

IT helps develop social and environmental wellbeing, and also creates new business opportunities.

This is it – This is IT



Tieto Corporate Responsibility Report 2011

**Economic
responsibility** page 17

**Social
responsibility** page 25

**Environmental
responsibility** page 31

Tieto

2 2011 in brief**3 About Tieto**

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility

18 Value distributed to stakeholders

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility

26 Our people

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report**39 GRI content index table****43 Independent assurance statement**

2011 in brief

During 2011, we continued to drive progress across our business and our sustainability work has now started to bear fruit. Our environmental activities to prevent climate change were recognised by Carbon Disclosure Project among others.

Environmental achievements

- ▶ The volume of our sustainability IT services increased, and the identified CO₂ reductions from customer services (168 481 tons CO₂) by far exceed our own CO₂ emissions (45 582 tons CO₂).
- ▶ In May 2011, our new data centre in Finland won the internationally renowned Green Enterprise IT (GEIT) Award. The recognition from the US Uptime Institute came in the Beyond the Data Centre category.
- ▶ In June 2011, we were awarded with top marks in TCO Development's Green IT audit (973 of 1 000).
- ▶ In October 2011, we were included in Carbon Disclosure Project's (CDP) Carbon Disclosure Leadership Index (96 points) and Carbon Performance Leadership Index (performance band A). Together, these results make us not only the best Nordic company, but also the leading IT services company globally in CDP's ranking of carbon disclosure versus carbon performance.

Social achievements

- ▶ At the end of 2011, a new Supplier Code was created to complement our Code of Conduct. The Supplier Code aims to sharpen control of suppliers and partners in order to prevent corruption and support human and labour rights. The code was launched in early 2012 and will be implemented in new contracts.
- ▶ In December, we launched two new e-learning courses for employees – the Anti-corruption e-course (mandatory for all employees) and the Competition Law Compliance e-course (mandatory for senior managers and selected employees).
- ▶ Several social sponsoring activities (both financial and pro-bono) were conducted during the year. One of the projects that we have supported is the Unicef programme "Schools for Africa". We have also continued to support the Identity Foundation's mobile learning centres for underprivileged children in Pune, India.

Economic achievements

- ▶ Full-year net sales rose by 7% to EUR 1 828.1 (1 713.7) million.
- ▶ Full-year operating profit (EBIT) increased to EUR 98.1 (72.4) million.
- ▶ Earnings per share rose to EUR 0.84 (0.69).
- ▶ Our customer benefit index for measuring customer satisfaction increased from 3.26 to 3.71 (scale 1–5).



2 2011 in brief

3 About Tieto

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility

18 Value distributed to stakeholders

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility

26 Our people

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report

39 GRI content index table

43 Independent assurance statement

About Tieto

Tieto is the leading IT service company in Northern Europe providing IT and product engineering services. With approximately 18 000 experts in 23 operating countries, 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 a natural part of our daily business operations and is integrated into our whole value chain, covering suppliers, our own operations and the services we sell to customers.

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

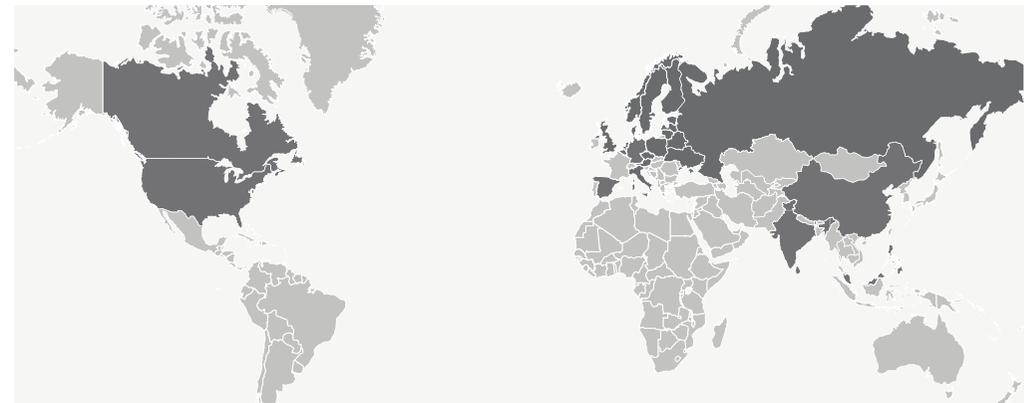
Market presence and growth

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, the public sector, manufacturing, forest, 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 1 828.1 million
- ▶ Total capitalisation of equity: EUR 564.8 million
- ▶ Total capitalisation of liabilities: EUR 715.1 million



Office in Philippines established in early 2012.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

CR performance overview

Based on our materiality analysis, we have selected certain sustainability key performance indicators to measure our overall performance. We are happy to see progress in almost all areas.

Environmental performance

Based on our calculations of digital transaction services and other services replacing paper mail, the reduction of carbon dioxide emissions for customers through our services amounted to 168 481 tons in 2011. We are convinced that information technology has great potential to contribute to sustainable development. On pages 15–16 you can read more about our sustainable IT services and solutions.

During the year, we also managed to reduce our own emissions to 45 582 (52 646) tons CO₂, or 2.41 (2.83) tons per employee. Our emissions mainly come from energy consumption in data centres and offices and from business travel. Energy consumption was reduced by 28% compared to the previous year, mainly due to consistent environmental work but also due to the mild winter in the Nordics. Read more about our environmental responsibility on pages 31–37.

Customer and employee satisfaction

Our long-term competitiveness depends on the value we provide our customers with. In 2011, our customer benefit index, which is a Tieto measurement for monitoring the extent to which we are living up to our strategy and value proposition, increased to 3.71/5 (3.26).

Read more about our quality work on pages 21–23.

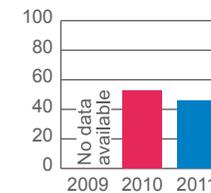
High customer satisfaction can only be reached with the support of competent and satisfied employees. During the year, the average number of training hours per employee increased to 76.2 (68.3). Our overall measurement of Tieto as an employer, VOICE index, increased to 630/1 000 (627). More information on our employee-related sustainability activities can be found on pages 25–28.

Financial performance

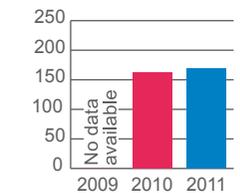
Our full-year net sales rose by 7% and amounted to EUR 1 828.1 (1 713.7) million. Our full-year operating profit improved to EUR 98.1 (72.4) million. Although our performance increased compared to the previous year, it is still below our targets. However, with our new strategy and quality work we are convinced that we are creating a solid platform for improving future performance. Read more about our financial performance on pages 17–19.

Being a globally operating company might pose challenges related to corruption and business ethics. To strengthen control and implementing our ethical values into our whole value chain we created a new Supplier Code at the end of 2011. Read more on page 29.

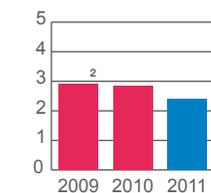
Total CO₂ emissions (tons)



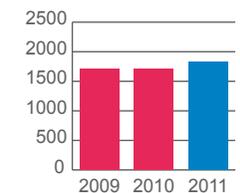
Customer CO₂ savings (tons)¹



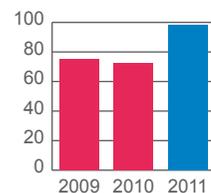
Total CO₂ emissions/employee (tons)



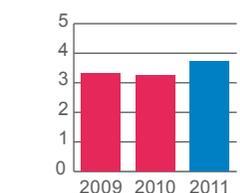
Net sales (MEUR)



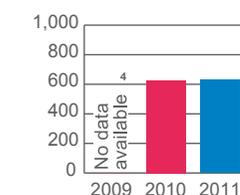
Operating profit, EBIT (MEUR)



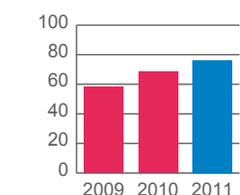
Customer benefit index³



Employee satisfaction index



Training hours/employee



¹ Electronic transaction services and other e-services replacing paper.

² Employees in the Nordic countries only. All data centres not included.

³ Tieto index for customer satisfaction.

⁴ Index definition changed in 2010.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Message from the CEO

We believe that information and communications technologies (ICT) are key drivers for developing enterprises and societies. ICT has potential to increase productivity and profitability, strengthen transparency and openness in society and reduce greenhouse gas emissions.

Our goal is to create long-term value for all our stakeholders through innovative IT services and sustainable business practises. That's why we have integrated sustainable working methods into our whole value chain. Together with our stakeholders we have identified the most material areas to be addressed and we can now see that our work has started to pay off.

In 2011, our new, energy efficient data centre in Espoo, Finland, was ranked among the most energy efficient data centres in the world and also received a prestigious international Green IT Award. In addition, we were included in the Carbon Disclosure Project's (CDP) leadership indexes for Carbon Disclosure and Carbon Performance, positioning Tieto as the best listed company in the Nordics and the leading IT services company globally in terms of carbon disclosure and performance.

Our environmental work is mainly focused on lowering energy consumption in data centres and offices and reducing travelling among employees. The objectives for 2015 include a continuous annual decrease of our total CO₂ emissions. For 2011, we met this target, lowering total CO₂ emissions from our operations by 13%.

Our biggest contribution to sustainable development comes from our IT services. Based on our calculations of our digital transaction services and other identified services replacing paper, the reduction of CO₂ emissions achieved for customers has increased and now amounts to 168 481 tons (162 705), by far exceeding our own emissions – we are proud of our contribution to sustainable development!

In the social area, the trust in Tieto as an employer has strengthened. Our employee satisfaction index increased in 2011 compared to the previous year, taking us closer towards our goal to become the employer of choice.

To contribute positively to the larger economic systems, the level of anti-corruption activities in our supply chain increased during 2011. We have zero tolerance for any kind of unethical behaviour and have been a signatory of the UN Global Compact since 2010. Our commitment continues in 2012, which clearly shows our values in terms of anti-corruption, human rights, worker's rights and environmental care.

Despite the progress, year 2011 also posed some challenges. In November, one of our data centres in Sweden experienced a serious service disruption caused by a hardware failure, affecting around fifty of our customers. In addition to conducting more thorough quality assurance and risk management reviews, we look forward to increasing collaboration with customers and society to prevent the risk of future service disruptions and their effects.

Our full-year operating margin improved in 2011, but is still below our targets. I strongly believe that our new group strategy together with continued streamlining of the company will improve our financial performance, enabling us to develop the company further during the years ahead!

You are reading our third GRI-compliant corporate responsibility report. On the following pages, you can learn more about our objectives, achievements and challenges in sustainable development. I hope you find this report informative and useful. Naturally, your feedback and thoughts on the topics discussed in this report are very welcome!

Kimmo Alkio
President and CEO



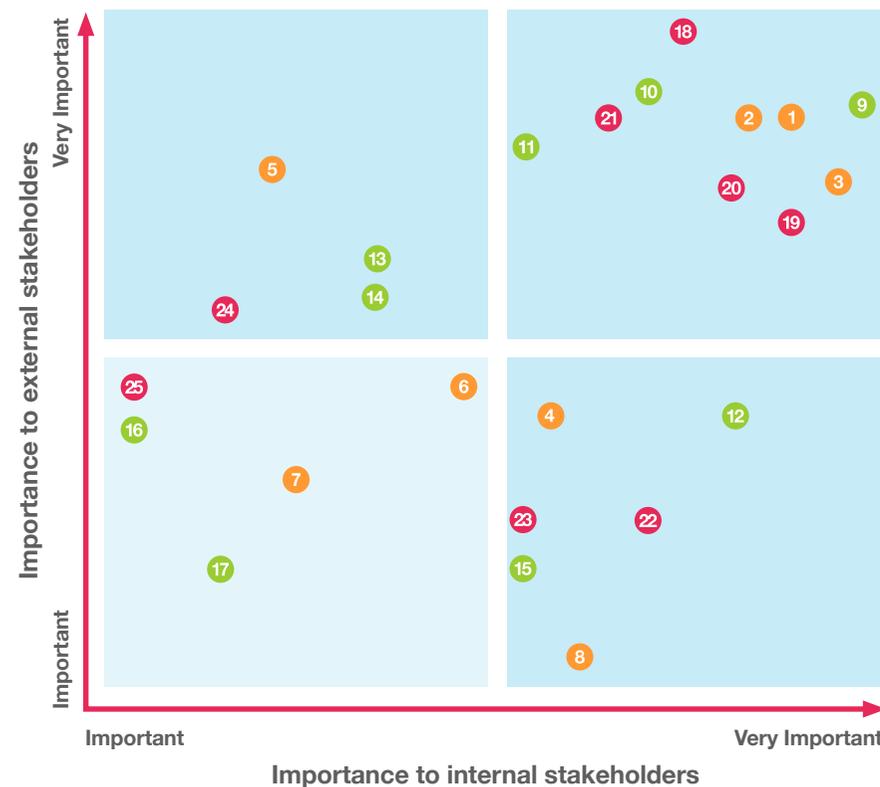
| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Materiality results 2011

In line with our expectations, our internal and external stakeholders view sustainability offerings, customer satisfaction and quality of products and services as the most important aspects of sustainability. Additionally, financial performance, business ethics and energy consumption are perceived as crucial success factors.

