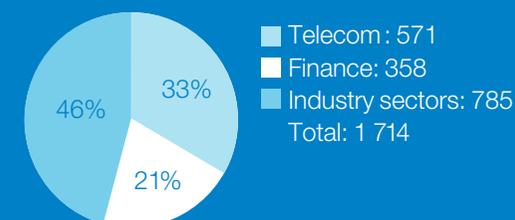
We aim to be the market leader in IT services in North-East Europe. Our main markets are the Nordic countries, Russia and Poland. In addition, we serve our customers globally in certain areas of expertise and have industry-specific activities in selected countries.

Our customers are large and medium-sized organisations in various sectors – for example telecom and media, finance, energy, healthcare and welfare, public, manufacturing, logistics and retail.

### Tieto facts and figures:

- Full name: Tieto Corporation.
- Headquarters in Helsinki, Finland.
- Listed on NASDAQ OMX in Helsinki and Stockholm.
- Approximately 18 000 employees.
- Net sales: EUR 1 713.7 million.

### Net sales by customer sector (EUR million)



# Strategy for CR and sustainability

## **We believe that long-term profitability requires a business model that takes into account all aspects of corporate responsibility.**

We are a signatory of the UN Global Compact which clearly demonstrates our values in terms of environmental care, human rights, workers' rights and anti-corruption.

## **Integration of CR and sustainability**

Sustainability for us as a company is about managing risks as well as opportunities. Global warming and climate change are some of the most discussed topics of today. Our goal is to understand the consequences of our business operations on the environment and take this into account in our decision making. In addition, we aim for our strategic priorities to be aligned with our impact on our stakeholders and our long term business goals.

Sustainable IT Solutions and CR related matters have gone from "nice to have" to "must have",

becoming a survival issue for many companies. CR is also increasingly important from a brand management point of view. Several of our major customers have set minimum requirements for CR related activities. We see efficient risk management as an opportunity, giving competitive advantages in order to strengthen our market position and achieve our financial and non-financial targets. Hence, our strategy is to mitigate the risks related to CR issues such as business ethics, human rights and the environment.

Generally, IT companies are somewhat behind other industries in sustainability efforts. This may be because the IT companies don't see themselves as "polluters". Nevertheless, many IT companies are now seeing great potential for modern IT systems to affect not only their own CR performance but also to impact positively on almost all other sectors. This was the main reason for us in 2009 to set up the goal of becoming a global leader in "Green IT". We are confident that in the long-run, this will have a positive impact on both our financial performance and brand value.





Our first priority is ensuring we take responsibility for our direct social and environmental impacts. Our sustainable IT solutions and services can also help our customers improve their sustainability performance.

### **Sustainability – a strategic cornerstone**

Sustainability constitutes both challenges and opportunities and therefore it is considered one of our strategic cornerstones. In addition to fostering sustainable business practices, we want to be the employer of choice to attract new employees to the company and at the same time retain the talented and skilled people we already have.

Our vision is to become 100% CO<sub>2</sub> neutral and be a thought leader in sustainability as well as to include sustainability as an integral part of our services and offerings. This supports our strategic intention to provide our customers with the best service experience.

To improve our sustainability work further, we will continue to develop our operations in the following areas:

- Full organisational coverage of sustainability data.
- Integration of mandatory sustainability items into the business planning process.
- Inclusion of CR into incentive systems.
- Full integration of ISO 14001 compliant Environmental Management System (EMS) into our business systems.
- Prioritising sustainable suppliers and partners.
- Improve customer satisfaction.
- Improve employee satisfaction.
- Improve diversity throughout the company.
- Further mitigate environmental impact through Green Offices, efficient data centres and reduced travelling.
- Significantly increase our sustainability services.

### **Key sustainability risks**

Risks are measured on their possible impact, likelihood and level of management. Risks are inherent in all business operations and activities, and all employees are responsible for managing them.

## Strategy for CR and sustainability

We have created a risk management framework with selected risk categories (strategic, financial, operational). Our most critical risks are related to key business processes such as:

- Sales and delivery processes.
- Capability to run successful mergers and acquisitions operations.
- Ability to proactively adapt our business to market changes.

Additionally, we will not accept risks that:

- Affect personnel safety.
- Jeopardise the safety and quality of processes and products.
- Break laws or regulations or contradict our values, Code of Conduct or similar policies or guidelines.
- Endanger our clients' assets.
- Endanger intellectual property rights.
- Endanger our reputation, brand or image.

Part of our strategic risks are related to Corporate Governance, an area with great concern in the sustainability field. Certain markets pose greater risks regarding our ability to operate without

succumbing to unethical business practices. We have a fairly centralised governance model and will not under any circumstance tolerate corruption or any other unethical behaviour.

Another strategic risk within the sustainability area is sufficient availability of the right competencies. Inability to attract and retain top talents and increased personnel turnover might compromise operational quality and efficiency. This can lead to declining competitiveness. More on this topic can be found on page 31.

Other sustainability risks are not considered material in terms of impact and likelihood.

The use of energy, however, is an important topic for all IT companies. The IT sector as a whole consumes large amounts of energy. Most of this consumption is related to data centres. We strive to reduce energy consumption in our data centres by using the latest technology, reusing heat and introducing free cooling where possible. See also page 43.





The external stakeholders' concerns for this ecological footprint are not yet significant. Internally, it is viewed as more of an opportunity to address these issues in a responsible way and thus gain trust as a responsible company.

Information security, however, is an area of great importance for our external stakeholders, especially now that the market is moving towards buying IT as a Service, i.e. cloud services.

In the following chapters, you can read more about how our strategies have been put into action and how the management approach to these vital processes is designed.

### **CR organisation**

Senior Vice President & Head of Corporate Responsibility, Carl-Harald Andersson, reports to the Executive Vice President & Head of Strategy, who is a member of the Leadership Team. A few times a year, the head of Corporate Responsibility also participates in Board meetings and leadership meetings to report on Corporate Responsibility related issues.

The Corporate Responsibility (CR) Steering Group is our highest body in CR issues. It coordinates, monitors, and provides advice to the Board of Directors, President and CEO and the Group management on CR issues.

The Steering Group has nine members. The chairman is Carl-Harald Andersson. In 2010, the other members were:

- Esa Hyttinen, Legal Counsel
- Reeta Kaukiainen, Vice President, Communications & IR
- Elina Kulovesi, Brand Management
- Johanna Louhi, Director, HR Excellence
- Pilar Lundholm, Corporate Marketing
- Harri Pajunen, Head of Global Facilities & Procurement
- Johanna Pyykönen-Walker, Executive Vice President, HR
- Sampo Salonen, Head of Tieto Global Delivery & Quality

# Materiality assessment

**For this report, we conducted an external and an internal materiality assessment in order to determine the most important aspects regarding sustainability. These are also the areas that are addressed in this report.**

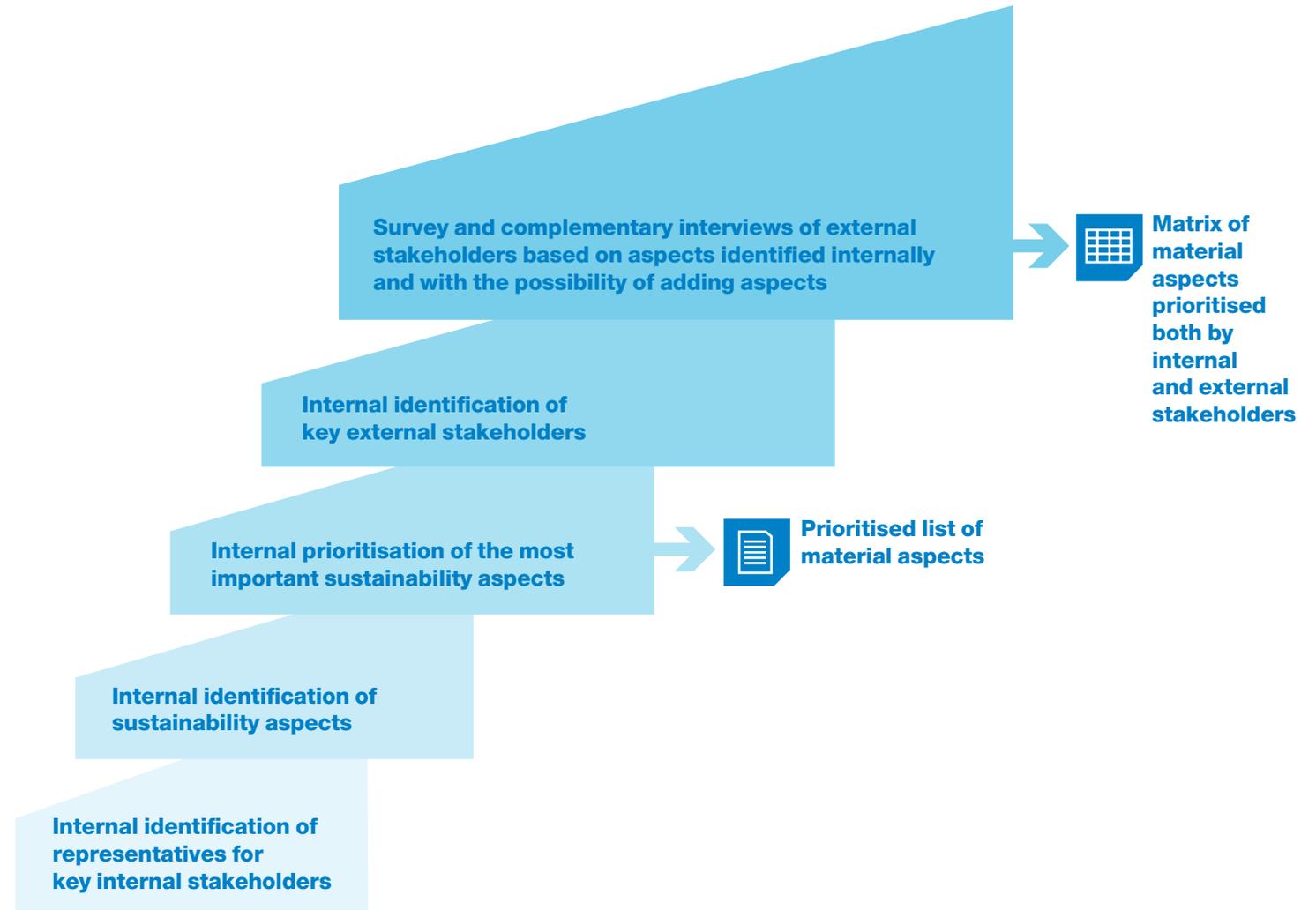
## Internal stakeholders

Senior Vice President, Corporate Responsibility  
 Senior Advisor  
 Head of CMO Office  
 Head of Marketing  
 Business Unit Manager, Forest  
 Executive Vice President, HR  
 Director, HR Excellence  
 Corporate Marketing Manager  
 Director, Marketing & Communications  
 Vice President, Communications & IR  
 Investor Relations Manager  
 Director, Global Facilities & Procurement  
 Legal Counsel  
 Lead Sustainability Intelligence Consultant  
 Lead Sustainability Intelligence Consultant  
 Principle Business Consultant  
 Executive Vice President, Global Delivery & Quality  
 Country Alliance Manager  
 Director, Head of Global Certification  
 Head of IT Project Services  
 Controller, Human Resources

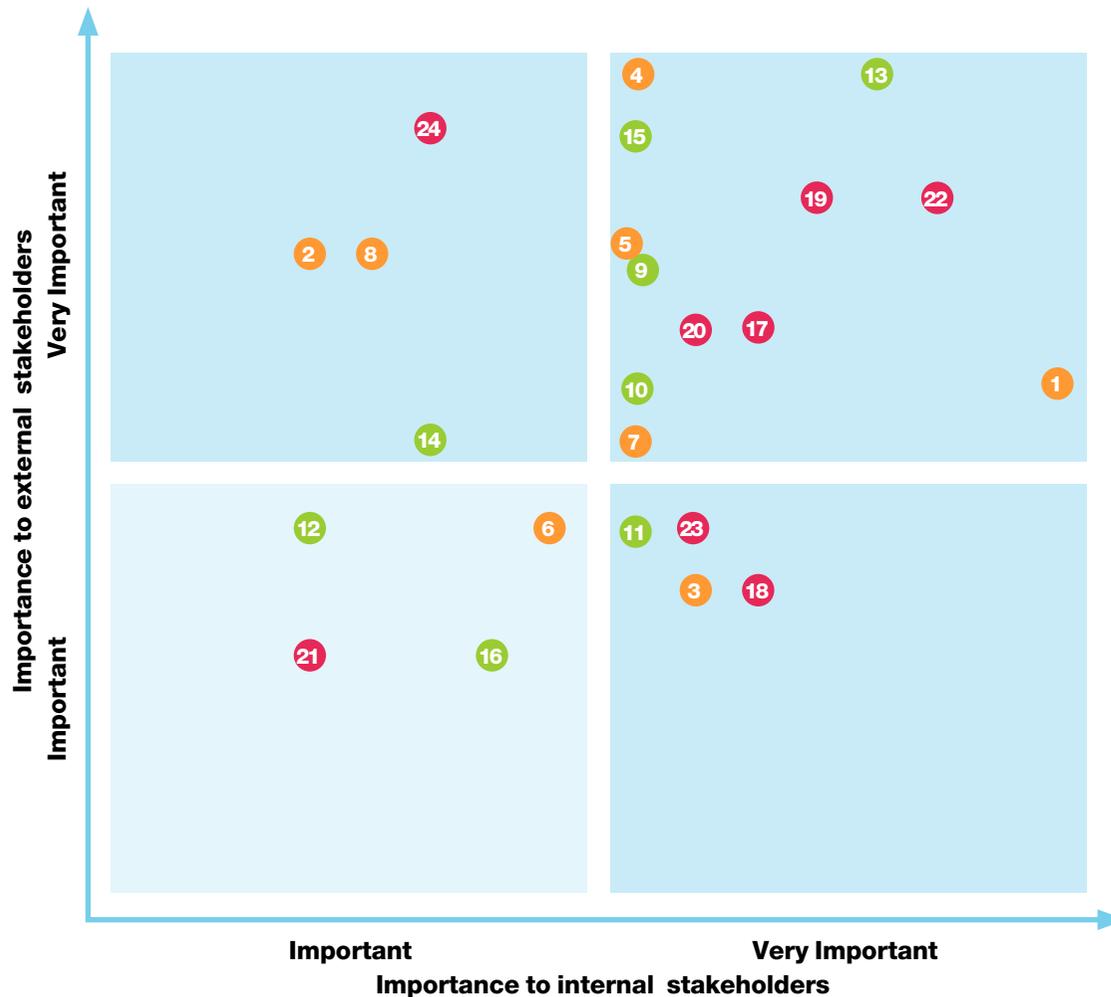
## External stakeholders

Customers	NGOs
Investors	Labour Unions
Shareholders	Suppliers/partners

**Materiality assessment process:**



# Materiality results



**In line with our expectations, our internal and external stakeholders view sustainability offerings, business ethics and competence development as the most important sustainability aspects. Additionally, financial performance, quality and environmental procurement requirements are perceived as crucial success factors.**

## Economic

- 1 Financial performance
- 2 Corporate governance
- 3 Effective / lean business processes
- 4 Quality of products and services
- 5 Customer satisfaction
- 6 (Product) Innovation
- 7 Information security and data privacy
- 8 Transparency and openness

## Environmental

- 9 Energy consumption
- 10 Greenhouse gas emissions, climate change
- 11 Use of materials and chemicals
- 12 Waste management; end of life of products
- 13 Sustainability offerings (e.g. Green IT)
- 14 Driving standardisation and certification (products and services)

- 15 Procurement and supply chain; environmental requirements
- 16 Environmental certification

## Social

- 17 Working conditions and work life balance
- 18 Employee health and safety
- 19 Competence development and training; career opportunities
- 20 Employee relations – employee engagement / satisfaction and labour union relations
- 21 Social engagement – community engagement and charity
- 22 Business ethics – partner relations, anti-corruption; competition law issues
- 23 Diversity and equal opportunities
- 24 Procurement and supply chain; human rights and other social requirements

# Stakeholder dialogue

**We want to foster continuous collaboration and dialogue with all our key stakeholders. We want to know and understand their needs, expectations and concerns, and to respond to them promptly and proactively.**

In our internal workshops, including all core functions, we have identified our primary stakeholders i.e. all those who have a direct relationship with, or are affected by, our business operations.

Certain types of stakeholder cooperation, such as investor relations and Group-level media relations, are centralised within the Group functions. However, most relations are managed throughout the organisation.

On the next page we outline what issues are dealt with in relation to the particular stakeholder, and what the main interactions are. In general, stakeholders are not very active in addressing CR-related issues with us.



Stakeholders	Key issues identified		Interaction	Frequency of interaction	Actions regarding issues raised by stakeholders
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Career opportunities</li> <li>• Training and personal development</li> <li>• Job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Secure working environment</li> <li>• Equal and fair treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Employee satisfaction surveys (Voice)</li> <li>• Employee representative/Union dialogue</li> <li>• Development discussions</li> <li>• Eureka and other social media tools</li> </ul>	Voice survey and development discussions annually. Monthly meetings with Union and employee representatives. Continuous use of social media tools.	Training, career development, job rotation, support for physical exercise and leisure activities.
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Reliable and efficient services</li> <li>• Sustainability offerings</li> <li>• Quality of services and deliveries</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-effectiveness</li> <li>• Responsible way of conducting business</li> <li>• Sound business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys (CSS)</li> <li>• Customer magazines, audits, seminars, exhibitions, workshops</li> <li>• Governance models</li> <li>• Materiality analyses (MA)</li> </ul>	CSS and MA annually. Operative activities on a continuous basis including governance.	Adaptation and collaboration in service/product development. Planning and strategy discussions.
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>• Profitability and return on investment</li> <li>• Good corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent and honest communications</li> <li>• Accurate, up-to-date information</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder meetings (AGMs)</li> <li>• Capital Market Day (CMD)</li> <li>• Road shows and investor and analyst meetings</li> <li>• Materiality analyses (MA)</li> </ul>	AGM, CMD and MA annually. Meetings and other investor collaboration on a continuous basis.	Increased investor information on the web including corporate responsibility.
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>• Solid business ethics</li> <li>• Aligned practices and targets</li> </ul>	<ul style="list-style-type: none"> <li>• Mutually beneficial relationships and business activities</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier audits</li> <li>• Alliance program</li> <li>• Governance models</li> <li>• Materiality analyses (MA)</li> </ul>	MA annually. Other activities on an annual, quarterly, or more frequent basis.	Collaboration in service/product development and business models. Planning and strategy discussions.
<b>Students and potential employees</b>	<ul style="list-style-type: none"> <li>• Collaboration and job opportunities</li> <li>• Joint projects</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Career days</li> <li>• Student fairs</li> <li>• Development projects</li> <li>• Research collaboration</li> </ul>	Career days and student fairs a few times a year.	Theses work, seminars and lectures, recruitment.

# Our sustainability offerings

**IT has great potential to help reduce greenhouse gas emissions. We are committed to help our customers reduce their environmental impacts, cut costs and create profitable businesses through innovative Green IT services. This mindset has made sustainability an integral part of our business strategy.**

## The IT industry has a responsibility

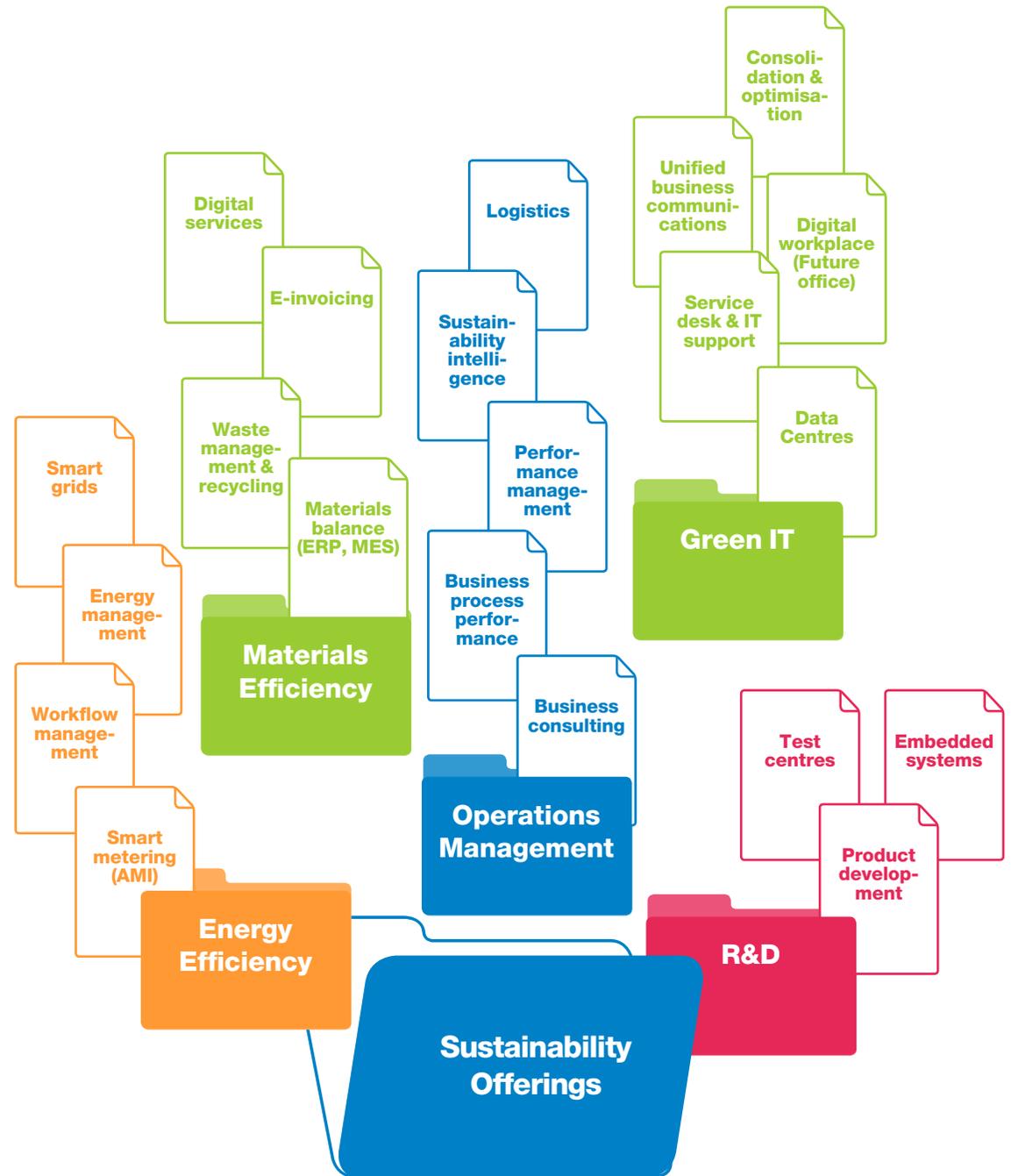
IT is part of the solution to climate change, but also an underlying cause. Research say that information and communication technology (ICT) equipment and services consume over 8% of electrical power in the EU and produce about 4% of its CO<sub>2</sub> emissions. These figures could double by 2020. Other studies say that the IT and

telecom sectors contribute as much as air travel to global warming, partly due to energy consumption for running and cooling data centres.

The IT industry has a key role in tackling climate changes – by influencing politicians, introducing industry standards and by developing smart IT solutions and services. According to the Smart 2020 Study by the Global e-Sustainability Initiative (GeSI), IT has the potential to help reduce emissions globally by 15% by 2020.

## Sustainability in all our offerings

In Tieto, we are working to ensure all our solutions are sustainable, regardless of whether a customer is purchasing cloud services, financial services, advanced metering solutions or any other of our IT services. In 2010, we started a project to define and declare the environmental and sustainability performance of our services. The development of environmental declarations on selected services will continue in 2011.



Our ambition is to become the preferred Green IT partner. We continuously work to develop new ideas and offerings, in cooperation with research institutes and other strategic alliances and partners. Today our sustainability offerings include solutions for financial efficiency, energy and material efficiency, IT operations management, Green IT and R&D.

### E-invoicing and other electronic transactions

Electronic transaction services is one area where modern IT has created a change in behavior among consumers, with significant positive effects on the environment. According to Gartner we are one of the biggest actors in business

to business (B2B) electronic transactions in Europe. In 2010, we conducted over 763 million electronic transactions (623 million in 2009). 219 million of these replaced individual printing and sending paper copies by ordinary mail. At least another 300 million paper transactions were replaced by other IT services. Below is an estimate of the CO<sub>2</sub> savings only from these types of services.

### Future Office

Reducing travelling is another way of reducing our environmental impact. Our Digital Workplace and Future Office solutions, which have been implemented in all our offices, and also in several of our customer's offices, enable online collaboration and communication by using digital tools such as live meetings, video and teleconferences. Internal social media technologies are widely used. We also design, deploy and host communications solutions for several customers.