This materiality analysis was created through internal workshops with core functions as well as assessments with external stakeholders. In this process, both key stakeholders and material issues were

identified. The material areas have provided the basis for this report. A full description of our materiality assessment process is available in our Corporate Responsibility Report 2010, page 12.



Economic

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

Environmental

- 9 Sustainability offerings (e.g. Green IT)
- 10 Energy consumption
- 11 Procurement and supply chain, environmental requirements
- 12 Environmental management systems and certification
- 13 Waste management, end of life of products
- 14 Driving standardisation and certification (products and services)
- 15 Greenhouse gas emissions, climate change
- 16 Eco-efficiency in numbers
- 17 Use of materials and chemicals

Social

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

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Sustainability – part of our daily operations

We believe smart IT has the potential to increase wellbeing for people and societies as well as reduce climate change.

With net sales of EUR 1 828.1 million and approximately 18 000 employees, we are the leading IT services provider in Northern Europe. Our objective is to become the preferred partner in business and IT transformation based on our strong position in the Nordic countries. Our services and solutions are already used by thousands of enterprises and large public organisations, contributing to increased efficiency and new opportunities for both them and their customers.

We are convinced that our long-term success as a company requires a business model that takes into account all aspects of corporate responsibility (CR) as part of our daily operations. Therefore, our strategy is to integrate sustainable working methods into our whole value chain, covering suppliers, our own operations and those of our customers. Our corporate responsibility work is based on international guidelines, such as the UN Global Compact, and focused on implementing management systems, policies, processes and training that support sustainable development. Our long-term CR goals and latest achievements are presented in the table on page 9.

Traditionally, the IT sector has been somewhat behind other sectors in address-

ing sustainability issues. IT companies do not see themselves as “polluters”. However, the IT sector has more and more started to realize its impact on sustainable development. Modern data centres consume large amounts of energy, thus contributing to greenhouse gas emissions and climate change. On the heels of increased demand for cloud services and mobile services, IT service providers also play a key role in protecting information and business values for their customers. At the same time, many IT companies have started to benefit from the opportunities for modern IT systems to improve other companies’ and industry sectors’ sustainability performance.

Main sustainability risks and opportunities

Once a year the financial implications of climate change (both opportunities and risks) are reviewed by our senior management. Our internal control framework supports the execution of the group’s strategy and ensures



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

regulatory compliance. The foundation for internal control is set by internal control, risk management and governance policies as well as our values and Code of Conduct. Together with our stakeholders, we have identified the main issues to be addressed in our sustainability work. A full description of our overall risk management framework is available at www.tieto.com.

Many of the IT services we provide to our customers support business-critical processes and socially critical functions. This makes quality in service deliveries, but also in our own operation, one of our most important sustainability issues and risk areas. Our quality work embraces the whole company and consists of developing management systems and key processes as well as ISO certifications of operations and adjustment of specific services or solutions to industry standards and frameworks. To serve customers with tailored, cost-effective deliveries, we have also implemented a global delivery model including offshore-based competence centres. On pages 21–23 you can learn more about our quality work.

Shortage of engaged and skilled resources might compromise our long-term success through increased costs, problems in project deliveries and delays in development of new offerings. Our daily HR work aims to support business goals as well as individual objectives. One example is the new gateway model and corporate-level demand-supply competence management

forecasting practices, which aim to safeguard sufficient and continuous competence levels for both Tieto as a company and individual employees. Our goal is to provide our employees with career opportunities and working conditions exceeding those of our competitors and thus become the employer of choice. On pages 25–28 you can read more about how we care for our employees.

With operations in more than twenty countries certain markets pose a potential risk regarding our ability to operate without succumbing to unethical business practices. We have zero tolerance for unethical behaviour and actively work to eliminate this risk through business ethics policies, training for employees, and guidance on how to interact with external parties such as suppliers. Read more on page 20.

Our environmental risks are mainly related to energy consumption in data centres and offices. To address this risk, all new-generation data centres are equipped with energy-efficient solutions helping to reduce energy consumption through smart cooling solutions, but also to re-use excess heat from servers. In addition, we have launched a WWF Green Office programme. On pages 31–37 you can read more about how our environmental priorities have been put into action.

Our biggest opportunities in sustainability lie in exploring the potential in innovative and sustainable IT solutions and services

Our greatest strategic opportunities in sustainability lie in exploring the potential in innovative and sustainable IT solutions and services for our customers.

for our customers. In addition to reducing costs and increasing efficiency, almost all our IT services have the potential to reduce greenhouse gas emissions. IT also contributes to social development by connecting people, companies and societies and increasing the level of transparency and sharing of knowledge and experiences in society. Our sustainable IT solutions and their impact on sustainable development are presented on pages 15–16.

Our overall vision is to be a thought leader in sustainability in our industry. We are a signatory of the UN Global Compact which clearly demonstrates our values in terms of human rights, worker's rights, anti-corruption and environmental care. We also participate in national and international conferences, projects and standardisation work, e.g. Globe Forum, the Carbon Disclosure Project and SIS/TK 550 Green IT standard, which is a Swedish initiative to create a Green IT standard in Sweden and internationally.

2 2011 in brief

3 About Tieto

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility

18 Value distributed to stakeholders

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility

26 Our people

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report

39 GRI content index table

43 Independent assurance statement

Strategic corporate responsibility goals and achievements

| Sustainability area | Goal | Achievements | | | |
|--|--|--|--------------------------------|-------------|----------------|
| | | KPI | 2009 | 2010 | 2011 |
| Environmental responsibility | 3–5 year goal | | | | |
| We want to be perceived as the leading “Green IT supplier” and a thought leader in sustainability IT solutions and services. Our long-term vision is to become 100% climate-neutral. | Annual reduction of total CO ₂ emissions caused by our activities | Total CO ₂ emissions (tons) | No data available | 52 646 | 45 582 |
| | | Total CO ₂ emissions/employee (tons) | 2.92 ¹ | 2.83 | 2.41 |
| | | Customer CO ₂ savings (tons) ² | No data available | 162 705 | 168 481 |
| Social responsibility | 3–5 year goal | KPI | 2009 | 2010 | 2011 |
| Our long-term vision is to be the employer of choice. | Employee satisfaction index of 650 (scale 1–1 000) | Employee satisfaction index | No data available ³ | 627 | 630 |
| | Training hours/employee of 40–80 on average in all countries | Training hours/employee | 58.3 | 68.3 | 76.2 |
| Economic responsibility | Goals 2012–2016 | KPI | 2009 | 2010 | 2011 |
| Our long-term vision is to be a high-performing company in terms of growth and profitability and to provide our shareholders good return on their investment. | EBIT margin of 10% | EBIT margin | 4.4 | 4.2 | 5.4 |
| | EPS growth of over 15% (CAGR) as a long-term incentive target during the strategy period 2012–2016 | EPS growth | –7% | –10% | 22% |
| | Minimum dividend payout of 50% of net results | Dividend payout ratio | 65% | 101% | 89% |
| | Net debt/EBITDA ratio of less than 1.5 | Net debt/EBITDA | 0.5 | 0.3 | 0.4 |
| | Customer benefit index of 4.0 (scale 1–5) | Customer benefit index ⁴ | 3.30 | 3.26 | 3.71 |

¹ Employees in the Nordic countries only. All data centres not included.² Electronic transaction services and other e-services replacing paper.³ Index definition changed in 2010.⁴ Tieto index for customer satisfaction.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Managing corporate responsibility

To manage our corporate responsibility (CR) work efficiently we have created a CR framework including policies, processes and management systems. This work is led by our CR steering group.

In line with our CR strategy, we support the leading global sustainability principles and comply with the requirements of many non-governmental organisations (NGOs), sustainability indices and ISO certifications. These initiatives guide us in our daily work – we call them our CR framework:

- ▶ We are a signatory of the UN Global Compact principles for environmental care, human rights, worker's rights and anti-corruption.
- ▶ We are an organizational stakeholder of Global Reporting Initiative (GRI) and publish an annual, externally-audited CR Report based on GRI's framework for sustainability reporting.
- ▶ We are a member of three sustainability indices: the Ethibel Sustainability Index (ESI), Kempen SNS Smaller Europe Socially Responsible Investment (SRI) Index and OMX GES Sustainability Finland Index.
- ▶ We have a group-wide ISO 14001 compliant Environmental Management System.
- ▶ We are a participant of the WWF Green Office programme. Roll-out in Finland is on-going and the plan is to implement the programme across the rest of the group.

Our CR steering group is the highest body in CR issues. This group creates plans, goals

and policies in the sustainability area as well as coordinates, monitors and provides advice to the Board of Directors, the President and CEO and the group management on CR-related issues. In addition, the CR group monitors and guides the implementation of the CR framework in our business operations. The group meets approximately four times a year.

CR policies and management systems

To support the CR strategy we have developed several CR policies, for example within management of human resources, environmental care and business ethics.

Our Code of Conduct is based on the UN Global Compact principles and serves as the guiding principle for all employees.

Tieto corporate responsibility steering group 2011



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |



It defines our human rights and workplace practices regarding non-discrimination, equal opportunities and a safe working environment, as well as corporate practices regarding safeguarding corporate assets, conflicts of interest, gifts and bribes, political involvement etc. To complement this, we have created a Supplier Code to facilitate selection of and cooperation with suppliers and partners.

The other policies are the Human Resources policy, HR Privacy policy, Occupational Health and Safety policy, Environmental policy, Anti-Corruption policy and Competition Law Compliance policy.

Our overall business system, Way to Excellence (W2E), is a repository of processes available for all employees. It's based on the best practices gained during over forty years and harmonises our way of working. As previously mentioned, we also have a group-wide ISO 14001 compliant Environmental Management System. Many of our business units are externally certified according to international standards for management systems.

CR concerns the whole organisation

For us, sustainability concerns all Tieto employees. Managers and local HR organisations are responsible for ensuring that the spirit of the Code of Conduct and CR policies are communicated, understood and acted upon within their organisations. All employees sign the Code of Conduct and are also expected to proactively embrace the business opportunities that smart and green IT systems can bring to our customers.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Corporate governance

Tieto is committed to good corporate governance and a culture of business integrity and accountability. Below we outline the governance-related issues that are key for corporate responsibility (CR) reporting.

The Finnish Corporate Governance Code, Code of Conduct and Charter of the Board and its Committees provide the framework for Tieto's governance activities.

AGM and the Board

Tieto's highest decision-making body is the Annual General Meeting (AGM). Every shareholder has the right to participate in the AGM and each share in Tieto entitles the shareholder to one vote.

The Shareholder's Nomination Board (SNB) 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 of Directors to be presented to the AGM. Board members are elected by the AGM based on this proposal as well as individual proposals from company shareholders. In addition, Tieto's personnel elect 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.

Board members have a term of office of one year. The 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 performance of the Board is assessed annually: the latest assessment was carried out by an external partner in late 2011. 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's work is evaluated.

The main duties and working principles of the Board are defined in the written Working Orders. In addition, there is an annual action plan. Among other things Tieto's Board approves the company's values, strategy and organisational structure, addresses the major risks and their management, and reviews and approves the company's key policies. At least once a year, the Board assesses and discusses Tieto's CR performance and CR related issues. More detailed information of the tasks of the Board can be found at www.tieto.com.