### Electronic transactions and other e-services replacing paper mail

	Quantity (million mails)	CO <sub>2</sub> emissions saved (tons CO <sub>2</sub> )*
B2B e-transactions replacing paper	219.0	75 346
Tieto e-invoices	0.2	75
Other e-services e.g. Electronic account statements, campaigns, secure mail (estimates)	300.1	87 233
<b>Total</b>	<b>519.3</b>	<b>162 705</b>

\*CO<sub>2</sub> savings refer to printing, envelopes and sending each paper transaction/information by ordinary mail. The conversion factor has been taken from a recent Finnish study.

### Reducing more CO<sub>2</sub> than we emit

In 2010, the reduction of customer CO<sub>2</sub> emissions through Tieto's services exceeded our own emissions. Our CO<sub>2</sub> emissions were estimated to be 52 646 tons, compared to approximately 162 000 tons saved only through the electronic transaction services replacing printing and ordinary mailing.

## Our sustainability offerings

### Sustainability Intelligence Services

As a result of our own internal sustainability work, we have developed a “Sustainability Intelligence Service” that helps our customers minimise expenses and maximise profits by adding value to their services and products. The service enables customers to collect, analyse, store and report the sustainability performance of their business. It can be used to make sustainability reports and calculate CO<sub>2</sub> emissions, and it uses standard GRI and CDP (Carbon Disclosure Project) indicators. The cloud-based service is easy to take into use, is scalable and can be used both by small and large organisations. In Tieto, we use it internally as our main CR reporting tool. The development and commercialisation of the offering will be further expanded in 2011.

In the beginning of 2011, we entered a joint research project with Nokia and Kone focusing on improving business by gathering data from the whole product life-cycle. Our Sustainability Intelligence Service will be used as the platform for gathering the life-cycle data in this project.



### Green IT award for Tieto

Tieto Norway was honoured for the project “Manage Smart with Smart Grids” with a diploma as top three amongst 16 nominees in the Norwegian Computer Society’s Rosing Green IT award 2010, an initiative to promote the best Norwegian IT companies. According to the jury, Tieto has a “Smart Grid approach that will form the foundation for many new environmentally friendly business models in the future”.

**The future energy infrastructure, the Smart Grid, makes it possible for end-users to automatically control energy consumption and sell excess energy that has been generated, back into the grid. We take active part to deliver the foundation for Smart Grids.**

Smart grids are about planning, building and operating electricity networks that improve energy efficiency and help reduce greenhouse gas emissions. The “smartness” of the grid is enabled through intelligent use of new technologies and solutions. This helps to integrate renewable energy resources, reduce energy consumption, promote increased end user involvement and enable new energy services.

### AMI systems and Smart meters

Key characteristics of a smart grid are the use of two-way digital communication to control energy generation and consumption, local production from renewable sources and decentralized energy storage. With real-time reporting of energy consumption, there is a better possibility to balance energy generation and demand. To enable this, we are heavily involved in the implementation of AMI (Advanced Metering Infrastructure) systems.

# Contributing to smart grids

“Tieto is a company with an innovative culture and a profound knowledge and experience from the energy sector. During the past years, we have been involved in the roll-out and maintenance of AMI through projects with approximately one million new “smart meters” that enable automatic meter reading and new energy services in homes in Sweden and Finland”, says Jan Berntzen, Energy Solutions Architect at Tieto.

### From consumers to “prosumers”

In the future, smart grid consumers will become “prosumers”, meaning they are able to sell any excess energy they generate – for example, from solar panels – to the grid and take control of the energy they buy. To cut consumption peaks, it could also be possible to use temporary energy storage in, for example, plug-in electric vehicles. The environmental benefits of smart grids come from increased use of renewable energy sources and increased energy efficiency. Realtime measurement and feedback of energy consumption and costs also increases consumer awareness, and has been proved to lower consumption significantly.

### Taking the lead

Regulations in the energy sector and continuously increasing environmental awareness are two

strong driving forces for the development of smart grids. For Tieto, this creates the possibility to take the leading role in the Nordics, through developing good “win-win” business models for the different actors involved. Jan Berntzen describes the next steps:

“In 2010, we launched “Manage Smart in Smart Grid”, a three-year project sponsored by the Norwegian Research Council that explores the potential of AMI and Smart Grids for improving energy efficiency, both in private homes and larger buildings. The project is a cooperation with the Norwegian Centre of Expertise (NCE) Halden and was initiated by Knut Gustavsen, Tieto Norway. During the first year we have focused on building partnerships with key stakeholders developing business models and establishing two pilot studies that will start during 2011.”



**Jan Berntzen,**  
Energy Solutions  
Architect at Tieto

# Economic

RESPONSIBILITY  
CHAPTER  
2010

## Aiming for sustainable profits

**The goal of any business is to make a profit and create shareholder value by providing goods and services that people want to buy or invest in.**

Sound financial performance enables us to develop our operations, including corporate responsibility work. Any company with an interest in the future needs to plan its sustainability work from an economic perspective. However, we also strongly believe that our corporate responsibility work leads to sustainable profits. Sustainable business practices, sound governance and risk management and social sponsoring are crucial parts of our economic responsibility. In this report, we have also included quality and customer satisfaction.



### Key achievements in 2010:

- Our strategy was revised to meet changing market conditions in which IT is increasingly consumed as a service. The new strategy seeks higher differentiation and specialisation to further strengthen our market position. >>page 22
- Net sales growth and profitability were flat in 2010, but the order backlog increased by approximately 25%, totalling EUR 1 574 (1 258) million at the end of the year. >>page 21
- Gearing decreased to 9.3% (12.7). >>page 22
- Net cash flow from operations increased to EUR 142.9 (126.4) million.
- Dividend per share in 2010 amounted to EUR 0.70 (0.50). >>page 21
- At the end of 2010, 37% of our employees were working in global delivery centres. >>page 28
- Our social sponsoring totalled EUR 0.6 million. >>page 22

**Financial performance** >>page 21

**Overview of governance** >>page 24

**Our quality work** >>page 26

# Financial performance

Financial Indicators	2010	2009
Net sales, EUR million	1 713.7	1 706.3
Operating profit (EBIT), EUR million	72.4	75.3
Operating margin, %	4.2	4.4
Operating profit (EBIT) excl. one-off items, EUR million	110.0	108.0
Operating margin excl. one-off items, %	6.4	6.3
Profit before taxes, EUR million	66.1	70.3
Earnings per share, EUR	0.69	0.77
Equity per share, EUR	7.80	7.25
Dividend per share, EUR	0.70	0.50
Investments, EUR million	101.4	58.9
Return on equity, %	9.2	11.0
Return on capital employed, %	15.1	16.8
Gearing, %	9.3	12.7
Equity ratio, %	47.6	46.0
Full-time personnel on average	17 097	16 568
Full-time personnel on 31 December	17 757	16 663
Wages and salaries, EUR million	763.6	739.4
Significant financial assistance received from government, EUR million	4.2	2.7
Tax payments, EUR million	19.6	14.5

**In 2010, we signed a number of important new customer contracts. On a full-year basis, our sales were flat, but growth started to pick up towards the end of the year. Net sales for 2010 amounted to EUR 1 713.7 million (1 706.3) and operating profit was EUR 72.4 million (75.3).**

Our profitability was strained by substantial restructurings in our international businesses leading to an EBIT margin of 4.2% or 6.4% excluding one-off items. One of our key targets in 2011 is to fix the underperforming businesses to improve our profitability and ability to invest in our future.

### Focus on improving business performance and driving growth

For us, economic responsibility means striving to ensure that we are profitable while providing value for all our stakeholders. Sustainable business practices, sound risk management and

social sponsoring are integral parts of economic responsibility.

The IT services market did not grow in 2010. Outsourcing of ICT infrastructure and application management as well as business process outsourcing were active throughout the year but demand for project services was stagnant. In Tieto, we continued building our global delivery capability as well as streamlining of the company to improve performance, especially in our international operations.

Full-year net sales amounted to EUR 1 713.7 (1 706.3) million. Growth came mainly from the outsourcing of ICT infrastructure and application management. The increase in net sales was curbed by the divestments of non-core businesses in North America and France. Full-year operating profit (EBIT) amounted to EUR 72.4 (75.3) million, representing a margin of 4.2% (4.4). Operating profit includes EUR 30.4 million of one-off costs.

Capital expenditure, including financial leasing, amounted to EUR 99.5 (57.5) million. Development costs totalled EUR 44.2 million representing 2.6% of net sales (EUR 53.1 million in 2009, representing 3.1% of net sales). These development costs were

## Our financial performance

mainly related to the development of offerings, own software products, data centre services and global delivery platform as well as quality. Investments in new data centres in Finland, Sweden and Russia amounted to EUR 24.8 million. Personnel costs excluding currency effects and restructuring remained at the same level as in 2009.

In Finland, we received EUR 0.4 million from TEKES, the Finnish Funding Agency for Technology and Innovation for product development purposes. The government of the Czech Republic granted EUR 3.6 million to support employment and business activities. In Poland, we received EUR 0.2 million from Polish Ministry of Economics for R&D investment for 2010–2011.

The social sponsoring activities during 2010 amounted to EUR 0.6 million and included both Non-Governmental Organisations and institutes for education. On top of this, we have also been involved in a few pro-bono projects. Read more on page 39.

At the end of 2010, the consolidated balance sheet totalled EUR 1 240.6 (1 195.3) million. The equity ratio was 47.6% (46.0). Gearing decreased to 9.3% (12.7). Net debt totalled EUR 51.8 (66.0) million, including EUR 152.0 million in interest-bearing debt.

After the exceptionally difficult times in the overall operating environment during the past years, we now aim to grow our sales and improve our profitability. The main growth drivers are still our strong offerings in outsourcing areas and specific industry solutions. We aim to strengthen our enterprise services – horizontal IT offerings – to build real competitive advantage and differentiation, and use our innovation power to help our customers harness the many benefits of modern IT.

### Economic value for different stakeholders, EUR million

Stakeholder	2010	2009
<b>Customers (net sales)</b>	<b>1 713.7</b>	1 706.3
<b>Employees (wages and benefits)</b>	<b>1 017.1</b>	986.7
<b>Shareholders (dividend)</b>	<b>50.0</b>	35.7
<b>Suppliers (purchases and services)</b>	<b>563.2</b>	591.1
<b>Government (paid taxes)</b>	<b>19.6</b>	14.5



## Indexes

We are a member of the Ethibel Sustainability Index (ESI), Kempen SNS Smaller Europe Socially Responsible Investment (SRI) Index and OMX GES Sustainability Finland Index. At the end of 2010, we received a “prime” status (good sustainable investment) from Oecom research AG. Due to our current market capitalization, we are now classified as a small cap company in some sustainability evaluations. As a medium cap size is often required, we are no longer eligible for some major indexes such as DowJones Sustainability Index and FTSE4Good.

### The Ethibel Sustainability Index (ESI)

The ESI provides a comprehensive perspective on the financial performance of the world’s leading companies in terms of sustainability for institutional investors, asset managers, banks and retail investors.

### Kempen SNS Smaller Europe SRI Index

The Kempen SNS Smaller Europe SRI Index is the first index to track the SRI performance of smaller companies in Europe.

### OMX GES Sustainability Finland Index (OMXSUSTAINFI)

Tieto became a member of the OMX GES Sustainability Finland index (OMXSUSTAINFI) in 2011.



Kempen SNS Smaller Europe  Index



## Our strategic participations

- UN Global Compact
- The Federation of Finnish Technology Industries
- Confederation of Finnish Industries EK
- Almega – employer and trade organisation for the Swedish service sector
- SIS, Swedish Standards Institute



# Corporate governance

**Tieto Corporation is committed to good corporate governance and fully complies with the Finnish Corporate Governance Code issued by the Securities Market Association in Finland in 2010. Below we outline the governance issues that are key for sustainability reporting.**

Tieto's highest decision-making body is the Annual General Meeting (AGM). The AGM elects the members of the Board of Directors.

Tieto is committed to good corporate governance and a culture of business integrity and accountability. The Finnish Corporate Governance Code, our Code of Conduct and Charter of the Board and its Committees provide the framework for our governance activities. The full report on the company's compliance with the Finnish Corporate Governance Code can be found on our investors [website](#).

## Board of Directors

Tieto's Board members shall be professionally competent, and as a group, have sufficient knowledge of and competence, inter alia, in the company's field of business and markets. The Shareholders' Nomination Board determines the expertise requirements of the members of the Board for guiding the organisation's strategy on economic, environmental, and social topics and prepares a proposal on the composition of the Board to be presented to the AGM. Shareholders may also propose Board members to be elected by the AGM. In addition to the members elected by the AGM, Tieto's personnel elects two members and two deputy members to the Board of Directors. This is done by the personnel representatives in accordance with the Personnel Representation Cooperation Agreement.