All Board members of Tieto are non-executive officers and independent of the company and its significant shareholders. The independence of the members is evaluated at the Board's constitutive meeting.

The main task of the Shareholders' Nomination Board is to ensure sufficient knowledge and competence in the Board of Directors by preparing well-founded decisions for the Annual General Meeting.

Read the full Corporate Governance Statement >

2 2011 in brief**3 About Tieto**

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility

18 Value distributed to stakeholders

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility

26 Our people

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report**39 GRI content index table****43 Independent assurance statement**

The Board members shall inform the Board if any changes in these circumstances occur, in which case their independence will be re-evaluated.

Tieto's operative management consists of the President and CEO, the Leadership Team, the Extended Leadership Team and the Market Unit and Business Line organisations.

Remuneration of the Board and the Leadership Team

The aim of Tieto's remuneration principles is to attract and retain talent, motivate key people and align the goals of the company's shareholders and executives in order to enhance the value of the company.

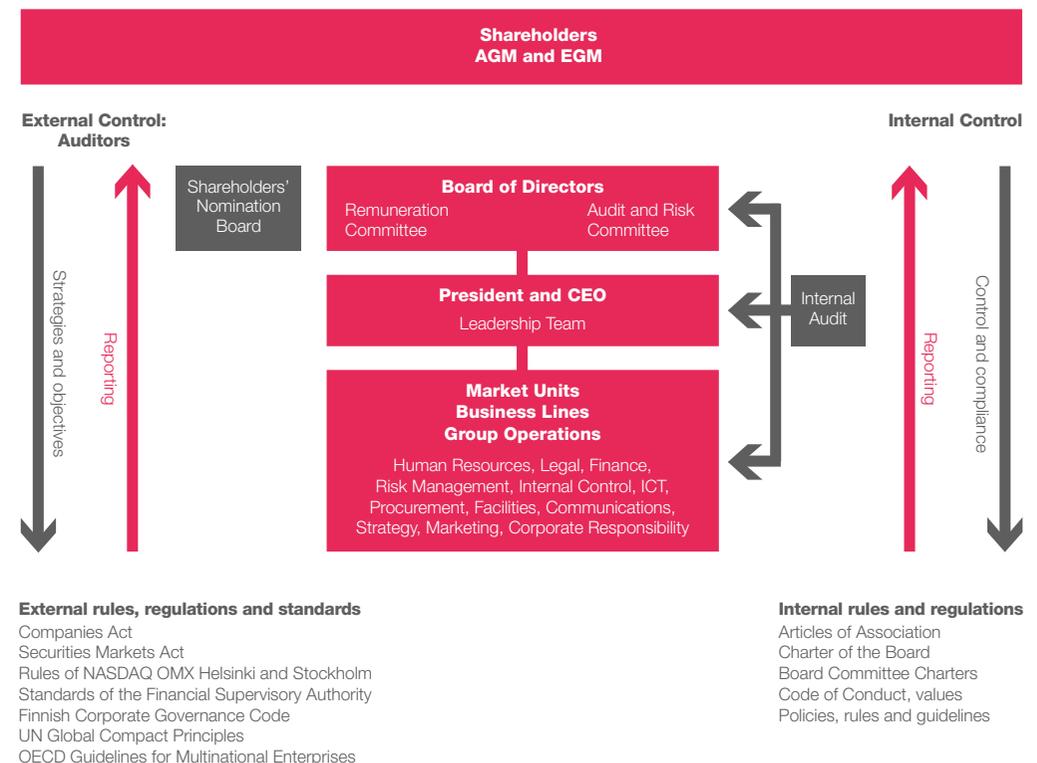
According to the decision of the AGM, the Board members and the Chairman of each Board Committee receive a fixed annual compensation of which forty percent is paid in Tieto shares. In addition, the Board members will be paid a remuneration for each Board meeting and for the meetings of all permanent or temporary committee meetings.

Remuneration of the Leadership Team members consists of base salary and benefits as well as short- and long-term incentives. Short-term incentives are based on clear, measurable targets set for the company's financial performance (external revenue and profit) and strategy implementation. The long-term incentives consist of option or other share-based programmes.

In the share-based programme, Long-Term Incentive Programme 2012–2014, the amount of the reward is based on Tieto's financial performance measured by earnings per share and the development of Tieto's share price relative to peers. The reward of the option holders is dependent on the share price development. A full description of Tieto's remuneration to Leadership Team members is available at www.tieto.com.

Our remuneration principles aim to attract and retain talent, motivate key people and align the goals of our shareholders and executives in order to enhance the value of the company.

Governance at Tieto



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Stakeholder dialogue

We want to foster continuous collaboration and dialogue with all our key stakeholders. By interacting in different forums and channels we learn more about their sustainability concerns and their need for information on our sustainability work.

In our internal materiality analysis workshops, including all core functions, we have identified external stakeholders and selected with whom to engage based on the potential impact Tieto has on the stakeholder and

vice versa. Certain types of stakeholder cooperation, such as investor relations, are centralised within the group's support functions. However, most relations are managed throughout the organisation.

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

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Sustainability offerings

Information and communications technology (ICT) has great potential to support sustainable development. This has made sustainable solutions and services a natural part of our offerings to customers.

Research suggests that ICT solutions may enable a global emissions reduction of 15 percent or more by 2020 – an amount five times greater than these same technologies are estimated to emit themselves (McKinsey Quarterly Report, 2008).

Our goal is to become the preferred green IT partner, and we constantly strive to improve the sustainability of our product portfolio. In 2010, we initiated a project to define the environmental and sustainability performance of our services. In 2011, this

service was made available to customers upon request.

Electronic transaction services are one area where modern IT has created a change in consumer behavior, with significant positive effects on the environment. According to the Finnish Green IT initiative (Vihreä ICT) 10 million users adopting electronic billing would reduce carbon emissions by approximately 10 900 tons. We are one of the biggest parties in B2B electronic transactions in Europe (Gartner). In 2011, based on our calculations of our digital



This is IT

Tieto Consumer Intelligence – a new channel for communication and cooperation

Currently, over 73% of consumers* in Finland and Sweden find it difficult to obtain sufficient information regarding product sustainability and ethicality. Thanks to innovative IT, consumers and manufacturers now have a new channel for communication and cooperation. The Tieto Goods Spotter mobile application supports consumers in their purchasing decisions by providing information offered by the manufacturer, such as the carbon footprint and origin of a product. It also gives

consumers access to other people's feedback and tips.

In addition, companies learn about consumer preferences: "That information can be utilized for product and service development, selection of target markets, and tailoring marketing messages," explains **Ville Puntanen**, Program Manager at Tieto.

This is it – this is IT

*Based on a study conducted in 2011 by VTT (Technical Research Centre of Finland). The research on the application was conducted in cooperation with VTT and funded by Tekes, the Finnish Funding Agency for Technology and Innovation.

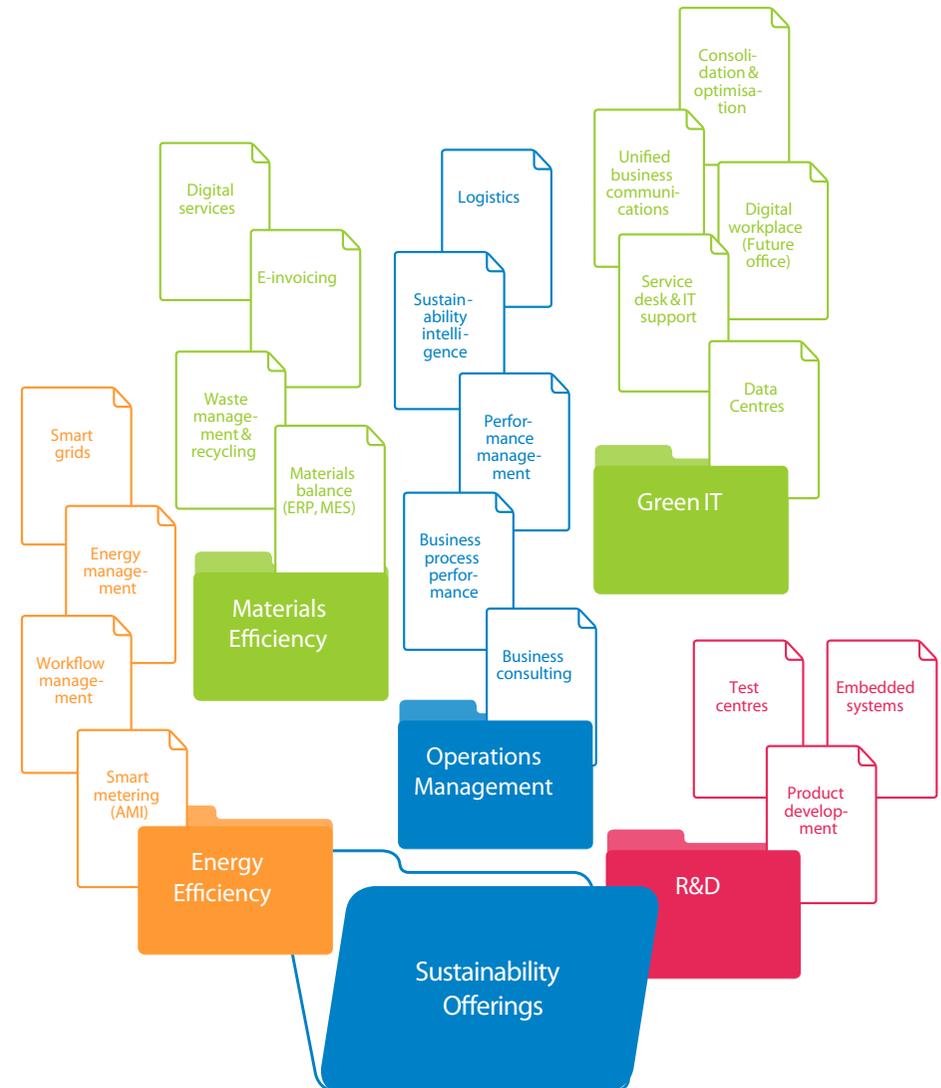
| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

transaction services and other identified services replacing paper, we helped reduce 168 481 tons of our customers' emissions, by far exceeding our own emissions of 45 582 tons CO₂.

Replacing business travelling with online collaboration and communication tools is another way of tackling climate change. A 5–30% reduction in traditional trips, enabled by teleconferencing, has the potential to reduce 5.6–33.5 million tons of carbon emissions (Vihreä ICT). Our digital workplace and future office solutions are implemented in all our offices and also in several of our customers' premises, enabling use of live meetings, video and teleconferences.

There are numerous examples of how IT and the IT industry can support sustainable development. The Internet, for example, has changed our way of living and doing business. The current trend of moving the production of these IT services to energy-efficient data centres strengthens sustainability further. We are one of the front runners in providing environmentally friendly data-centre services. Our pioneering data centre in Espoo is one concrete example. By re-using excess heat from servers and distribute it to private homes and offices we have managed to reduce CO₂ emissions of the district heat produced in Espoo by almost 10 000 tons a year. Read more on page 33.

Examples of our corporate responsibility offerings



Economic responsibility

EUR **0.84**

EUR **0.69**

In 2011, earnings per share rose by 22% to EUR 0.84 (0.69).

Key achievements in 2011:

- ▶ Full-year net sales rose by 7% to EUR 1 828.1 (1 713.7) million.
- ▶ Full-year operating profit (EBIT) amounted to EUR 98.1 (72.4) million.
- ▶ Our customer benefit index increased from 3.26 to 3.71.
- ▶ Earnings per share rose to EUR 0.84 (0.69).
- ▶ Dividend per share amounted to EUR 0.75 (0.70).
- ▶ At the end of 2011, 40% (37%) of employees were working in global delivery centres.

Long-term targets:

- ▶ EBIT margin of 10%
- ▶ Net debt/EBITDA ratio of less than 1.5
- ▶ EPS growth of over 15% (CAGR) as a long-term incentive target during the strategy period 2012–2016
- ▶ Customer benefit index of 4.0
- ▶ Minimum dividend payout of 50% of net results

Value distributed to stakeholders
page 18

Business ethics
page 20

Quality and customer satisfaction
page 21

Information security
page 24



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Value distributed to stakeholders

For us, economic responsibility means striving to ensure that we are profitable while providing value for our stakeholders. Our new strategy aims to make us the preferred partner in business and IT transformation.

Economic sustainability is about adding value to and creating wealth for a wider economic system. Our contribution in 2011 is summarised in the graph on this page. It illustrates the economic impact of our operations on customers, employees, suppliers, governments and society at large. The Finnish government is present in the shareholder

structure by a 10% ownership though the holding company Solidium Oy. For a full description of our financial performance, please read our Financial Review 2011.

Concern and uncertainty over the European economy and the euro crisis led to a degree of cautiousness in some of our customer segments during 2011. Despite

the challenging economic environment and some internal quality challenges, our financial performance for the full year was consistent with market expectations, although below our own targets. Our full-year net sales rose by 7% and amounted to EUR 1 828.1 (1 713.7) million. Full-year operating profit (EBIT) amounted to EUR 98.1 (72.4) million, representing a margin of 5.4% (4.2). Full-year earnings per share (EPS) totalled EUR 0.84 (0.69).

During the year, costs were controlled tightly and as a result, the underlying cost base remained at the previous year's level. Profitability improvement was mainly attributable to the net sales growth coupled with an improved cost to sales ratio. Development costs of EUR 40.5 million were mostly related to the development of offerings, our own software products and data-centre services. Our sponsoring activities amounted to EUR 397 000 to non-governmental organisations. In addition, we have been involved in several pro-bono projects.

During the past years, several measures have been taken to transform Tieto into a more focused and cost-effective company to meet the increased global competition and price pressure on the market for IT services. In 2011, streamlining activities led to a

Economic value for different stakeholders, EUR million

| Stakeholder | 2011 | 2010 |
|---|---------|---------|
| Customers (Net sales) | 1 828.1 | 1 713.7 |
| Employees (Employee wages and benefits) | 1 028.7 | 1 017.1 |
| Suppliers (Purchases and services) | 613.8 | 563.2 |
| Government (Paid taxes *) | 19.4 | 19.6 |
| Provider of funds (dividends, interest expenses and other financial expenses) | 70.7 | 66.9 |
| Community investments (sponsoring) | 0.4 | 0.6 |
| *) of which | | |
| Finland | 8.3 | 8.2 |
| Sweden | 0.1 | 0.5 |
| Norway | 3.5 | 2.4 |
| Other | 7.5 | 8.5 |

2 2011 in brief**3 About Tieto**

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility**18 Value distributed to stakeholders**

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility

26 Our people

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report**39 GRI content index table****43 Independent assurance statement**

reduction of approximately 270 employees. At the same time our global delivery model was further strengthened to meet increased demand for offshore production. Generally, Nordic customers have become more receptive to the use of offshore resources due to the pressure to cut costs. At the end of December, the number of full-time employees in our global delivery centres totalled 7 251 (6 565). This represents 40% (37%) of personnel, which was 18 123 at the end of the year (total number of permanent employees totalled 18 906, 31 Dec 2011). We see significant potential to increase global delivery capacity in our existing delivery centres.

Compared to our peers, our cost structure has grown and current administrative costs are 20% higher than those of our competitors. Improving price competitiveness will require further reduction of overhead costs and increased productivity across the company. During 2012, Group-wide actions to reduce non-customer-centric work, cut overlapping tasks and improve productivity and utilisation rates, are expected to lead to a reduction of about 1 300 employees. The negotiations with labour union representatives have been started in accordance with the local legislation and labour practices in each country.

Development of our offering portfolio was one of our focus areas in 2011. This work will continue under the umbrella of our new strategy, which was launched at the beginning of 2012 - our aim is to become the preferred partner in business and IT transformation by 2016 based on our strong position in the Nordic countries. In the new strategy, our competitiveness and future growth will be

built through industry expertise, geographical focus and simplified operations. Our capabilities will expand to cover full IT lifecycle services by investing in Consulting and System Integration (CSI). Additionally, our product engineering services will pursue a global customer base and the associated opportunities by reducing operational dependencies on the IT services business. More information on the new strategy is available at www.tieto.com.

Significant financial assistance received from government

| Country | EUR million |
|-----------|-------------|
| Finland | 0.4 |
| Lithuania | 0.3 |
| China | 0.4 |
| Poland | 0.3 |

In the new strategy, our competitiveness and future growth will be built through industry expertise, geographical focus and simplified operations.



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Business ethics

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

Our Code of Conduct (CoC) is based on the UN Global Compact. It summarises our ethical standards and applies to all employees and business partners in all countries.

Management of anti-corruption

According to Transparency International's 2011 Corruption Perceptions Index, around 73% of the 183 participating countries scored below five, on a scale from 0 (highly corrupt) to 10 (highly clean). The index measures the perceived levels of public sector corruption. China, India, Russia and Belarus are some of the countries with a low corruption index. We have operations in all of these, but as for all operating countries, our Board of Directors and top management have zero tolerance for corrupt behaviour. This approach is also embedded in our monitoring and follow-up processes.

Our new Anti-corruption Policy clarifies the corruption sections in the CoC, and was launched internally in the autumn of 2011. The responsibility for this policy, as well as the CoC, lie with the Senior Vice President of Corporate Responsibility. Our support functions, Human Resources and Legal, are responsible for implementing the policies in our business operations.

Tieto does not take political stances, nor give financial or in-kind contributions to

political parties or institutions. Our stand on this is clearly regulated in our CoC and Anti-corruption Policy.

In general, 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. Additionally, 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.

Our whistle-blowing process enables anonymous reporting on any unethical behaviour. To monitor the risk for corruption we are conducting internal as well as external audits. In 2011, almost 27% of employees in seven countries were covered by such audits.

These actions, and the fact that the majority of our employees, managers and customers are based in countries that are considered uncorrupted, minimise the risk for corrupt behaviour to occur. No breaches of our CoC were reported during 2011. Neither were any corruption incidents reported.

Our preventative work will continue during 2012 through operational audits and a new e-learning course, which was launched at the end of 2011 and is mandatory for all employees; Anti-corruption e-learning.

Management of anti-competitive behavior

Competition between companies supports innovation and ensures goods and services are produced efficiently, with benefits to consumers through lower prices, improvements in quality and introduction of new services. Without competition, the driving forces behind economic growth and employment would be lost.

Our Competition Law Compliance Policy provides tools for our employees to assess what kind of behavior may be considered appropriate when interacting with other companies on the market, and to recognise when the advice of our Legal function is needed. It is owned by our Senior Vice President of Corporate Responsibility, and implemented with support from our Human Resources and Legal functions.

At the end of 2011, a new e-learning course was launched as part of the implementation of the new policy; Competition law compliance e-learning. This course is mandatory for senior management and selected employees.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Quality and customer satisfaction

Quality is one of the top priorities at Tieto and an integral part of our daily work. Our goal is to provide our customers with the best service experiences. In practice, this means listening to our customers, analysing and recognising possible gaps in services, and proactively improving service levels.

Quality Excellence

We aim to become a recognised IT industry leader in quality and continuously work to achieve higher process maturity. We are convinced that our customers and partners benefit from this in terms of minimised delivery overruns, managed risks, and decreased quality costs, as well as proactivity and flexibility through transparency.

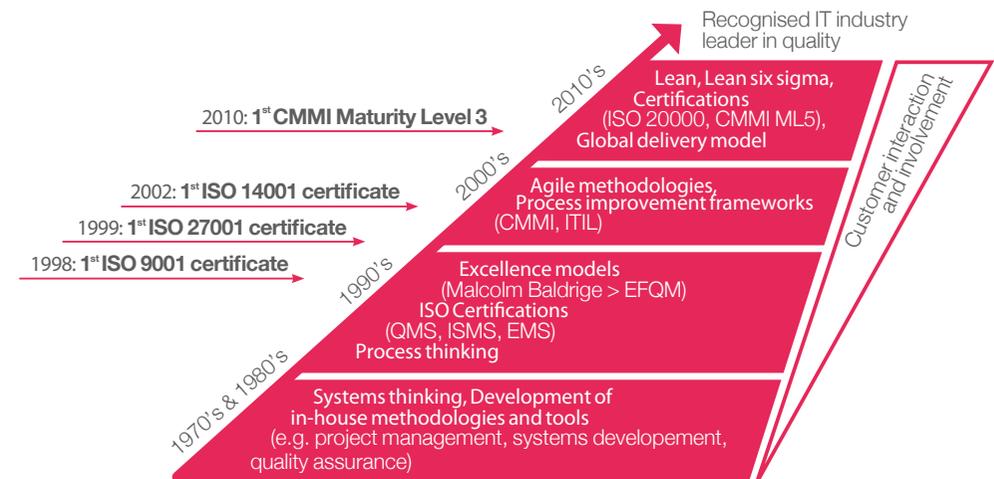
We have defined four essentials for delivering quality and working systematically with follow-up and continuous improvement:

- Customer benefit – measurable and predictable quality meeting 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 to Excellence (W2E) business system is a living process library based on best practices gained over more than forty years. It is constantly revised and updated to match our challenges as well as internal and external feedback. W2E is based on roles and responsibilities, and gives guidance to minimum requirements for implementing and

tailoring processes to be used. 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).



Quality journey

2 2011 in brief**3 About Tieto**

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility

18 Value distributed to stakeholders

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility

26 Our people

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report**39 GRI content index table****43 Independent assurance statement**

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 the automotive industry, EU Medical Device Directive (2007/47/EC) within the healthcare industry and ISO 13485:2003/AC:2007 for medical devices.

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 2011, 54% of our business (employees) was covered by ISO 9001 certificates, and 31% 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 2011. The corrective actions have already been taken.

In 2011, DNV reported three major non-conformities in its audits. One originated from the ISO 9001-based audit and was related to the practices for management review. An action plan was developed, corrective actions were taken, and this non-conformity was resolved. The other two originated from the ISO 27001-based audit and were related to

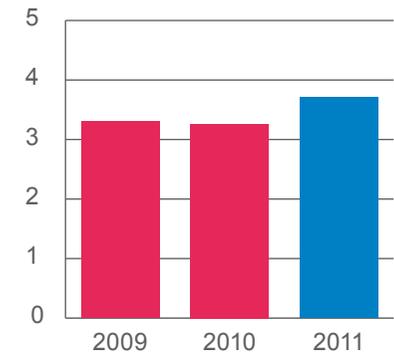
internal audits and customer-specific security requirements. As a result of an immediate action plan and measures taken, these non-conformities were down-graded to minor. In its audits, DNV has also identified a number of strengths across Tieto, such as competence management and e-learning, staffing management, and software development.

In 2011, we ran 14 internal CMMI assessments in the company in order to prepare for the official assessments according to our CMMI roadmap. Our delivery centre in Pune India is targeting to reach CMMI Maturity Level 5 at the end of 2012. Our aim is to achieve CMMI level 3 in all applicable units by the end of 2013.

In addition to fostering mature processes and inbuilt tools, we have implemented a global delivery model, Customer-driven Global Delivery, to ensure cost-competitive deliveries to the customers. In this model, delivery teams are combined from onshore, nearshore and offshore resources with specific industry knowledge. During the past years, we have been actively increasing our capacity in our global delivery centres, which are currently located in Belarus, Czech Republic, China, India, Latvia, Philippines (2012-) and Poland.

Customer satisfaction

Customer satisfaction is measured through an annual customer experience survey (CES). In 2011, the overall index for custom-

Customer benefit index *

* Tieto index for customer satisfaction.

er satisfaction, CES Benefit Index, increased to 3.71 (3.26 in 2010; scale 1–5). Based on this survey, improvements were seen in several areas, such as relations at a personal level, trustworthiness and reliability as a business partner. Overall, our customers' commitment to Tieto has increased. At the same time, the survey shows there is some room for improvement related to the consistency of delivery quality and creating added value and benefits for the customers and their business. We have initiated several improvement actions in order to improve these areas.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

At the end of 2011, the overall customer experience measurement model was revised to better meet the needs for detailed follow-up of our customer work at strategic, tactical and operational levels. Our aim is to strengthen our understanding of different customer perspectives. As a result, during the first half of 2012 the model will be deployed on all governance levels in Tieto.