According to Tieto's Articles of Association, the Board of Directors shall consist of at least six and no more than twelve members. Board members have a term of office of one year.

The performance of Tieto's Board is assessed annually; the latest assessment was carried out by an external partner in late 2010.

Assessments review the Board's knowledge of the company's operations and management as well as its understanding of business conduct. Additionally, the effectiveness of the Board work is evaluated.

## Tasks of the Board

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

- Approves the company's values, strategy and organisational structure.
- Defines the company's dividend policy.
- Approves the company's annual plan and budget and supervises their implementation.
- Monitors management succession issues, appoints and discharges the President and CEO.
- Decides on the President and CEO's compensation, sets annual targets and evaluates their accomplishment.
- Decides on the compensation of the President and CEO's immediate subordinates.
- Addresses the major risks and their management at least once a year.

## In 2010, the AGM elected the following persons to the Board of Directors

Markku Pohjola (Chairman)  
Olli Riikkala (Deputy Chairman)  
Kimmo Alkio  
Christer Gardell (new member)  
Kurt Jofs (new member)  
Eva Lindqvist (new member)  
Risto Perttunen  
Teuvo Salminen (new member)

## Personnel representatives elected by employees

Anders Eriksson  
Jari Länsivuori

## The main internal policies and external principles guiding our activities

- **Code of Conduct**
- **Human Resources Policy**
- **Occupational Health and Safety Policy**
- **Environmental Policy**
- **Corporate Governance Statement**
- **Anti-Corruption Policy**
- **Competition Law Compliance Policy**
- **UN Global Compact principles**
- **OECD guidelines for multinational enterprises**

- Reviews and approves interim reports, annual reports and financial statements.
- Reviews and approves the company's key policies.
- Meets with the company's auditors at least once a year without the company's management.
- Appoints the members and Chairmen of the Board's committees and defines their charters
- Reviews assessments of its committees as well as the President and CEO.
- Evaluates its own activities.

### Independence

In 2010, all Board members were non-executive directors and independent of the company.

The majority of Board members shall be independent of the company and at least two of the members representing that majority shall be independent of significant shareholders (not employed by the company nor having any material relationship with the company or its significant shareholders). The Board of Directors carries out a self-evaluation on their independency at the Board's constitutive meeting. The Board members shall inform the

Board if any changes in these circumstances occur, in which case the independency will be re-evaluated.

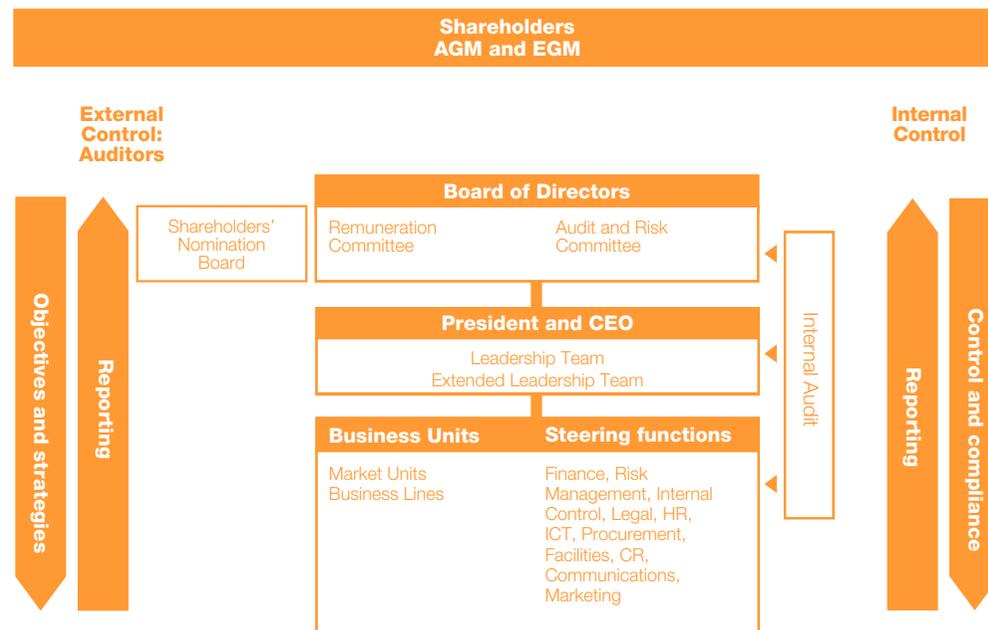
### Remuneration of the Board and the Leadership Team

According to the decision of the AGM, the Board members and the Chairman of each Board Committee receive fixed monthly cash compensation. In addition, the Board members will be paid a remuneration for each Board meeting and for the meetings of all permanent or temporarily set Board committees. Remuneration of the Leadership Team members consists of:

- Base salary and benefits.
- Short-term incentives: an annual bonus.
- Long-term incentives, such as option or other share-based programmes and pension plans.

The short- and long-term incentives are described [here](#).

### Governance at Tieto



#### External rules and regulations

Companies Act  
 Securities Markets Act  
 Rules of NASDAQ OMX Helsinki and Stockholm  
 Standards of the Financial Supervisory Authority  
 Finnish Corporate Governance Code  
 United Nations Global Compact Principles  
 OECD Guidelines for Multinational Enterprises

#### Internal rules and regulations

Articles of Association  
 Charter of the Board  
 Charters of the Board's Committees  
 Code of Conduct, values  
 Policies, rules and guides

# Quality and customer satisfaction

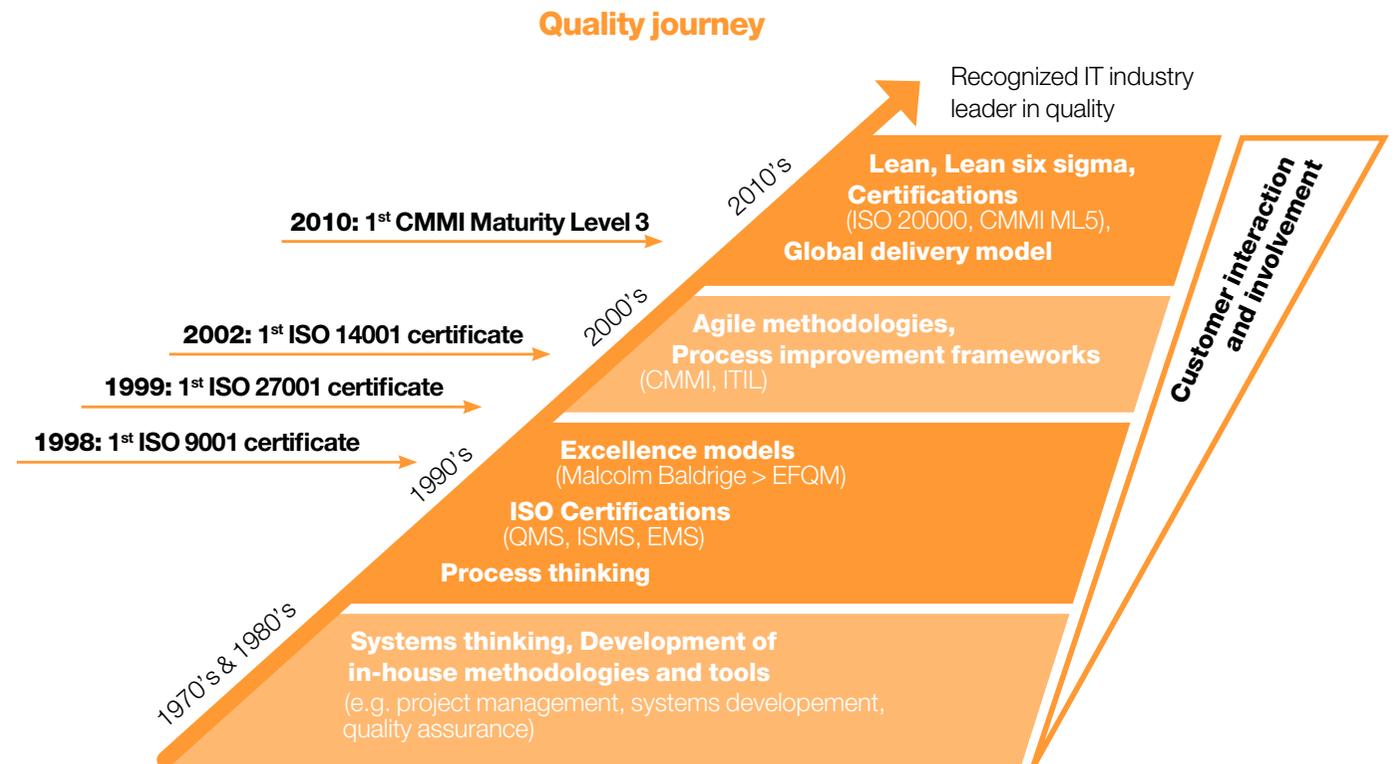
**Quality is one of the top priorities at Tieto and an integral part of our daily work. We focus on issues which add most value to our customers' businesses and deploy standardised and scalable approaches to increase efficiency, agility and innovation.**

## Quality Excellence

Our goal is to become a recognised IT industry leader in quality, and we continue our work to achieve higher process maturity. Our customers and partners benefit from this in terms of minimised delivery overruns, managed risks, decreased quality costs as well as agility, proactivity and flexibility through transparency.

We have defined four essentials for delivering quality and working systematically with follow up and continuous improvement:

- Customer benefit – measurable and predictable quality to meet customer needs and expectations.
- Performance – superior and sustainable performance, innovation and agility through world-class capabilities and standard processes.
- Continuous improvement – frequent dialogue with key stakeholders and integration of their feedback to improve our operations.
- Commitment – everyone in Tieto is committed to quality as a high management priority.





### Tieto Way

Our way of working is described in our W2E (Way-to-Excellence) business system. It is a repository of processes based on best practices gained during over forty years. It is continuously benchmarked and compliant with international standards and frameworks like ISO 9001 (quality management systems), ISO 27001 (information security management systems), ISO 14001 (environmental management systems), ITIL (IT Service Management) and CMMI (Capability Maturity Model Integration).

We are also compliant with many other frameworks like Project Management Book of Knowledge (PMBOK) and Unified Process. Furthermore the compliance is ensured with some industry standards, e.g. ISO/IEC 15504 (SPICE) within automotive industry, EU Medical Device Directive (2007/47/EC) within healthcare industry and ISO 13485:2003/AC:2007 for medical devices.

### Management systems

Many of our operations are externally certified according to these international standards for

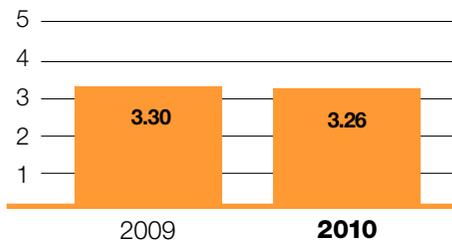
management systems. Our selected certification partner is Det Norske Veritas (DNV), an accredited certification body.

At the end of 2010, over 50% of our business (employees) were covered by ISO 9001 certificates, and close to 30% of our units were certified according to ISO 27001. Internally we implement an annual audit and assessment programme to ensure compliance of our operations with our standard processes. There were several minor non-conformities identified in the audits and assessments during 2010. The corrective actions have already been taken.

In 2010, DNV reported three major non-conformities in its audits. One originated from ISO 9001-based audit and was related to the practices for management review and follow-up on quality performance. An action plan was developed and corrective actions are now taken. As a result the non-conformity has been down-graded to minor. The other two originated from ISO 27001-based audit and were related to our process for risk analysis and risk assessment. As a result of an immediate action plan and measures taken, these were corrected before the end of 2010.

## Quality & customer satisfaction

### Customer Benefit Index\*



\*Tieto index for customer satisfaction

In 2010, we achieved CMMI Maturity Level 3 for our projects implementing agile software development. Our global delivery centre in India was the first unit in Tieto externally recognised as a CMMI level 3 organisation. Our aim is to achieve the CMMI level 3 in all our units by the end of 2013. Selected units aim at CMMI Maturity Level 4 or even 5 during 2012–2013.

Our Global Delivery Model – “Customer-driven Global Delivery” – is designed to ensure cost-competitive delivery excellence and hence to provide our customers with the best service experience. We have actively been increasing our capacity in global delivery centres. By the end of 2010, 37% of our employees were working in these centres.

### Customer satisfaction

Customer satisfaction reflects the way we interact with our customers. We aim to provide our customers with the best service experience. In practice this means listening to our customers, analysing and recognising possible gaps in services and proactively improving service levels.

Customer satisfaction is measured through an annual customer satisfaction survey (CSS). The

CSS Benefit Index is the overall index for customer satisfaction. In 2010, the customer benefit index was 3.26 compared to 3.30 in 2009 (scale 1–5). To realise our target and become a leader in quality, we want to create a remarkable improvement in the customer satisfaction.