During 2011, implementation of the Service Excellence cultural change that started already in 2010 continued. This initiative aims to increase quality awareness and commitment at all levels and in all areas across the

company. Our Employee Engagement Survey 2011 shows that both quality awareness and customer engagement have increased substantially in those countries where Service Excellence was deployed in 2011, for example in India and Poland.

Another concrete example related to quality is the implementation of the Lean@Tieto programme. In this programme our delivery teams are empowered to improve their own working environment by visualising possible bottlenecks and waste in their work and removing them. During 2011, our main focus was on building the framework based on

2012 will be, to a great extent, about quality. Our work is mainly focused on customer interfaces, deliveries, operational efficiency and competencies.

best practices in cooperation with externals, e.g. Aalto University and TEKES (The Finnish Funding Agency for Technology and Innovation) and to implement the programme in our customer work. In total, more than 1 000 people were covered by this transformation. During 2012 we aim for further cooperation with partners, scaling the implementation to cover more than 4 000 employees. We will also work closely with our customers to drive improvements end-to-end.

2012 will be, to a great extent, about quality. Our work is mainly focused on customer interfaces, deliveries, operational efficiency and competencies. Some examples of improvement actions are the empowerment of customer teams, deployment of a new customer experience measurement model, co-innovation with customers, deployment of a new project management tool (PMView), and deployment of the Showcases Portal for knowledge reuse, as well as continuing work with CMMI roadmaps and the Lean@Tieto programme.



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Information security

The Internet and mobility in IT have revolutionised our way of living. People are connected and sharing information digitally more than ever before – private individuals as well as companies and organisations. Data is stored on external servers and delivered via the Internet through the cloud. The number of users in these clouds is getting higher and higher, putting increased demand on security arrangements for protecting personal integrity.

For companies and society at large, 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 in customer agreements, as well as customer expectations. For us as an IT service provider, it means our products, services and internal processes must comply with customer and other interest group demands on Information security.

Managing 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 integrity 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 mandatory Information security Processes.

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 creating awareness and implementing the ISMS.

In November 2011, one of our data centres in Sweden experienced a severe incident caused by a hardware failure. It affected approximately 50 customers and resulted in a complex and time-consuming recovery process. Due to this incident, minor data losses might have occurred during the day between the latest back-up and the incident. The final outcome of the service break for Tieto and affected customers is based on individual customer agreements and negotiations between Tieto and its customers, suppliers and insurance providers.

To prevent similar incidents from occurring, as well as strengthening operative procedures, we have taken a number of actions:

- The hardware was immediately replaced
- Ensuring critical infrastructure system are being stored on several separate systems
- Further improving our incident management process
- The quality of risk management activities together with individual customers will be increased

For us as an IT service provider, information security means our products, services and internal processes must comply with customer and other interest group demands.

- Additionally, we will conduct exercises, with extended scope, regarding service disruptions and their impact, together with customers and authorities

Our aim is to maintain a close dialogue with different stakeholders in society at large and actively work towards establishing common regulations, necessary to facilitate the exchange of information and communication towards society at future IT-incidents. We have also suggested joint work with authorities on how socially critical services are identified and prioritised and how reporting required by authorities should be made in case of an incident impacting society.

During 2011, four burglaries were reported in the group in which 47 laptops in total were reported stolen. As our IT hardware is encrypted and customer data is stored on servers in our data centres, the risk for information leakages is minimal. During the year, no complaints about customer privacy breaches were reported.

Social responsibility



The Supplier Code was created in 2011 and will be implemented in new supplier and partner contracts.

Our people
page 26

**Human rights
in supply chain**
page 29

**Supporting social
development**
page 30

Key achievements in 2011:

- ▶ Our overall employee satisfaction index increased from 627 to 630 out of 1 000 in 2011. The response rate was again very high, reaching 85% (89%).
- ▶ New leadership principles were created to provide a strong and participative leadership frame in the changing and unstable global economic environment.
- ▶ A new online service for employment management was launched – My Data. The application currently covers more than 90% of employees.
- ▶ At the end of 2011, a new Supplier Code was created to sharpen control of suppliers and partners, and to prevent corruption and support human and labour rights. This code will be implemented in new contracts.
- ▶ Two new e-learning courses were launched, Anti-corruption and Competition Law Compliance.
- ▶ Our commitment to the Baltic Sea Action Group (BSAG) was renewed. We also continued to support the Identity Foundation's mobile learning centre in India. Our Christmas gift for employees and customers was dedicated to the Unicef programme Schools for Africa.
- ▶ Our Eureka platform for sharing and developing ideas among employees generated 16 offering investments during the year. The platform has also been sold to our customers.
- ▶ A new corporate responsibility group was formed in India. This group focuses mainly on voluntary social work but also develops environmental projects in the country.

Long-term targets:

- ▶ Employee satisfaction index of 650 (scale 1–1 000)
- ▶ Training hours/employee of 40–80 in average per year in all countries

- 2 2011 in brief
- 3 About Tieto
- 4 CR performance overview
- 5 Message from the CEO
- 6 Materiality results 2011
- 7 Sustainability - part of our daily operations
- 10 Managing corporate responsibility
- 12 Corporate governance
- 14 Stakeholder dialogue
- 15 Sustainability offerings
- 17 Economic responsibility
- 18 Value distributed to stakeholders
- 20 Business ethics
- 21 Quality and customer satisfaction
- 24 Information security
- 25 Social responsibility
- 26 Our people**
- 29 Human rights in the supply chain
- 30 Supporting social development
- 31 Environmental responsibility
- 32 Environmental responsibility – part of our own way to excellence
- 34 Vision: 100% CO₂ neutral
- 36 Greener operations
- 38 About this report
- 39 GRI content index table
- 43 Independent assurance statement

Our people

Our success as a company is built on the competence, experience and performance of our employees. Our long-term vision is to be the employer of choice.

We continuously strive to offer our employees challenging jobs, diverse development and training opportunities and interesting career paths through job rotation. We also 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 CO₂ emissions or IT services that increase wellbeing for people and societies. 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.

Employer of choice

In our 2011 employee engagement survey, VOICE, the overall employee satisfaction index increased from 627 to 630 (scale 1–1 000). The response rate was again very high, reaching 85% (89%). Improvements were seen for example in the areas of leadership and operational capabilities.

Based on this survey, most employees are satisfied with their overall situation and working conditions. Aspects of the learning

environment show positive change. However, there is still work to be done in boosting innovative capabilities. Improvement is needed in the areas of knowing our strategy and overall goals as well as customer focus. These will be key development areas for 2012.

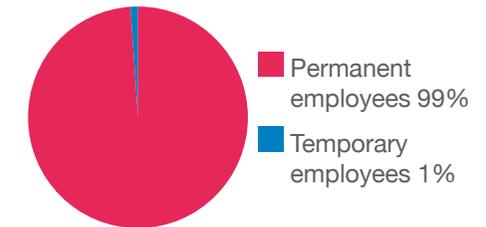
Managing human resources

Our HR strategy, Code of Conduct, Health and Safety and HR Privacy policies form the basis for all HR management. Naturally, we follow local employment laws and practices, collective agreements, and individual contract terms.

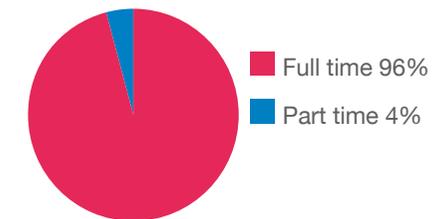
We believe our employees have the right to a good working environment and a good balance between work and private life. The physical and mental wellbeing of our employees is important and critical to the way we conduct our business. Our aim is to provide a safe and healthy workplace and work environment for our employees as well as others who are visiting or working in our premises.

Our rewarding programmes and processes aim to create a clear connection between compensation, individual performance and the company's financial performance. The key elements are clearly-defined goals and performance-based compensation, consisting of competitive base salaries and variable pay. In 2011, we continued our work to renew short- and long-term incentive design

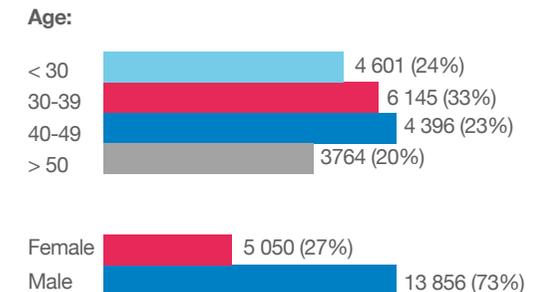
Forms of employment



Employment type permanent employees



Total number of permanent employees: 18 906 (31 Dec 2011)



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

in order to boost performance. A competitive and market-driven compensation structure supports our bid to become the employer of choice, ensuring that we can retain and motivate our skilled professionals and attract new talents.

At the end of December 2011, the number of permanent employees amounted to 18 906 (18 582), corresponding to 18 123 (17 757) full-time employees. During the past years, we have been actively increasing our resources in global delivery centres to strengthen our delivery capabilities and competitiveness. Global operations have grown fast, especially in China and India. At the year-end, the number of full-time employees in the global delivery centres represented 40% (37%) of personnel.

As a result of streamlining activities, some of our operations in onshore countries were downscaled during the year. An agreement related to the renewal of the company's business structure in Germany led to a reduction of approximately 100 full-time employees. Also, in Denmark the business operation was restructured, leading to a reduction of 60 employees. Personnel negotiations carried out in Finland and Sweden led to a reduction of 110 employees. When terminating employment contracts, we apply the appropriate notice period and pay the related compensation to employees in all countries.

During 2011, the development of digital tools, with a view to streamlining and harmonising employment management processes, continued. A new online service was introduced – My Data. This platform provides an online view on employee data and digitalised templates e.g. for CVs and competences to promote internal mobility and improve utilisation of internal resources.

Based on the need for a strong and participative leadership, new leadership principles were created in 2011. The principles are based on our common values: performance-based culture, standards of learning and lean organisation, inspirational and situational leadership styles and coaching approach.

Our employees are our key asset and retention of employees is therefore a strategic sustainability issue. At end of 2011, the twelve-month rolling employee turnover rate stood at 12.5% (9.5%). Especially in emerging markets, such as India and China, market development has led to serious competition for the best IT talents. This trend is creating challenges in retaining and hiring talent.

Young talents were one of the focus areas of talent management in 2011. During the year, we had several recruitment programmes targeted at young talents in different countries, including China, Sweden and Finland. These programmes aim to ensure that we will have talented professionals in key business roles in the future. A selected group of young graduates are trained in the company's processes and procedures and provided with industry expertise and customer knowledge. All in all, 39 talents participated in this Generation-T programme during 2011. During the year, we hired approximately 2 700 new employees in total.

Tieto – a truly multicultural company

We provide equal opportunities for all employees and see personnel with different cultural backgrounds, ages and genders as a strength, helping to build our competitiveness through their varied experiences and competences.

In organisational development, we strive to ensure that senior management positions

During 2011, we targeted young talents with several different recruitment programmes, which aim to ensure that in the future we will continue to have talented professionals in key business roles.



2 2011 in brief**3 About Tieto**

4 CR performance overview

5 Message from the CEO

6 Materiality results 2011

7 Sustainability - part of our daily operations

10 Managing corporate responsibility

12 Corporate governance

14 Stakeholder dialogue

15 Sustainability offerings

17 Economic responsibility

18 Value distributed to stakeholders

20 Business ethics

21 Quality and customer satisfaction

24 Information security

25 Social responsibility**26 Our people**

29 Human rights in the supply chain

30 Supporting social development

31 Environmental responsibility

32 Environmental responsibility – part of our own way to excellence

34 Vision: 100% CO₂ neutral

36 Greener operations

38 About this report**39 GRI content index table****43 Independent assurance statement****Employee turnover in 2011, %**

| Age | Male | Female | Total |
|-------|--------|--------|--------|
| < 30 | 16.98% | 14.91% | 16.48% |
| 30-39 | 15.00% | 13.77% | 14.74% |
| 40-49 | 8.36% | 7.87% | 8.22% |
| > 50 | 8.99% | 7.64% | 8.55% |
| Total | 12.94% | 11.00% | 12.49% |

also have an increasing representation of females, young people and different nationalities. At the end of 2011, our Board of Directors consisted of eight men and one woman. Our eight-person Leadership Team included two women. The Corporate Responsibility steering group consisted of five men and four women. As a whole, 73% (73%) of personnel were male and 27% (27%) were female. As the IT industry is still male dominated, a more equal division of male and female employees will be difficult to achieve.