During 2010, we started several improvement activities. The realisation of the Service Excellence is one concrete example. This is a cultural change that will affect the whole company, aiming for increased quality awareness and commitment at all levels and in all areas. The implementation of the initial phase of Service Excellence has already been conducted in Finland and the target for 2011 is inclusion of eight more countries.

Delivery Excellence is another example of customer satisfaction-driven activity. It is a five-year programme that was launched in the autumn 2010 aiming for improved productivity and efficiency in deliveries.

In addition to the annual customer satisfaction survey, we also use other feedback processes on a regular basis. These help us understand different customer perspectives and improve quality at strategic, tactical and operational levels.





### Information security

The Internet has revolutionised our way of working. Customers, partners and suppliers are connected and sharing information digitally, which means employees are more mobile than ever before.

These virtual business processes require a new level of information security. Information has business value and needs to be protected in accordance with agreed commitments and customer expectations. Our products, services and internal operations must comply with customer and other interest group demands on information security.

At Tieto, information security is defined as the preservation of:

- Confidentiality – protecting information from unauthorised access and disclosure.
- Integrity – safeguarding the accuracy and completeness of information and processing methods.
- Availability – ensuring that information and associated services are available to authorised users when required.

An Information Security Management System (ISMS) is defined within the business system Way to Excellence. The ISMS defines an Information

Security Organisation as well as specific Information Security Processes that must be followed.

Upholding the Information Security level is based on the general security awareness of all employees and their knowledge of the ISMS. Every manager is responsible for implementing the system and raising IT awareness of the rules and instructions set out by the ISMS. We have not experienced any losses of customer data or other serious incidents or complaints during 2010.

# Social

RESPONSIBILITY  
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## Improving our employer brand

**Our social responsibility is outlined in the Code of Conduct and reinforced through our participation in the United Nations Global Compact and the OECD's guidelines for Multinational Enterprises. We work according to these principles and guidelines.**

First and foremost, our social responsibility concerns all employees. This is the area where we must make sure that workers' rights are protected. Equally important; our employer brand is dependent on us delivering a work place and working conditions exceeding the ones of our competitors and thus becoming the employer of choice.

Our Code of Conduct applies also to our suppliers. With this we aim to ensure that our whole supply chain respects the agreed policies and guidelines of human and workers' rights.

Additionally our social responsibility encompasses also our role as a corporate citizen, to take responsibility within our sphere of influence and capacity.



### Key achievements in 2010:

- The Code of Conduct was renewed and 91% of employees have signed it. >>page 36
- An anti-corruption policy was launched. >>page 37
- Revision of competition law compliance policy. >>page 38
- Launch of a CR community for employees, including CR info, news, discussions and e-learning courses. >>page 33
- The global rollout of Success for People platform, launched in 2009, was completed. >>page 31
- The annual talent evaluation process, based on our global career path framework, was renewed. >>page 31
- Our sales incentives programme was renewed in order to boost sales and reward good sales performance. >>page 32
- Our sponsoring work from last year continued (IF in India, Children's village in Poland, Latvia and Russia). We also started a pro-bono project for Baltic Sea Action Group and made a donation to the Aalto University in Helsinki, Finland. >>page 39
- The Eureka platform was launched as an internal channel for innovation and engaging employees in business development. >>page 35

**Human resource  
management** >>page 31

**Overview of human  
rights** >>page 36

**Our work on  
business ethics** >>page 37



# Our people

## **A rapidly changing business environment, transformation inside our own company, and customer demands set new requirements for human resources management and development.**

In 2010, we continued building a global HR function that supports strategy implementation by efficiently combining business goals with individual objectives. The main focus areas were implementation of the Success for People platform and development of the compensation framework and talent management.

### **Policies**

The HR policy, Code of Conduct and the Health and Safety policy form the basis for all HR management. Naturally, we follow local employment laws and practices, collective agreements, and individual contract terms. When terminating employment contracts, we apply the appropriate notice period and pay the related compensation to employees in all countries.

### **Managing human resources**

Our success as a company is built on the competence, experience and performance of our

employees. Therefore, we offer our employees challenging jobs, diverse development and training opportunities, and interesting career paths through job rotation. We have competitive compensation packages, including bonus and incentive systems across the business.

Working at Tieto offers the opportunity to develop and deploy IT solutions and technologies that have a real impact on people's lives, such as Green IT solutions that reduce CO<sub>2</sub> emissions. This is an important aspect for many young people when choosing an employer and one of our competitive advantages in the targeted labour markets. We also offer a truly international environment with modern networking tools that help promote knowledge sharing and cooperation across cultures.

The career path framework, implemented in 2009, was further developed in 2010 to address our strategic competence areas. The framework gives employees an overview of the career opportunities in the company. Starting from 2010, the annual talent evaluation process is based on this framework. The special focus areas in 2010 were managers, project managers and young talent.

The Success for People platform, launched in 2009, includes processes and tools for goal and performance management, competence evaluation and development planning, talent management, compensation management as well as individual

## Our people

and company incentives. It is designed to facilitate the translation of business goals into individual objectives that define more clearly what is expected from each employee. The global rollout was completed in 2010 and the tool is now available for all employees.

Our compensation system aims to ensure that we can retain our skilled professionals and attract new talent. The system creates a clear connection between compensation, individual performance and the company's financial position. The key elements are clearly defined goals and performance-based compensation.

In 2010, we also started streamlining and renewing our sales compensation programmes to boost sales performance. The purpose of the annual bonus schemes is to reward exceptionally good performance and encourage reaching the agreed goals. All employees are included in the annual bonus system, which is strictly based on financial results.

Development of our HR information systems covered, for example, an automated global solution for employment life-cycle management that was taken into pilot use at the end of 2010. Solution development and global roll-out will continue during 2011.

### Goals and Performance

Our goal is to be the employer of choice. Working at Tieto should be enjoyable and rewarding, and we want to offer our employees opportunities for personal and professional growth through training and on-the-job learning. This is why we actively encourage internal job rotation.

Our annual employee satisfaction survey, VOICE, aims to analyse our strengths and weaknesses, to develop business operations and help the management to measure and understand how goals, strategies and values are implemented in daily work. In the 2010 survey, the response rate was again very high, reaching 89%.

Compared to the previous year, the overall employee satisfaction level remained relatively stable in 2010 reaching an index of 627 of 1 000. Several areas saw a positive trend, e.g. awareness of customer satisfaction, leadership, communication and follow-up on goals as well as understanding of company's strategy and values. Nevertheless, the survey also defined development areas in order for us to become best in class, such as our operational capabilities, working



**Employee turnover in 2010, %**

Age	Male	Female	Total
1 < 30	18.79	13.61	17.50
30–39	12.27	8.47	11.38
40–49	6.63	6.76	6.67
> 50	3.67	2.24	3.21
<b>Total</b>	<b>10.43</b>	<b>7.31</b>	<b>9.58</b>

environment and the relationship between Tieto and our employees. We have used the results of this survey to define key development areas for 2011. These will focus on implementing our new, simplified operating model and organisational design that aims to increase efficiency and clarify accountabilities across the organisation.

Our employees are our key asset and retention of employees therefore a strategic sustainability issue. While our targeted level for corporate wide employee turnover was 7% globally in 2010, the twelve-month rolling figure stood at 9.5% (6.3 in 2009) at the end of December. The main reason for rising figures, especially in emerging markets, such as India and China, is the positive market development which has led to competition for best IT talents. This trend is creating challenges in retaining and hiring talent. Due to rising attrition rates, salary inflation is expected to rise.

### Learning and competence development

We offer employees excellent potential for personal growth. We use a competence

development planning process which helps us manage and develop our employees' performance and competencies in alignment with business targets.

In 2010, we invested in the transformation of competences to increase the agility and business growth. We also created a new CR community for all employees, including CR info, news, discussion and 6 new CR related e-courses. In this internal community all CR related material are collected in one place. The total average training hours per employee was 68.3 (58.3 in 2009).

### Pension plans

We operate a number of different pension plans in accordance with national requirements and market practices. The majority of the plans are classified as defined contribution plans. Payments to defined contribution plans are recognised as expenses for the period to which they relate. After payment of the contribution, the Group has no further obligations in respect of such plans.

For defined benefit pension plans, the liability

equals the present value of the defined benefit obligation less the fair value of the plan assets adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. The cost of providing pensions is charged to the income statement.

At the end of 2010, we had 17 757 full-time employees. Out of these, approximately 15 400 employees were covered by defined contribution plans and approximately 2 300 by defined pension benefit plans. Some employees are covered in both plans. For example, in Finland this applies to 900 employees.

### Employee representation

We respect freedom of association and collective bargaining, and maintain good relationships and active collaboration with personnel representation bodies. In countries where these rights are restricted by national law, parallel means of independent and free association are facilitated to ensure equal treatment of employees globally. Our management sees co-determination bodies as important partners. The purpose of these bodies is to promote

## Our people



interaction between management and staff, and enhance relations between employees.

A Personnel Representative Body (PRB) has been established to exchange information between the employees and the employer. It acts as a platform for personnel representation in deciding bodies. Moreover, our 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 Cooperation Agreement. Through personnel representation, it is possible to utilise the staff's expertise in decision-making concerning, for example, business operations, financial matters and personnel considerations.

### Occupational health and safety

Employees have the right to a good working environment and a good balance between work and private life. The physical and mental well-being of our employees is important and critical to the way we conduct our business. Our aim is to avoid any physical or mental illness caused by the work environment. The ultimate goal is to eradicate work

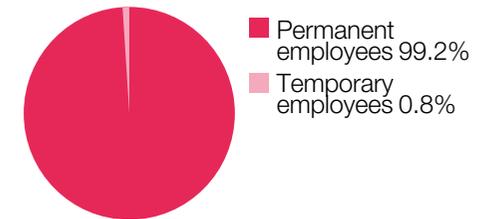
related illness completely. We recognise and accept our responsibility as an employer to provide a safe and healthy workplace and work environment for our employees and others who are visiting or working on our premises.

### Diversity

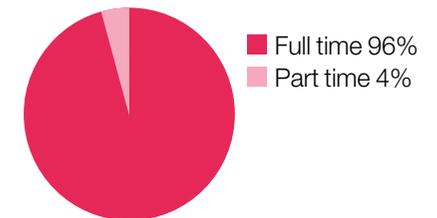
Diversity is a priority for us. In organisational development, we strive to ensure that upper management layers have a certain representation of females, young people and different nationalities. Some industries, such as the IT industry, are still male dominated and certain gender targets might be difficult to fulfil.

Our Board of Directors consists of nine men and one woman; while our nine person Leadership Team includes two women.

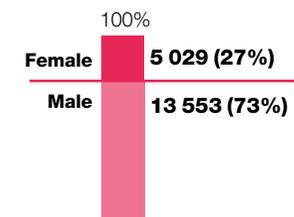
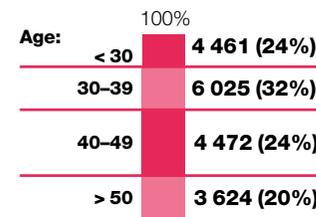
### Forms of employment



### Employment type permanent employees



### Total number of permanent employees: 18 582 (31 Dec 2010)



# Unleashing **creativity**

**Innovation in Reality™ is our new proactive approach to promote creativity and business ideas that will create new offerings to our customers. The Eureka platform for sharing and developing ideas was launched in May 2010.**

We value an innovative culture and have several examples of successful creative new solutions, developed for and sometimes in collaboration with customers and partners. However, in order to be recognised as an innovative fore-runner, further development is needed.

“With Eureka we can show our customers that we are both innovative and proactive in creating new solutions. With this common platform we can capture and develop ideas from our employees as we have designed a structured way and a tool to realize the power of creativity of Tieto”, says Anni Reimers, responsible for communication and marketing in Innovation in Reality™.

## **Message: Your idea matters**

Eureka is available to all employees via our intranet. The aim is to inspire everyone to share and discuss their ideas for innovation and improvements. Ideas range from practical suggestions for small

improvements to complex ideas for service development or new IT solutions. Each idea-maker conducts a self-evaluation to clarify the benefits of the idea for the company or its customers. All ideas are published on the company’s intranet.

“Our message to everyone at Tieto is: your idea matters. There are no restrictions on who can come up with an idea about what. We believe cross-functional discussions and different perspectives are good for innovations”, says Anni Reimers.

## **Evaluation and acknowledgement**

Posted ideas are evaluated by mentors who have competence from various technology and service areas. If the mentors decide that an idea is worth developing, the idea-maker is granted funding to further develop the idea or to build a prototype.