In 2011, we received one court ruling in Finland about breaching the law of equality and breaching the collective bargaining act. A former employee filed a case against the company on an alleged unjustified termination of an employment in 2007. Tieto contested the claim based on restructuring of the company and related personnel negotiations, but the court found that the termination was not justified. As a result, Tieto paid a ruled compensation.

Learning and competence development

Every year we invest in transformation of competences to increase agility and business growth. In 2011, the total average training hours per employee was 76.2 (68.3).

Our aim is to align the management and development of our employees' performance and competencies with business targets. Our Success for People platform facilitates the translation of business goals into individual objectives that define more clearly what is expected from each employee. In 2011, we focused on improved competence development practices by implementing a gateway model and corporate level demand-supply competence management forecasting practices.

Our Eureka platform for developing and sharing ideas is available to all employees via our intranet. In 2011, 16 offering investments were generated through this digital platform.

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. In 2011, approximately 1 700 employees were covered by defined pension benefit plans. Some of these employees are covered in both plans. For example, in Finland this applies to 595 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 interaction between management and staff, and enhance relations between employees.

A Personnel Representative Body (PRB) was established to exchange information between the employees and the employer. It acts as a platform for personnel representation in deciding bodies. Moreover, our personnel elect 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.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Human rights in the 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. We have been a signatory of the UN Global Compact since 2010.

These values are also outlined in the Tieto Code of Conduct (CoC), which was initially launched in 2005. It is continuously updated to ensure alignment with the principles of the United Nations Global Compact initiative and gives clear guidance to employees and other stakeholders on what behaviour is considered acceptable.

The signing of our CoC is integrated into the orientation routines for new employees, but also asked from existing employees who haven't already signed the Code. By the end of 2011, approximately 92% of employees had signed the CoC. 90% percent of employees signed it through our CoC e-learning course.

In 2011, we started to implement our CoC into all new contracts with suppliers and partners. To further strengthen control, we decided to create a separate Supplier Code at the end of 2011. It is based on our CoC and the Global Compact principles and also requests an environmental management system (EMS) in line with the ISO 14001 standard. Since 2012, the new Supplier Code is implemented into all new supplier and partner contracts.

Follow up and monitoring

The CoC and other corporate-responsibility-related policies are owned and coordinated by our corporate responsibility function. However, our 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.

The new Supplier Code, created in 2011, is based on our Code of Conduct and UN Global Compact principles.

Read more about our CoC, Supplier Code and other corporate responsibility policies on www.tieto.com

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Supporting social development

In 2011, we donated EUR 397 000 as well as provided pro-bono work to NGOs and other organisations with similar aims. Decisions regarding where to focus our pro-bono engagements and donations are based on community needs assessments developed in collaboration with relevant NGOs.

Unicef Schools for Africa

In December 2011, we dedicated our Christmas gift to employees and customers to UNICEF Schools for Africa, which helps some of the most disadvantaged children in the world to get a better chance at education, and thereby the possibility of a better life. Villagers work alongside UNICEF to build local schools themselves, later assuming responsibility for their maintenance and day-to-day running. UNICEF also strives to help national agencies institutionalise and scale-up the “Schools for Africa” framework. Unicef Schools for Africa is a truly sustainable approach, as local successes can be replicated across the countries in question.

Mobile Learning Center

Another of our sponsorships is the Identity Foundation (IF), which provides education for underprivileged street children in India. Since 2007, we have been supporting their Mobile Learning and Infotainment Center (MLIC) programme in Pune, India.

The programme’s mobile centers take the form of two distinctive yellow buses, equipped with basic tools for education and “infotainment”. These are used to conduct support classes in local communities; provide children with fun, educational movie shows and picnic events, often in collabora-

tion with other local organisations; and to transport children to school and back.

The MLIC project has already reached more than 5 000 underprivileged children, fostering education and giving shelter from the harsh living conditions on the streets of Pune. Of these, more than 50% have begun regular schooling after participating in the MLIC activities.

SOS Children’s Villages International

SOS Children’s Villages in Latvia is a charity organisation providing long-term, family-based care for children who have lost their parents, and carrying out family-strengthening programmes. Thanks to the IT system we provided in 2011, this organisation can now easily access the database of contact information of donors and collaboration partners, and track the received and dispensed donations. We also helped the programme to find sponsors for servers and technical equipment.

Baltic Sea Action Group (BSAG)

We have supported BSAG during 2011, contributing free IT services. BSAG is a joint initiative between the Finnish government and several other countries and corporations to save the Baltic Sea from further pollution. We have, for example, provided the iReach

tool, which includes several functions to help NGOs, including a “give-need list” as well as other tools for communication. The tool was piloted by BSAG in 2011 and roll out is planned for 2012.

Uplift, providing healthcare through micro-insurance

Uplift is a non-profit organisation providing cheap health insurance to people in India who cannot afford medical insurance or medical care. Besides the health insurance the organisation also provides medical advice via telephone to over 130 000 members, helping them receive proper medical care at hospitals and other health organisations. Uplift has even employed its own doctors who provide services free of charge. A few years ago, we developed and delivered free operating software to Uplift. During 2012 a new pro-bono software upgrade and a new cloud application is planned to allow Uplift to increase its geographical reach.

There are also many other activities in Tieto that aim to make a positive impact on local communities. During 2011 a new corporate responsibility group was formed in India. The group has, for example, arranged book donations to local schools and collected clothing along with other similar social or environmental projects.

Environmental responsibility



Environmental responsibility
page 32

Vision: 100% CO₂ neutral
page 34

Greener operations
page 36

Key achievements in 2011:

- ▶ Our total CO₂ emissions decreased from 52 646 tons to 45 582 tons. Total CO₂ emissions per employee decreased from 2.83 tons to 2.41 tons.
- ▶ The number of electronic transactions and other services replacing paper increased to 544.6 million (519.3), resulting in a reduction of customer carbon dioxide emissions of 168 481 tons (162 705).
- ▶ Our new data centre, which is ranked among the most energy efficient in the world, was opened in Espoo, Finland. It is expected to generate heating for about 1 500 houses in Espoo annually.
- ▶ In May 2011, our new data centre in Finland won the internationally renowned Green Enterprise IT (GEIT) Award. The recognition from the US Uptime Institute came in the Beyond the Data Centre category.
- ▶ In June 2011, for the second consecutive year, we were awarded top marks (973 on a scale of 0–1 000) in TCO Development's Green IT audit, which is focused on using IT as a form of environmental technology.
- ▶ In October 2011, we were included in the Carbon Disclosure Project's (CDP) Carbon Disclosure Leadership Index and Carbon Performance Leadership Index. Together, these results make us not only the best Nordic company, but also the leading IT services company globally in terms of carbon disclosure and carbon performance.
- ▶ In December, our office in Otaniemi (Espoo) was our fourth office in Finland to receive a WWF Green Office certificate.

Long-term target:

- ▶ Annual reduction of total CO₂ emissions caused by our activities

| | |
|----|---|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

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 organisations.

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 ISO 14001-certified have at least one environmental coordinator, and offices certified by WWF Green Office standard have a Green Office Coordinator.

Environmental management system

Since 2010, our environmental management system (EMS) is integrated into our common business system Way to Excellence (W2E). This means that environmental processes are available for and apply to all parts of Tieto. Implementation is conducted on a continuous basis through training and ISO 14001 certification of operations.

To implement our values throughout our entire value chain we launched a new Sup-

plier Code at the end of 2011, which complements our Code of Conduct with supplier-related requirements. The Supplier Code will be implemented during 2012.

Our target is to have a corporate level ISO 14001 certificate by 2015. At the end of 2011, approximately 11% (11%) of employees were covered by ISO 14001 certificates. At the beginning of 2012, we started a project for certifying our Indian operations with global delivery centres. Certification of other offices will continue in 2012. ISO 14001 certification is primarily driven by customer demand.

To manage our targets for greenhouse gas emissions we have developed a Green IT management framework including IT policies, technology procurement guidelines, policies and practices for business communications, travel guidelines and guidelines for energy efficiency in data centres and the office environment.

Being a leading Green IT company

In addition to working actively with our own environmental responsibility and supporting our customers with sustainable IT solutions, we participate in standardisation work and

In addition to working actively with our own environmental responsibility and supporting our customers with sustainable IT solutions, we are contributing to society by participating in sustainability conferences and the development of industry standards.

sustainability conferences. Among other things, we take part in an initiative together with the Swedish Standards Institute to create a new Green IT standard that will serve as a complement to ISO 14001. The plan is to have it ready by 2013, and then to introduce it internationally. The standard is supplemented with best practices on how Green IT can help to reduce negative environmental effects globally. During 2011, we also hosted and co-arranged two GRI Nordic Network meetings.

| | |
|----|---|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

This is
IT

Our Finnish data centre – an industry benchmark

Cloud computing, IT outsourcing and the digitalisation of society are creating a huge demand for data centres. These data centres consume a significant amount of energy, challenging ICT companies to find new, more innovative, and energy-efficient solutions. As a response, we have set both security and energy efficiency as key requirements for all of our new generation data centres.

In 2011, our new energy-efficient data centre in Espoo, Finland, was opened as a result of the past year's increased demand for IT operating services. The new data centre's Power Usage Effectiveness (PUE) index, which represents energy efficiency, is 1.2–1.3; the average data centre has a PUE of 1.8–3.0.

When fully utilised, heat produced by the data centre is expected to provide heating for 1 500 detached houses in Espoo. The data centre is cooled down by water circulating in the centre's cooling system. This water is then led into a heat pump facility to be re-cooled and for collection of heat that will finally be distributed to homes and offices. Heat generated by the data centre replaces heat production based on fossil fuels. As a consequence, the CO₂ emissions of the district heat produced in Espoo will be reduced by almost

10 000 tons a year. The data centre's annual 30 GWh of recovered heat distributed to the district heating network is the highest result ever achieved with such a solution.

The Espoo data centre is a concrete example of our aim to drive data centre development at the forefront of the industry. The data centre shows how we can help combat climate change through IT and it also takes us one step closer to our vision of becoming a climate neutral company.

In 2011, the new data centre was rewarded by the US Uptime Institute with the internationally renowned Green Enterprise IT (GEIT) Award in the category "Beyond the Data Centre". The centre was also recognised in the technology magazine Wired's 2011 list of the world's most energy efficient data centres.

"Our international recognition is not a coincidence. The Espoo data centre is a testament to our long-term efforts to develop sustainable and innovative solutions. With rising energy prices, these solutions enhance both our energy and cost efficiency," says Seppo Mäenpää, Manager, Tieto Data Centres & Storage.

This is it – This is IT

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Vision: 100% CO₂ neutral

We continuously examine ways to reduce greenhouse gas emissions of our activities as well as those of our customers. Our environmental work has been both awarded and recognised internationally.

Our own greenhouse gas emissions mainly come from energy consumption in data centres and offices and from travel by employees. Therefore, our climate strategy mainly focuses on how to increase energy efficiency inside the company and how to reduce traveling.

Since 2010, we have demonstrated a comparison between the CO₂ emissions of our own operation and our capacity to reduce our customers' emissions. The purpose is to see if we are contributing to climate change prevention or not from a broad-

er perspective. This is done by calculating the CO₂ emissions of our digital transaction services and other services replacing paper.

CO₂ emissions in 2011

In 2011, our CO₂ emissions were estimated at 45 582 tons, corresponding to 2.41 tons per employee. At the same time, based on our calculations on digital transaction services and other services replacing paper, we reduced customers' CO₂ emissions by 168 481 tons, far more than our own emissions.