“The mentors encourage people to share ideas and help them to develop the ideas into tangible business results. It’s important everyone experiences that their ideas are noticed and taken care of in a proper way, through a clear process, guidelines and timelines”, says Anni Reimers.

Ideas are acknowledged and rewarded in different ways, based on the level of development and evaluated value. Ideas recommended for further development can be presented to all colleagues in a webcast.

## **Next step: Partnerships and alliances**

During 2010, the implementation of Innovation in Reality™ had an internal perspective, focusing on all Tieto employees. In 2011, we will expand the programme to involve customers and other stakeholders, building collaborative partnerships and alliances for innovations.

## **Results in 2010**

At the end of 2010, approximately 50% of our employees had visited Eureka. The number of posted ideas was 1 250, of which more than 50 were recommended for further development after evaluation. Four ideas were developed into prototypes, one example is a solution for medical records on iPad.



**Sami Heikkinen,**  
the initiator of the  
“Medical record  
on iPad” idea.

# Human rights and supply chain

## **We comply with the principles set out in the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nation's Convention against Corruption.**

These values are also outlined in the Tieto Code of Conduct which gives all employees and suppliers clear guidance on what behaviour is considered acceptable.

### **Management approach**

Our Corporate Responsibility Framework and Code of Conduct (CoC) apply to all our employees in the nearly 30 countries in which we operate. Our CoC was initially launched in 2005. It was updated in 2010 to ensure alignment with the principles of the United Nations Global Compact initiative. We started to adhere to the principles in the Global Compact in 2009, and in early 2010 we became a signatory.

### **Purchasing practices**

Our aim is to make the majority of our purchases from large corporations that already comply with the principles of Global Compact. The rule is that unless the supplier has an equivalent policy, they should sign and abide by ours.

In terms of implementation, the CoC is included in all new contracts. Regarding old contracts, we started an investigation in early 2011 in order to go through all suppliers with valid contracts and put the same requirement on them as we now do with new suppliers.

By 2013, our goal is to purchase 90% of goods and services from suppliers who follow the ISO14001 standard. Additionally, we want to ensure that all our suppliers are committed to the principles of Global Compact as soon as possible.

In 2010, a new e-learning course about our updated CoC was created and made mandatory to all employees. By the end of 2010, 91% of all employees had confirmed the abidance of our updated Code of Conduct. In addition to the e-learning course, signing was also arranged in meetings with employees.

### **Follow up and monitoring**

The CoC and other corporate responsibility related policies are owned and co-ordinated by the corporate responsibility function, however the Group's Human Resources (HR) organisation is responsible for the implementation of the general arrangements, development and follow-up of the HR and health and safety policies.

Immediate managers and local HR monitor that Tieto as an employer and all our employees behave in accordance with human rights laws, ensuring non-discrimination, equal opportunities and a safe and healthy working environment. All managers are responsible for ensuring that the content and the spirit of our Code of Conduct are communicated, understood and acted upon within their respective organisations.

Violations of the Code of Conduct can be reported anonymously and in confidence to the General Counsel of the company. Persons reporting violations in good faith will naturally not be subject to any retaliation. However, failure to act in compliance with the Code of Conduct can result in appropriate disciplinary actions.

# Business ethics

**Business ethics to us means safeguarding sound business practices in line with the values outlined in our Code of Conduct.**

## Managing of anti-corruption

Governments are investing both money and resources to tackle the instability of financial markets, climate change and poverty. Corruption, remains an obstacle to achieving the much needed progress. According to Transparency International's, 2010 Corruption Perceptions Index 75% of the 178 participating countries scored below five, on a scale from 0 (highly corrupt) to 10 (highly clean). The cost of corruption to societies is enormous – politically, economically, socially, and environmentally.

China, India, Russia and Belarus are some of the countries with a low corruption index. We have operations in all of these, and as in all operating countries, we have a zero-tolerance against unethical behaviour and have taken several precautionary actions to avoid corruption. These actions and the fact that the majority of our employees, managers and customers are based in countries that are

considered uncorrupted minimize the risk for corrupt behaviour to occur.

The new Anti-corruption policy that was approved and taken into use in October 2010 is one example of our anti-corruption work. While the Code of Conduct regulates the entire business ethics area, the anti-corruption policy clarifies the corruption sections in the Code of Conduct. The responsibility and ownership of the Code of Conduct, Anti-corruption and Competition law compliance policies lie with the Senior Vice President of Corporate Responsibility. Our support functions, Human Resources and Legal, are responsible for implementing the policies in the business operations.

In addition to the Code of Conduct e-learning course, we plan to start a specific anti-corruption training in 2011.

Our approach is simple and clear. Our Board of Directors and top management are committed to anti-corruption. Zero tolerance is also embedded in our monitoring and follow-up processes.

Every acquisition and large outsourcing deal is preceded by a thorough due diligence process, mapping out any potentially corrupt

behaviour before the deal is closed. Additionally, the whistle blowing process enables anonymous reporting on unethical behaviour.

As our business operations are based on the production and delivery of services requiring few authority approvals, we are less exposed to potential corruption compared to many other industries.

## Compliance of anti-corruption

In 2010, we encountered only one corruption incident that also constituted a Code of Conduct breach. The Board of Directors' Audit and Risk Committee was informed of the suspected misconduct and the issue was investigated together with an external auditor. Corrective actions were taken, including immediate dismissal of the persons involved and informing relevant local authorities. No other Code of Conduct incident was reported during 2010.

## Managing of anti-competitive behavior

In tough market conditions, the risk for "collusion" between competitors increases as companies seek more co-operation to boost their sales. In the IT industry, the development of new



## Business ethics

technologies sometimes creates new markets as well as new types of partnerships and customer relations. This increases the need for awareness of do's and don'ts in these relationships.

As the first step, we renewed our own competition law compliance policy and introduced an executive summary. These were approved by our President and CEO in the beginning of 2011.

To ensure attention on competition law compliance, our Leadership Team has been briefed on competition law cases outside the company as well as reminded of the importance of competition law. Awareness building for key personnel, especially in sales, marketing and purchasing, is regularly conducted. During 2010, we also had training sessions with the company's Strategic Alliance Team, procurement personnel as well as lawyers to understand and identify the most critical issues.

The plan for 2011 is to implement an e-learning and e-signing procedure for key managers and key personnel in the competition law compliance area.

### Compliance of anti-competitive behavior

In 2010, The Finnish Competition Authority (FCA) investigated a potential anti-competitive behaviour between e-Invoicing operators in Finland. FCA did not find any such behaviour in Tieto.

This was the only time when we were involved in an investigation by FCA or other competition authority in 2010. According to our own records, we have not been involved in any violations or suspected violations pertaining to competition law.

### Code of Conduct – the Tieto corporate policy on ethical business practices

#### Safeguarding corporate assets

Safeguarding Tieto assets – both tangible and intangible (such as intellectual property rights) – is vital to Tieto's business success. Employees have a duty to use Tieto assets only for legitimate business purposes and to protect them from loss or unauthorized use. It is forbidden to use the company's assets for unlawful or improper purposes.

#### Conflict of interest

In order to operate in a fair and open manner, it is important that all employees and the members of the Boards of Directors avoid any situation or interest which might interfere with their judgement regarding their responsibilities to Tieto's employees, customers, suppliers and other partners. Should such a conflict of interest arise, it must be reported immediately by the person subject to the conflict to his/her immediate superior.

#### Anti-corruption

No abuse of power, nepotism or bribery, including improper offers of payments to or from employees or organisations, shall be tolerated. Gifts or similar benefits may only be offered to, or accepted from, a third party if modest in value and if consistent with reasonable hospitality given in the ordinary course of business.

#### Political involvement

Tieto does not take political stands and therefore the company does not give financial or other kind of support or assistance to individual politicians, candidates, political parties or institutions. Neither the Tieto name, nor any resources controlled by Tieto, shall be used to promote the interests of political parties or candidates.

#### Insider trading

Tieto expects its employees to act in the way required of insiders, even if they are not officially registered as insiders. Employees must keep all information and secrets that relate to Tieto's present and future business operations strictly confidential. It is prohibited to misuse or disclose to any third party any information about Tieto's business operations or information about specific projects.

#### Accounting and reporting

All accounting and reporting by Tieto must be conducted in accordance with generally accepted financial accounting practices, and accounting records must give a true and fair view of the financial position. Tieto shall strive to provide disclosure that is open, fair, relevant, timely and understandable.

# Supporting social development

## Pro bono projects 2010

### Baltic Sea Action Group (BSAG)

Tieto has made a commitment to support BSAG, that works to save the Baltic Sea from further pollution, with IT services for free. BSAG is an initiative from the Finnish government with a number of countries and large corporations participating. See also [www.bsag.fi](http://www.bsag.fi).

### Tieto iReach

Tieto is developing a digital social sponsoring platform, available for NGO's for free. The platform includes several functions like "give-need list", volunteers' matchmaking and other communication and community tools. The purpose is to support and build a social change network, including Tieto's customers and partners. The project, partly based on voluntary work, was initiated in the end of 2009. BSAG is planned to be the first user in 2011.



**As a good corporate citizen we actively support people and specific projects, to enhance the development of the societies in which we operate. During 2010, our donations to NGOs and other organisations totalled EUR 0.6 million.**

Social sponsoring is a strategic activity and managed at corporate level in Tieto. We have chosen to focus on activities that benefit children and promote education. We also conduct pro bono work for chosen Non-Governmental Organisations (NGOs) supporting their work in selected projects and regions.

### India – Mobile education for street children

One of our main social sponsorships is the Mobile Learning Centres (MLC) that are providing education for street children in Pune, India. This work was started in 2007, and in the autumn of 2010 our sponsorship was extended with an additional three years.

Today the sponsorship covers two yellow buses, equipped with all the basic tools for education and "infotainment" – laptop, whiteboard, DVD player and surround sound system. The volunteer workers come from the charitable organisations in

the area. The MLCs were originally initiated by Identity Foundation (IF), a charitable trust organisation that was founded by one of our employees.

As a result of our social sponsorship, the buses had reached more than 7 000 underprivileged children by the end of 2010, giving them education as well as a shelter from the harsh living conditions on the streets. Of these, around 2 000 children have started regular schools after participating in the MLC activities.

### SOS Children's Villages

We also support SOS Children's Villages' work in several countries. Our donations contribute to for example the following initiatives:

**Latvia – Educational support.** Our donation covers costs for physical, intellectual and social development for approximately 70 children and youngsters.

**Poland – Living support** to a family house with seven orphan children.

**Russia – Family strengthening.** Support to vulnerable families, such as young mothers or drug addicted and HIV affected parents.

### Supporting Aalto University

In 2010, we also donated of EUR 0.5 million to the newly-created Aalto University in Helsinki, Finland.

# Environmental

RESPONSIBILITY  
CHAPTER  
2010

## Leading Green IT company



**We support a preventative approach to environmental challenges and a responsible way of conducting our business operations. In line with our goal to become the leading Green IT company, we have a vision to be 100% CO<sub>2</sub> neutral.**

Today, the environmental considerations are on top of most companies' agendas. Energy consumption and climate change are the major concerns. The IT sector can be regarded as part of the problem as well as the solution. At a global level, the amount of energy used to run and cool data centres is increasing rapidly, negatively impacting greenhouse gas emissions and

climate change. At the same time, IT has the potential to help reduce emissions through smart buildings, intelligent cars, cloud services consumed over the internet, communication and collaboration tools for replacing travelling etc.

On the following pages, you can read more about our environmental work and our journey towards becoming the leading Green IT company and the preferred IT partner for all our customers.

### Key achievements in 2010:

- Our new data centre, one of the world's safest and most energy efficient, was opened in Stockholm, Sweden. >>page 45
- The volume of sustainability services increased. For example, the number of electronic B2B transactions increased from 623 million 2009 to over 763 million during 2010. The CO<sub>2</sub> reductions from our services now by far exceed our own CO<sub>2</sub> emissions. >>page 16
- Integration of corporate ISO 14001 compliant environmental management system (EMS) into Tieto's internal business process system. >>page 41
- Improved internal data collection practices. In 2010, environmental data was collected from 58 offices in 21 countries, covering more than 84% of employees. >>page 42
- Updating of procurement process, including requests for environmental declarations from existing suppliers and tighter demands on new suppliers. >>page 44
- Our "Manage Smart in Smart Grid" project received prestigious Green IT acknowledgement in Norway's Rosing 2010 event. >>page 19
- WWF Green Office certification of head office and another office in Helsinki area in Finland. >>page 43

VISION: Tieto Corporation 100% CO<sub>2</sub> neutral

**Part of our Way to Excellence** >>page 41

**Vision: 100% CO<sub>2</sub> neutral** >>page 42

**Our environmental objectives** >>page 44

# Environmental responsibility – part of our way to excellence

## **Our environmental policy applies to all employees and covers the company's business operations in all countries.**

Our policy states that employees are responsible for including environmental awareness and actions in their everyday work. Managers shall ensure that the environmental policy is understood and acted upon within their organizations.

The environmental awareness is part of our corporate responsibility framework. The Head of Corporate Responsibility is responsible for the coordination, implementation and follow-up of environmental processes and practices on the corporate level. All units that are ISO14001 certified have at least one environmental coordinator, and offices certified by WWF Green Office standard have a Green Office coordinator.

## **Environmental management system and ISO 14001 certifications**

In 2009, we converted our various environmental management systems (EMS) into one corporate wide system. During 2010, we have integrated the environmental processes into our common business system Way to Excellence (W2E). That means they are available for and apply to all parts of Tieto. Even if the basic integration is done and our EMS covers the whole company, more work is needed to ensure full integration between EMS and of our W2E system.

During 2011, this work will continue especially from the training point of view. We will also focus on the implementation and follow-up of environmental requirements in procurement, with the support from external auditors.

ISO 14001 certification is primarily driven by customer demands. In the end of 2010, approximately 11% of Tieto employees were covered by

ISO 14001 certificates. During the year, the new data centre in Stockholm was certified, as part of Tieto's ICT infrastructure services that have been certified since 2004.

We aim to have a corporate level ISO 14001 certificate by 2013. Following our roadmap, the next step for 2011 is to certify all our Swedish operations, and our large data centre in Finland.

Our two global delivery centres in India and the Czech Republic have also started their implementation and certification processes.

## **Green IT management framework**

We have developed a Green IT management framework to manage targets for greenhouse gas emissions, achieve CO<sub>2</sub> neutrality and support the company's strategy to become the leading, sustainable green IT service company. The framework includes IT policies, technology procurement, policies and practices for business communications, travel guidelines, energy efficient data centres, and office environment guidelines.

# Vision: 100% CO<sub>2</sub> neutral

**Our vision is to become a 100% CO<sub>2</sub> neutral company. We continuously examine ways to reduce greenhouse gas emissions of our activities, as well as those of our customers.**

Annual reduction of the total CO<sub>2</sub> emissions caused by our activities is one of our main environmental objectives.

Our climate strategy focuses on the actual reduction of the emissions caused by the company. In the end of 2010, we started to study the possibilities of climate off-set compensation, as a potential complementary measure. These studies will continue in 2011.

## CO<sub>2</sub> emissions 2010

For 2010, our CO<sub>2</sub> emissions were estimated to 52 646 tons. This corresponds to approximately 2.8 tons per employee.

The reduction of customer CO<sub>2</sub> emissions through Tieto's services exceeded our own emissions. In 2010: approximately 162 000 tons CO<sub>2</sub> were saved only through our electronic transaction services. Read more on page 17.

## Corporate Carbon Inventory 2010 – Scope and protocols for calculating CO<sub>2</sub> emissions

Our data coverage for environmental indicators has improved significantly in 2010. Data have been collected from 58 offices in 21 countries, corresponding to 73–90% of our employees depending on the specific indicator.

Scope and protocols for calculating CO<sub>2</sub> emissions 2010 are described below.

### Offices

Collected data on office energy consumption accounts for 84% of the company's employees. To account for the remaining 16% of the employees an estimate was made, based on Tieto global average values and with a safety margin of 10% added.

### Business travel expenses:

Collected data for travelling accounts for

- taxi – 77%
- car – 85%
- flight – 93% of Tieto's employees.

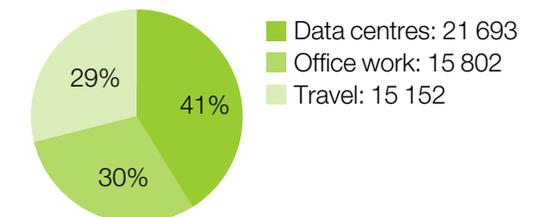
For the remaining employees, business travel expenses were estimated based on our global average.

### Data centres

Data was collected for nine data centres (three in Sweden, four in Finland, two in Russia). This represents about 80% of Tieto's total data centre capacity in 2010. The energy consumption of other data centres is included based on estimates.

The emissions are reported on EN indicators and GHG scopes. Several emission factors from governmental and international organizational sources were used to calculate the generated emissions.

### Sources of our CO<sub>2</sub> emissions (tons)



# Greener offices

## Energy consumption and emissions of greenhouse gases, 2010

1 Litre = 0.2642 US Gallons  
1 MWh = 3.6 GJ

Emission class	Description/sources	Unit	Value	Per person
<b>EN 16 direct and indirect GHG emissions</b>				
Diesel	Back up in data centres	tCO <sub>2</sub>	93	<0.005
Electricity	Offices and data centres	tCO <sub>2</sub>	28 870	1.55
Heating	Offices	tCO <sub>2</sub>	6 119	0.33
Cooling	Offices and data centres	tCO <sub>2</sub>	2 413	0.13
<b>GHG protocol scopes 1 &amp; 2 total</b>		<b>tCO<sub>2</sub></b>	<b>37 495</b>	<b>2.02</b>
<b>EN 17 other indirect GHG emissions</b>				
Taxi	Business travel	tCO <sub>2</sub>	1 076	0.06
Flights	Business travel	tCO <sub>2</sub>	11 588	0.62
Own cars	Business travel	tCO <sub>2</sub>	2 488	0.13
<b>GHG protocol scope 3 total</b>		<b>tCO<sub>2</sub></b>	<b>15 151</b>	<b>0.82</b>
<b>EN3 direct energy consumption</b>				
Diesel	Back up for data centres	litres	352 687	18.98
<b>Total</b>		<b>litres</b>	<b>352 687</b>	<b>18.98</b>
<b>EN4 indirect energy consumption</b>				
Electricity	Offices and data centres	kWh	141 337 369	7 606.14
Heating	Data centres	kWh	32 149 293	1 730.13
Cooling	Offices and data centres	kWh	6 633 519	356.99
<b>Total</b>		<b>kWh</b>	<b>180 120 181</b>	<b>9 693.26</b>
<b>Total CO<sub>2</sub> emissions 2010</b>		<b>tCO<sub>2</sub></b>	<b>52 646</b>	<b>2.83</b>

## Energy consumption for heat and electricity in our offices accounts for approximately 29% of our CO<sub>2</sub> emissions.

In 2009, we signed an agreement with WWF in Finland with the aim of applying WWF's Green office standard. Our office in Imatra, Finland was the first to be certified. In 2010, the Green Office programme continued, and the company's head office as well as another office in the capital area in Finland were certified. The Green Office criteria includes efficient use of energy and well developed sorting of waste for recycling. Prior to certification an audit is conducted by a WWF auditor.



We seek to maintain the occupation rate of its premises as high as possible, to maximize the efficiency of facility utilization. We measure the energy-efficiency of our premises with Group-wide sampling, and monitors trends at both unit and Group level.

Our objective is to lower the energy consumption per person in offices and other facilities by 30% by 2013

compared to 2008, or by 7% annually. 2010 we met this target – office energy consumption per person was reduced by 7%, mainly due to more efficient use of office space.

## Energy efficiency in data centres

Data centres account for a great part of our energy consumption. The energy needed for running servers and computers in the data centres, and the additional energy consumed for cooling, usually represents 20–30% of the total energy consumption.

We work in several ways to improve energy efficiency at the data centres, shutting down electronic equipment when not in use is one example. Energy can also be generated through recycling and reuse of excess heat.

For the data centers monitored in 2009 and 2010, energy consumption per server was reduced with 22% on average 2010, meaning our target for improved energy efficiency in data centres was exceeded.

We begun already in 1978 to reuse energy from servers to heat our own office space in Älvsjö in Sweden. Today the heat reuse from Älvsjö's servers corresponds to the energy consumption for more than 200 private homes.

Since 2010, heat from our data

center in Värmland, Sweden has been reused and delivered by the local energy company, to offices, private homes and to heat a public swimming pool. The local energy company Hammarö Energi has managed to lower their energy prices by 20%, and Tieto in return gets free cooling for the servers.

### Business travelling

Being an international IT services company requires travelling by air, car and taxi. To reduce greenhouse gas emissions and other environmental impact, we strive to replace travelling when possible. Our travel policy states that travelling to internal meetings should be minimized, and that digital tools such as live meetings via computers, video- and teleconferences should be used instead.

Travel expenses per person decreased with approximately 3% compared to 2009, to EUR 1 230 per person 2010. Given the background that business travel expenses decreased with more than 25% in 2008–2009, we are still ahead of our target. Travel expenses are partly depending on external factors such as fluctuations in flight fares.

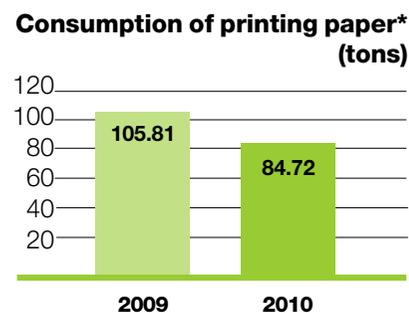
### The Future Office – a sustainable workplace

We have designed a Future Office solution, with the ambition to simplify everyday life for the employees and to increase productivity. Future Office, with advanced technology for

virtual meetings and videoconferences, IP telephony, document sharing and internal social media tools, is implemented in all our offices. This reduces CO<sub>2</sub> emissions and saves money and time for our employees. The Future Office concept is also sold to our customers.

### Responsible use of consumables

In 2010, the consumption of printing paper was reduced by 20%, exceeding the target of an 10% annual reduction.



\*Data coverage accounts for 64% of our employees.

### Procurement

To avoid environmental risks and reduce environmental impact from purchased goods and services, we require all suppliers and sub-contractors to follow the United Nation's Global Compact principles.

As of 2010, a self-assessment document with questions regarding code of conduct

and level of environmental work is sent to all new suppliers and partners. The signed self-assessment document is binding and constitutes a part of any contract with Tieto.

During 2011, we will map and start to follow up on the environmental performance of our existing suppliers (contracts before 2010).

Our objective is that by 2013 all suppliers are committed to follow the principles of the United Nations Global Compact, and at least 90% of all purchased goods and services come from suppliers certified according to ISO 14001 or equivalent standard.

### Our environmental objectives

Our main corporate environmental objectives are set for 2009–2013:

1. Annual reduction of the total CO<sub>2</sub> equivalent emissions caused by our activities
2. Certification of all Tieto sites according to WWF Green Office standard and corporate level ISO 14001 certification
3. All our suppliers are committed to following the principles of the United Nations Global Compact, and at least 90% of all purchased goods and services come from suppliers certified according to ISO 14001 or an equivalent standard
4. Lowered energy consumption of our offices and other facilities by at least 7% per year\*
5. Lowered energy consumption in data centres by at least 8% per year\*\*

6. Reduce travelling by at least 9% per year\*\*\* by annually increasing the usage of video and audio conferencing and related technologies, and encouraging employees to work remotely
7. Lowered total paper consumption by at least 10% per year
8. Significantly increase Green IT offerings to key customers

\* = annual reduction of average energy consumption per person during 2009–2013 (by 2013, 30% lower than in 2008)

\*\* = annual reduction of average energy consumption per server during 2009–2013 (by 2013, 34% lower than in 2008)

\*\*\* = annual reduction of work-related travelling cost per person in average during 2009–2013 (by 2013, 38% lower than in 2008)

# The world's safest and most efficient data centre



**In June 2010, we opened one of the world's most secure and environmentally efficient data centres in Sweden. "Tieto Cave" is located inside a former military base, a 20 000 square meter space with 20 meter thick solid rock walls.**

"We needed more capacity and also noticed an increasing customer demand for green and top-secure data centre services", says Kent Bergelin, director for data centre services at Tieto.

"Environmental performance has been one of the highest priorities throughout the project. Our executive management decided on this major green investment during the economic downturn when many companies were focusing on cost savings. This verifies that we are serious about our CO<sub>2</sub> vision and being a role model for sustainability."

## Natural cooling and reuse of heat

The cool environment inside the cave offers natural cooling for the data centre, saving a significant amount of energy. From 2012, heat produced by the data centre will be reused for heating a new area of private homes, through an agreement with the local heat distribution company, Södertörn Fjärrvärme AB. When fully utilized, the data centre will supply 1 000 homes with heat and warm water.

"As an example you can say that the energy is

produced once and used twice," says Kent Bergelin.

Energy efficiency is further improved by using energy efficient components and a high level of consolidation and virtualization in the IT infrastructure. The power used to run Tieto Cave comes from renewable energy sources and meets the criteria for environmentally labeled power according to the Swedish eco-label Bra Miljöval.