Electronic transactions and other Tieto services replacing paper mail

| | Quantity (million pcs) | Sum of CO ₂ saving (tons CO ₂) |
|---|------------------------|---|
| Ahjo - Helsinki paperless decision making | 4 | 33 |
| B2B e-transaction replacing paper | 210.4 | 72 379 |
| Bank contract change or product opening | 55 | 457 |
| Bank marketing campaign material | 110 | 37 840 |
| Bank secure mail | 55 | 18 920 |
| Electronic account statement | 110 | 38 753 |
| Secondary school application | 0.1 | 48 |
| Tieto e-invoices | 0.1 | 51 |
| Total | 544.6 | 168 481 |

Objectives 2012–2015:

- ▶ Annually reduce the total CO₂ equivalent emissions caused by Tieto activities
- ▶ Certify all Tieto sites with more than 50 employees according to ISO 14001 and WWF Green Office standard by the end of 2015
- ▶ All suppliers committed to follow the principles of Global Compact and at least 90% of all purchased goods and services (volume measured in money) coming from suppliers fulfilling the requirement of ISO 14001 or equal standard
- ▶ Reduce energy consumption in the offices/facilities by at least 7% per year*
- ▶ Reduce energy consumption in data centres by at least 8% per year**
- ▶ Annually increase the usage of mobility and collaboration tools including encouraging employees to work remotely in order to reduce travelling by at least 4% per year***
- ▶ Reduce total paper consumption by at least 5% per year
- ▶ Significantly increase Green IT offerings to key customers and help customers reduce their CO₂ emissions, thereby reducing the total identified emission volume including our own emissions by at least 10% per year.

* = yearly reduction of energy consumption per person in average during 2012–2015

** = yearly reduction of the energy consumption per server in average during 2012–2015

*** = yearly reduction of work related traveling kilometers per person in average during 2012–2015

- 2 **2011 in brief**
- 3 **About Tieto**
- 4 CR performance overview
- 5 Message from the CEO
- 6 Materiality results 2011
- 7 Sustainability - part of our daily operations
- 10 Managing corporate responsibility
- 12 Corporate governance
- 14 Stakeholder dialogue
- 15 Sustainability offerings
- 17 **Economic responsibility**
- 18 Value distributed to stakeholders
- 20 Business ethics
- 21 Quality and customer satisfaction
- 24 Information security
- 25 **Social responsibility**
- 26 Our people
- 29 Human rights in the supply chain
- 30 Supporting social development
- 31 **Environmental responsibility**
- 32 Environmental responsibility – part of our own way to excellence
- 34 **Vision: 100% CO₂ neutral**
- 36 Greener operations
- 38 **About this report**
- 39 **GRI content index table**
- 43 **Independent assurance statement**

Sources of CO₂ emissions and scope

Our data coverage for environmental indicators improved compared to the previous year through wider use of our CR reporting system in 2011. The system was implemented for the use of facility management to improve data collection and share the benefit of the resulting environmental KPIs. Our data for environmental indicators now covers 100% of our operations. Data have been collected from 14 data centres, corresponding to 100% of our data centres, and 54 offices in 14 countries, covering 96% of our employees. The locations accounting for the missing 4% in countries with small operations were estimated based on our global average values with a 10% safety margin. The original data sources are

internal IT systems and invoices from utility providers.

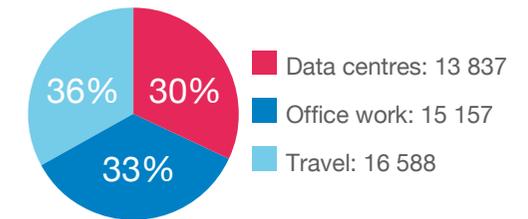
Equally, the travel data was collected from company IT systems. Employees in countries that do not use centralised systems were estimated based on global average values with a 10% safety margin.

Several emission factors from governmental and international organisational sources were used to calculate the generated emissions.

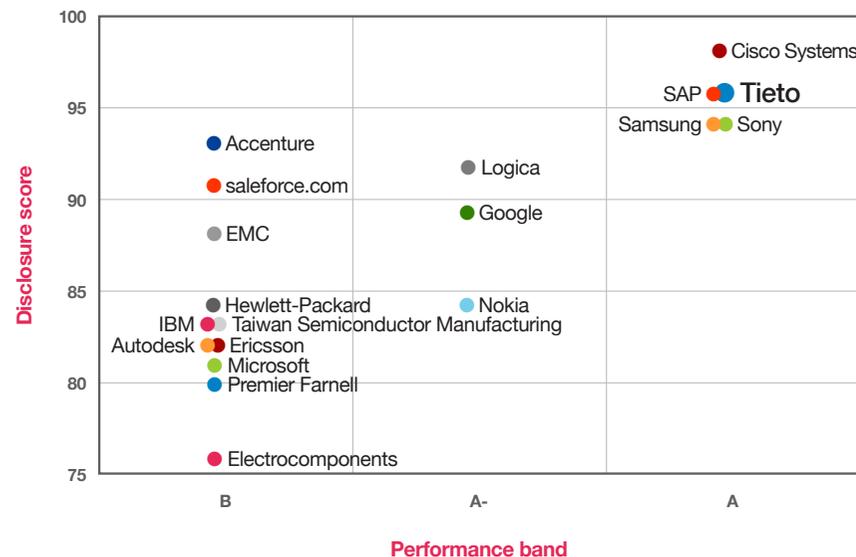
Awards and recognitions

Our climate change work has been recognised internationally by the Carbon Disclosure Project among others. In 2011, as the only company in the Nordics, we were included in both of Carbon Disclosure Project's indexes for disclosure and performance

Sources of our CO₂ emissions (tons)



Carbon Disclosure Project top disclosure scores vs. top performance bands



- the Carbon Disclosure Leadership Index and Carbon Performance Leadership Index. Together, these results make us not only the best Nordic company, but also the leading IT services company globally in CDP's ranking of carbon disclosure versus carbon performance (see infographic on the left). The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation holding the largest database of primary corporate climate change and water information in the world. The data is gathered on behalf of 551 institutional investors. More information is available at www.tieto.com.

To continuously strengthen our environmental work, we use the Green IT (GIT) audit environmental management system developed by Swedish based TCO Development AB. The GIT audit is an auditing method by which organisations undergo an external audit focused on using IT as a form of environmental technology. In 2011, we scored 973 on a scale of 0–1 000, which marks a 7% increase from the previous audit in 2009. The average score from around 500 audited organisations was 408.

| | |
|-----------|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Greener operations

In 2011, energy consumption in our offices accounted for approximately 33% of our CO₂ emissions.

Energy consumption and greenhouse gases, 2009–2011

| Emission class | Unit | 2009* | 2010 | 2011 |
|---|---------------|----------------------|----------------------|----------------------|
| Direct energy consumption | | | | |
| Diesel | litres | 12 933.0 | 352 687.0 | 148 243.0 |
| Total | litres | 12 933.0 | 352 687.0 | 148 243.0 |
| Indirect energy consumption | | | | |
| Cooling | kWh | 20 969 000.0 | 6 633 519.0 | 12 139 899.2 |
| Electricity | kWh | 106 223 000.0 | 141 337 369.0 | 107 148 583.1 |
| Heating | kWh | 36 773 000.0 | 32 149 293.0 | 12 724 094.7 |
| Energy returned to district network | kWh | | | -3 220 000.0 |
| Total | kWh | 163 965 000.0 | 180 120 181.0 | 128 792 577.0 |
| Total direct and indirect greenhouse gas emissions | | | | |
| Cooling | tco2 | 1 385.0 | 2 413.0 | 3 922.6 |
| Diesel | tco2 | 35.0 | 93.0 | 39.0 |
| Electricity | tco2 | 14 790.0 | 28 870.0 | 22 417.6 |
| Heating | tco2 | 5 893.0 | 6 119.0 | 3 278.0 |
| Transport fuel for company cars | tco2 | 422.0 | | |
| Energy returned to district network | tco2 | | | -663.3 |
| Total GHG scope 1–2 | tco2 | 22 524.0 | 37 495.0 | 28 993.9 |
| Other relevant indirect greenhouse gas emissions | | | | |
| Flights | tco2 | 4 884.0 | 11 588.2 | 13 474.9 |
| Own cars | tco2 | 1 897.0 | 2 488.0 | 2 695.7 |
| Taxi | tco2 | 330.0 | 1 075.8 | 417.8 |
| Total GHG scope 3 | tco2 | 7 111.0 | 15 151.0 | 16 588.4 |
| Total CO₂ emissions | tco2 | 29 635.0 | 52 646.0 | 45 582.3 |

1 Litre = 0.2642 US Gallons

1 MWh = 3.6 GJ

* Scope not fully comparable to 2010–2011

1 US Gallon of diesel = 0.138 GJ of energy

In the report metric ton/UK tonne equivalent to 1 000 kilograms is stated solely as ton.



To improve the environmental efficiency of our offices, we have applied WWF's Green Office standards in Finland since 2009. The Green Office criteria includes efficient use of energy and well-developed sorting of waste for recycling. In 2011, one office in Espoo, Finland, received its certification, increasing the number of certified offices to four. Certification of other offices is in progress and the standard will also be used outside Finland. Our objective is to reduce total energy consumption per person in offices and other facilities by 7% per year and in data centres by 8% a year. In 2011, the overall energy consumption was reduced by 28% (-51 327 604 kWh) compared to the previous year.

In 2011, our Stockholm office was awarded an EU Green Building Award for energy efficiency. As one of the most energy efficient buildings in the EU, this office has implemented several innovative sustainable solutions, i.e. a green roof with grass for efficient insulation as well as lights, electricity and ventilation controlled by the presence or absence of employees.

Energy efficiency in data centres

Data centres account for a large portion of energy consumption in the IT industry. Energy is needed for both running servers and computers in the data centres and for cooling. In 2011, our data centres accounted for 30% of our total CO₂ emissions.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Energy consumption of data centres can be reduced by increasing the number of virtual servers or implementing efficient cooling solutions, for example free cooling. Shutting down electronic equipment that is not in use is another option. Normally, the energy efficiency in data centres, expressed in Power Usage Effectiveness (PUE), is between 1.8–3.0. However, this measurement does not take into account recycling and re-use of excess heat, which is perhaps the best opportunity to enhance energy efficiency in data centres.

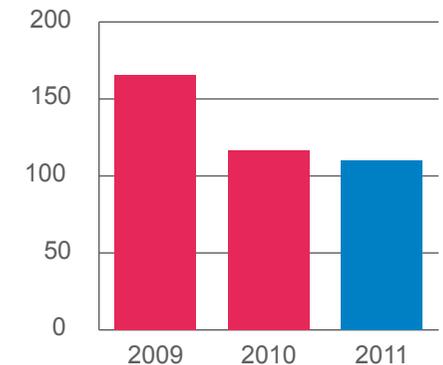
We have explored ways to reduce the energy consumption of data centres for many years and started to re-use energy already in 1978. Our new generation data centre in Espoo has a PUE of 1.2–1.3 but is also connected to the local district heating network, feeding back excess heat corresponding to almost 58% of the total energy use in the data centre. For Espoo, the solution means reduced energy use as well as lower CO₂ emissions. Read more on page 33.

Business travel

To reduce greenhouse gas emissions and other environmental impacts arising from travel, we encourage our employees to use internal, digital communication and collaboration tools when possible. During 2011, travel costs increased marginally but our traveling measured in kilometres was reduced by 2% thanks to a higher number of virtual meetings. This is despite the increased number of employees. Travel expenses to some extent depend on external factors such as fluctuations in airfares.

To ease everyday life for our employees and to increase our productivity, we have designed a Future Office solution, which is a social and commercial media inspired workplace. This solution not only saves money and time for our employees, it also reduces our CO₂ emissions. The Future Office concept is also sold to our customers and in 2011 it was registered as a trademark.

Printing paper consumption (extrapolated 100% scope) tons of paper



In 2011, total paper consumption was reduced by 8% compared to the previous year, amounting to 10 967 tons.



This is IT

Ahjo – triple bottom-line decision making

In summer 2011, the city of Helsinki adopted our electronic case-management system Ahjo, which helps address all three aspects of sustainability - social, economic and environmental.

Ahjo brings transparency to decision making by making the entire case-drafting process visible to all participants involved, as also including municipality residents and the media. This openness helps prevent corruption.

Cost efficiency is also improved through fluency of work as employees can now allocate working hours to more critical tasks.

Ahjo also promotes environmental sustainability. “The Administration Centre alone will reduce annual paper consumption by an estimated 40% – or four million pages,” says **Eila Ratasvuori**, administrative director for the City of Helsinki.

This is it – This is IT

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

About this report

This is our third Corporate Responsibility (CR) report based on GRI's framework. Last year (2010), the CR report had an application level B+. This year (2011) our application level is a A+. This report and our online Annual Report 2011 and Financial Review 2011 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 2011.