## Security first

At Tieto, security and service quality come first.

"Environmental adaptation is important but safety is the priority. For example, in this case ignoring separate systems for power and cooling could have saved even more energy – but that would make it less safe," says Bergelin.

A similar energy efficient data centre has also been built in Espoo, Finland. The facility was taken into use in the beginning of 2011. This data centre uses free cooling technology and will generate heat enough for 1 500 homes when fully in use. In return, we will get cost-efficient cooling for the servers in the centre.

**Kent Bergelin,**  
Director for data centre services at Tieto



# Independent assurance statement

## Scope and objectives

Two Tomorrows (Europe) Limited and Ethos International AB has undertaken independent assurance of the Tieto Corporate Responsibility Report 2010. The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide Type 2 assurance, which covers evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and the reliability of specified sustainability performance information. The performance information included in scope was all data and key claims in the report with the exception of data that is subject to mandatory auditing and is also contained in the Annual Report 2010. This includes all financial information and key employee data. We used the Global Reporting Initiative (GRI) Quality of Information Principles as criteria for evaluating performance information. Additionally, we were engaged to provide a third party check on the application of the GRI Guidelines v3.

## Responsibilities of the directors of Tieto and of the assurance providers

The directors of Tieto have sole responsibility for the preparation of the Report. We were not involved in the preparation of any part of the Report. Ethos International has previously advised Tieto on Code of Conduct, CR related policy development and CR work within Tieto. This is the first year that we have provided assurance. Our statement represents our independent opinion and is intended to inform all of Tieto's stakeholders including management.

We adopt a balanced approach towards all Tieto stakeholders. Our assurance team was made up of experts from both partner companies. Our team comprised Dave Knight Malin Lindfors Speace, Elvin Ozensoy Anne von Stockenström and Anne Eliasson Further information with individual competencies relating to the team on: [www.twotomorrow.com](http://www.twotomorrow.com) and [www.ethosinternational.se](http://www.ethosinternational.se).

## Basis of our opinion

Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of the current sustainability issues that could affect Tieto and are of interest to stakeholders.
- Interviews with selected directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed.

These were freely selected by the assurers and included the former President and CEO, the acting President and CEO and members of the Corporate Responsibility Steering Group.

- Review of Tieto approach to stakeholder engagement and recent outputs.
- Review of information provided to us by Tieto on its reporting and management processes relating to the Principles.
- Site visits, freely selected by the assurers, to Tieto offices in Stockholm, Sweden and to the new data centre in Stockholm to review process and systems for preparing site level sustainability data and implementation of sustainability strategy.
- Review of supporting evidence for key claims in the report.
- Review of the processes for gathering and consolidating data and, for a sample, checking the data consolidation.
- For both data and claims checking, this included accessing all key reporting and performance management systems from Tieto offices as well as via remote collaboration software as well as electronic documents, e-mails and other sources of evidence.
- An independent assessment of Tieto reporting against the self declared B+ Application Level for the Global Reporting Initiative (GRI) G3 Guidelines.

## Findings and Opinion

We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Tieto's adherence to the Principles or its performance, with the following exception:

There is a need to inform stakeholders' views on the opportunities and constraints, which could shape the company's management approach to health, wellbeing, and safety of employees across different country operations. We recommend Tieto improve disclosure of initiatives in place and associated key performance indicators.

Tieto refer to the CO<sub>2</sub> emissions from its direct activities and those it has helped to reduce through customers using the electronic transaction service. This data is reliable and means that overall Tieto's contribution to emissions reduction is positive, i.e. the company creates a net decrease in emissions. However, this is only through one type of services and the actual position is likely to be better if other service contributions were included. We recommend that further work is done to understand and report on the overall emissions profile.

We can confirm that we have checked Tieto's self-declared application of the GRI G3 guidelines to be B+.

## Observations

Without affecting our assurance opinion we also provide the following observations. This is Tieto's second Corporate Responsibility Report and the first to be assured to the AA1000 AS (2008). The IT industry has a particularly significant role to play to enable others to become more sustainable. From the evidence we have reviewed, it appears that Tieto, not only understands this, but is structuring the company and operating in a way that will help accelerate this trend. The development of a wide range of products and services with sustainability benefits is an example of this.

As one would expect with an IT company, the performance management and reporting systems are of a high standard and enable a consistent application of standards and data capture across global operations. Although evidence suggests that this is group wide, for future assurance we recommend on the ground checks in significant countries of operation such as India should be included within the assurance process.

### **Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.**

- We observed and saw evidence for engagement at all levels of the organisation, which can contribute to changes in business decisions and strategy. Examples of this include that over 50% of employees have used the new Eureka idea sharing platform and that customer demands for IT services reducing energy and materials are a core part of Tieto's offerings.
- We recommend that future reports include more information throughout the sections on how stakeholders are involved and how their views influence Tieto's management approach.

### **Material issues are those which are necessary for stakeholders to make informed judgments concerning Tieto and its impacts.**

Economic conditions have resulted in significant changes in corporate structures and employment in many companies. Tieto is no different and implemented changes to its business that concluded in 2011. We recommend that future reports should provide more information on actions taken by Tieto to address employee related challenges faced as a result of reducing the direct workforce, outsourcing and acquisitions.

Tieto include limited information in the report on ethnic and gender diversity of workforce, recommendation to provide greater insight into how Tieto is approaching this issue.

Recognising that considerable work has been done to require suppliers to sign the Code of Conduct, we recommend that information is provided on how Tieto monitors compliance with these requirements such as through third party checks.

### **Responsiveness concerns the extent to which an organisation responds to stakeholder issues**

Tieto has included many examples of best practice performance, such as data centre energy efficiency. We recommend the inclusion of more benchmarking information to help stakeholders understand Tieto's position in relation to their peers and in relation to targets.

The response to material issues shown through the Report and the supporting

evidence is thorough and useful. It is important that Tieto recognises the challenges and uncertainties that face all companies in this sector. For example, the role data centre efficiency plays in overall IT CO<sub>2</sub> emissions and the extent to which these improvements will slow and reduce absolute emissions.

## Performance information

In terms of data accuracy, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions utilised were inappropriate. We are not aware of any errors that would materially affect the Group data. A small number of data errors were highlighted during the assurance process and have subsequently been corrected in later versions of the report.

Data collection processes are adequately described and supported through evidence seen during assurance process.

We observed some instances where data protocols, definitions and reporting arrangements could be improved. As health and safety is considered as an important issue for stakeholders, this area is an example.

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London  
6 May 2011

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**Two Tomorrows™**  
Towards sustainable business

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**ETHOS**  
INTERNATIONAL

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# GRI content index table

■ Fully reported ■ Partially reported

Indicator	Description	Reported	Cross-reference / direct answer	Explanation	Global Compact Principles www.unglobalcompact.org
<b>1</b>	<b>Strategy and analysis</b>				
1.1	Statement from the CEO.		5		
1.2	Description of key impacts, risks, and opportunities.		6, 8–11		
<b>2</b>	<b>Organizational profile</b>				
2.1	Name of the organization.		7		
2.2	Primary brands, products, and/or services.		7		
2.3	Operational structure of the organization.		7		
2.4	Location of organization's headquarters.		7		
2.5	Number of countries where the organization operates.		7		
2.6	Nature of ownership and legal form.		7		
2.7	Markets served.		7		
2.8	Scale of the reporting organization.		7		
2.9	Significant changes during the reporting period.		No significant changes occurred 2010		
2.10	Awards received in the reporting period.		19		
<b>3</b>	<b>Report parameters</b>				
3.1	Reporting period for information provided.		2		
3.2	Date of most recent previous report.		2		
3.3	Reporting cycle.		2		
3.4	Contact point for questions regarding the report or its contents.		50		
3.5	Process for defining report content.		12		
3.6	Boundary of the report.		2		
3.7	Limitations on the scope or boundary of the report.		2		
3.8	Basis for reporting on joint ventures, subsidiaries etc.		2		
3.9	Data measurement techniques and the bases of calculations.		2, 42		
3.10	Explanation of the effect of any re-statements of information.			No changes occurred requiring re-statements of information.	
3.11	Significant changes from previous reporting periods in the scope.		2, 6, 42		
3.12	Table identifying the location of the standard disclosures in the report.		48–49		
3.13	Policy and current practice with regard to seeking external assurance for the report.		46		
<b>4</b>	<b>Governance, commitments and stakeholders</b>				
4.1	Governance structure of the organization.		11, 25		Principles 1–10
4.2	Indicate whether the chair of the highest governance body is also an executive officer.		24–25		Principles 1–10
4.3	For organizations that have a unitary board structure.			The Unitary board structure does not exist in Finnish corporations.	Principles 1–10
4.4	Mechanisms for shareholders and employees to provide recommendations etc.		24		Principles 1–10
4.5	Linkage between compensation and the organization's performance.		25		Principles 1–10
4.6	Processes to ensure conflicts of interest are avoided.		25		Principles 1–10
4.7	Process for determining the qualifications and expertise of the highest governance body.		24		Principles 1–10
4.8	Internally developed statements of mission or values, codes of conduct, and principles.		24		Principles 1–10
4.9	Procedures for overseeing the management of economic, environmental, and social performance.		24–25		Principles 1–10
4.10	Processes for evaluating the highest governance body's own performance.		24		Principles 1–10
4.11	Explanation of whether and how the precautionary approach is addressed.		40		Principle 7
4.12	Externally developed charters to which the organization subscribes or endorses.		24–25		Principles 1–10
4.13	Memberships in associations and organizations.		23		Principles 1–10
4.14	List of stakeholder groups engaged by the organization.		15		
4.15	Basis for identification and selection of stakeholders.		14–15		
4.16	Approaches to stakeholder engagement.		14–15		
4.17	Key topics and concerns that have been raised through stakeholder engagement.		15		

Indicator	Description	Reported	Cross-reference / direct answer	Global Compact Principles www.unglobalcompact.org
<b>Performance indicators and management</b>				
<b>Economic</b>				
DMA EC	Management approach economic.		8–11, 20–29	Principles 1, 4, 6 & 7
EC1	Economic value generated and distributed.		22	
EC2	Financial implications and other risks and opportunities.		8–11, 16–19	Principle 7
EC3	Coverage of the organization's defined benefit plan obligations.		33	
EC4	Significant financial assistance received from government.		22	
EC8	Development and impact of infrastructure investments.		39	
<b>Environmental</b>				
DMA EN	Management approach environment.		40	Principles 7–9
EN1	Materials used by weight or volume.		44	Principle 8
EN3	Direct energy consumption by primary energy source.		43	Principle 8
EN4	Indirect energy consumption by primary source.		43	Principle 8
EN5	Energy saved due to conservation and efficiency improvements.		43	Principles 8 & 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services etc.		17	Principles 8 & 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		44	Principles 8 & 9
EN16	Total direct and indirect greenhouse gas emissions by weight.		43	Principles 8 & 9
EN17	Other relevant indirect greenhouse gas emissions by weight.		43	Principles 8 & 9
EN18	Initiatives to reduce greenhouse gas emissions.		19, 17, 42–43	Principles 7–9
EN26	Initiatives to mitigate environmental impacts.		44	Principles 7–9
EN28	Monetary value of significant fines for non-compliance with environmental laws and regulations.		Zero	Principle 8
<b>Labour practices and decent work</b>				
DMA LA	Management approach labour practices and decent work.		30–34	Principles 1, 3 & 6
LA1	Total workforce by employment type.		34	
LA2	Total number and rate of employee turnover.		33	Principle 6
LA10	Average hours of training per year.		33	
<b>Human rights</b>				
DMA HR	Management approach Human rights		36	Principles 1–6
HR2	Percentage of significant suppliers and contractors that have undergone screening etc.		Zero	Principles 1–6
HR4	Total number of incidents of discrimination and actions taken.		Zero	Principles 1, 2, 6
<b>Society</b>				
DMA SO	Management approach society.		37–38	Principle 10
SO2	Percentage and total number of business units analyzed for risks related to corruption.		25% (4 500 employees of 18 000 in 4 countries)	Principle 10
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		30	Principle 10
SO4	Actions taken in response to incidents of corruption.		37	Principle 10
SO5	Public policy positions and participation in public policy development and lobbying.		38	Principles 1–10
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		38	Principle 10
SO7	Total number of legal actions for anti-competitive behavior, anti-trust etc.		38	
SO8	Monetary value of significant fines for non-compliance with laws and regulations.		Zero	
<b>Product responsibility</b>				
DMA PR	Management approach product responsibility.		29	Principles 1 & 8
PR8	Total number of substantiated complaints regarding breaches of customer privacy etc.		29	Principle 1
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		Zero	

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