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 2011. Mergers and acquisitions during 2011 have only affected data marginally.

Our environmental Key Performance Indicators (KPI) are based on 96% of our employee count covering the essential parts of this corporation. The data for the remaining 4% are estimated based on the average figure with a 10% safety margin. In terms of all other KPIs, the coverage is complete; i.e. 100% of our employees. When we use the term "CO₂ emission" we mean CO₂ equivalent emission. In the report metric ton/UK tonne equivalent to 1 000 kilograms is stated solely as ton.

Some of our data collection routines are still to be adjusted to the GRI 3.1 and some data currently is unavailable in our internal systems. This applies to GRI indicators SD 4.1, LA1, LA2, LA10 and SO3.

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 43 for the statement. Our assesor, Ethos International, has provided a third party check confirming our application of the GRI G3.1 guidelines to be A+. Assurance increases transparency and is key to delivering a high-quality report.

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

A+

This is our third CR report based on GRI's framework and our first A+ report. It focuses on issues that our internal and external stakeholders consider to be the most material for Tieto. The report is also our annual Communication on Progress report in accordance with UN Global Compact requirements. It qualifies for the GC Advanced level.



| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

GRI content index table

● Fully reported
● Partially reported

GRI core indicator
GRI additional indicator
* www.unglobalcompact.org

| Profile Disclosure | Description | Reported | Cross-reference/Direct answer | UN Global Compact principles* |
|----------------------------------|--|----------|--|-------------------------------|
| 1. Strategy and Analysis | | | | |
| 1.1 | Statement from the most senior decision-maker of the organisation. | ● | 5 | |
| 1.2 | Description of key impacts, risks, and opportunities. | ● | 7–13, 20–21 | |
| 2. Organisational Profile | | | | |
| 2.1 | Name of the organisation. | ● | 3 | |
| 2.2 | Primary brands, products and/or services. | ● | 3, 15–16 | |
| 2.3 | Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures. | ● | 3, 10 | |
| 2.4 | Location of organisation's headquarters. | ● | 3 | |
| 2.5 | Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | ● | 3 | |
| 2.6 | Nature of ownership and legal form. | ● | 3 | |
| 2.7 | Markets served. | ● | 3 | |
| 2.8 | Scale of the reporting organisation. | ● | 3, 38 | |
| 2.9 | Significant changes during the reporting period regarding size, structure or ownership. | ● | No significant changes occurred 2011 | |
| 2.10 | Awards received in the reporting period. | ● | 2, 31 | |
| 3. Report Parameters | | | | |
| 3.1 | Reporting period. | ● | 38 | |
| 3.2 | Date of most recent previous report. | ● | 38 | |
| 3.3 | Reporting cycle. | ● | 10 | |
| 3.4 | Contact point for questions regarding the report or its contents. | ● | 45 | |
| 3.5 | Process for defining report content. | ● | 6 | |
| 3.6 | Boundary of the report. | ● | 38 | |
| 3.7 | State any specific limitations on the scope or boundary of the report. | ● | 38 | |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities. | ● | 38 | |
| 3.9 | Data measurement techniques. | ● | 35, 38 | |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports. | ● | The consumption of printing paper was restated for year 2010 with an extrapolated 100% coverage due to an expansion in measurement method. | |

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

| Profile Disclosure | Description | Reported | Cross-reference/Direct answer | UN Global Compact principles* |
|---|---|----------|--|-------------------------------|
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | ● | 38 | |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | ● | 39–42 | |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | ● | 43–44 | |
| 4. Governance, Commitments, and Engagement | | | | |
| 4.1 | Governance structure. | ● | 10, 13 | Principles 1–10 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | ● | 12, 13 | Principles 1–10 |
| 4.3 | For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. | ● | The Unitary board structure does not exist in Finnish corporations | Principles 1–10 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | ● | 12 | Principles 1–10 |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisation's performance. | ● | 13 | Principles 1–10 |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | ● | 12 | Principles 1–10 |
| 4.7 | Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees. | ● | 12 | Principles 1–10 |
| 4.8 | Internally developed statements of mission or values, codes of conduct and principles. | ● | 20 | Principles 1–10 |
| 4.9 | Procedures of the highest governance body for overseeing the organisation's management of economic, environmental, and social performance. | ● | 12, 13 | Principles 1–10 |
| 4.10 | Processes for evaluating the highest governance body's own performance. | ● | 12, 13 | Principles 1–10 |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed. | ● | 10 | Principle 7 |
| 4.12 | Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses. | ● | 12,13 | Principles 1–10 |
| 4.13 | Memberships in associations and/or advocacy organisations. | ● | 10 | Principles 1–10 |
| 4.14 | List of stakeholder groups engaged by the organisation. | ● | 14 | |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | ● | 14 | |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | ● | 14 | |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement. | ● | 14 | |
| Economic Performance | | | | |
| DMA EC | Management approach economic | ● | 7–13, 17–24 | Principles 1, 4, 6 & 7 |
| EC1 | Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | ● | 18 | |

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

| Profile Disclosure | Description | Reported | Cross-reference/Direct answer | UN Global Compact principles* |
|---|---|----------|---|-------------------------------|
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | ● | 7–8, 15–16 | Principle 7 |
| EC3 | Coverage of the organization's defined benefit plan obligations. | ● | 28 | |
| EC4 | Significant financial assistance received from government. | ● | 18–19 | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | ● | 30 | |
| Environmental | | | | |
| DMA EN | Management approach environment | ● | 31–37 | Principles 7–9 |
| EN1 | Materials used by weight or volume. | ● | 37 | Principle 8 |
| EN3 | Direct energy consumption by primary energy source. | ● | 36 | Principle 8 |
| EN4 | Indirect energy consumption by primary source. | ● | 36 | Principle 8 |
| EN5 | Energy saved due to conservation and efficiency improvements. | ● | 36 | Principles 8 & 9 |
| EN6 | Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. | ● | 15–16 | Principles 8 & 9 |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | ● | 37 | Principles 8 & 9 |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | ● | 36 | Principles 8 & 9 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | ● | 36 | Principles 8 & 9 |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | ● | 34, also cases on pages 15, 16, 33, 36 and 37 | Principles 7–9 |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | ● | 15–16 | Principles 7–9 |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | ● | Zero. | Principle 8 |
| Labour Practices and Decent Work | | | | |
| DMA LA | Management approach labour practices and decent work | ● | 25–28 | Principles 1, 3 & 6 |
| LA1 | Total workforce by employment type, employment contract, and region, broken down by gender. | ● | 26 | |
| LA2 | Total number and rate of new employee hires and employee turnover by age group, gender, and region. | ● | 26–28 | Principle 6 |
| LA 5 | Minimum notice period(s) regarding operational changes, including whether it's specified in collective agreements. | ● | 27 | |
| LA10 | Average hours of training per year per employee by gender and employee category. | ● | 28 | |
| LA13 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | ● | 28 | |

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

| Profile Disclosure | Description | Reported | Cross-reference/Direct answer | UN Global Compact principles* |
|-------------------------------|---|----------|-------------------------------|-------------------------------|
| Human Rights | | | | |
| DMA HR | Management approach human rights | ● | 29 | Principles 1–6 |
| HR 2 | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken. | ● | Zero | Principles 1–6 |
| HR4 | Total number of incidents of discrimination and actions taken. | ● | 28 | Principles 1, 2, 6 |
| HR5 | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. | ● | Zero | Principles 1, 2 & 3 |
| HR6 | Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour. | ● | Zero | Principles 1, 2 & 5 |
| HR7 | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour. | ● | Zero | Principles 1, 2 & 4 |
| Society | | | | |
| DMA SO | Management approach society | ● | 20, 30 | Principle 10 |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | ● | 20 | Principle 10 |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | ● | 29 | Principle 10 |
| SO4 | Actions taken in response to incidents of corruption. | ● | 20 | Principle 10 |
| SO5 | Public policy positions and participation in public policy development and lobbying. | ● | 20 | Principles 1–10 |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | ● | 20 | Principle 10 |
| SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. | ● | Zero | |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | ● | Zero | |
| Product Responsibility | | | | |
| DMA PR | Management approach product responsibility | ● | 21–24 | Principles 1 & 8 |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | ● | 22–23 | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | ● | 24 | 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 | |

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Independent assurance statement

Scope and objectives

Ethos International AB has undertaken independent assurance of the Tieto Corporate Responsibility Report 2011 (the Report). The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide moderate level 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 the scope was all data and key claims in the Report with the exception of data that is subject to mandatory auditing and is correspondingly contained in the Annual Report 2011. This includes all financial information and key employee data. We used the Global Reporting Initiative (GRI) Reporting Principles for Defining Quality as criteria for evaluating performance information. Additionally, we were engaged to provide a third party check on the application of the GRI G3.1 Guidelines.

Responsibilities of the directors of Tieto and of the assurance providers

The directors of Tieto have the 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 CR compliance in policy development and CR management within Tieto. This is the second 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 is comprised of Malin Lindfors Speace and Anne Eliasson. Further information on competencies is available at: www.ethosinternational.se.

Basis of our opinion

Our work was designed to gather evidence with the objective to provide moderate assurance as defined in AA1000AS (2008). The following activities were undertaken:

- 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 new CEO and members of the Corporate Responsibility Steering Group.
- Review of Tieto's 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.
- Two site visits, freely selected by the assurers, to Tieto head office in Helsinki, Finland, and to Tieto's office in Pune, India, to review implementation of sustainability strategy and management of offshore personnel.

- Review of supporting evidence for key claims in the report.
- Review of the processes for gathering and consolidating data with several samples including checking data consolidation.
- For both data and claims checking, this included accessing all key reporting and performance management systems from Tieto offices as well as reviewing electronic documents, e-mails and other sources of evidence.
- An independent assessment of Tieto's self declared A+ Application Level in accordance with the GRI G3.1 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.

In terms of data accuracy, nothing came to our attention to suggest that the data have not been properly collated from information reported on an operational level, or that the assumptions used were inappropriate. We are not aware of any errors that would materially affect the Group data.

To further align the report with the Principles, Tieto could improve the balance of the report to give stakeholders a complete view on Tieto from a sustainability perspective. We recommend Tieto expand the disclosure of challenges and risks including associated management approach.

| | |
|----|--|
| 2 | 2011 in brief |
| 3 | About Tieto |
| 4 | CR performance overview |
| 5 | Message from the CEO |
| 6 | Materiality results 2011 |
| 7 | Sustainability - part of our daily operations |
| 10 | Managing corporate responsibility |
| 12 | Corporate governance |
| 14 | Stakeholder dialogue |
| 15 | Sustainability offerings |
| 17 | Economic responsibility |
| 18 | Value distributed to stakeholders |
| 20 | Business ethics |
| 21 | Quality and customer satisfaction |
| 24 | Information security |
| 25 | Social responsibility |
| 26 | Our people |
| 29 | Human rights in the supply chain |
| 30 | Supporting social development |
| 31 | Environmental responsibility |
| 32 | Environmental responsibility – part of our own way to excellence |
| 34 | Vision: 100% CO ₂ neutral |
| 36 | Greener operations |
| 38 | About this report |
| 39 | GRI content index table |
| 43 | Independent assurance statement |

Tieto refers to CO₂ emissions from its direct activities and how it enables reduction through customers using the electronic transaction service. This data is reliable, giving the conclusion that Tieto's overall contribution to emissions reduction is positive. We recommend further work to more fully understand and report on the overall emissions profile. Including more service contributions in the calculations would most likely show an even bigger overall contribution to reduced CO₂ emissions.

We can confirm that we have checked Tieto's self-declared application of the GRI G3.1 Guidelines to be A+.

Observations

Without affecting our assurance opinion we also provide the following observations.

Performance information

Overall we have confidence in the level of accuracy of the performance information presented in the Report. Data collection processes are adequately described and supported through evidence seen during the assurance process. Performance management and reporting systems are of a high standard and enable a consistent application of standards and data capture across global operations. The site visits to head office in Helsinki, Finland, and Pune, India, confirmed that the same systems are applied in both offices.

A small number of data errors where highlighted during the assurance process and have subsequently been corrected in later versions of the report.

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

The review of Tieto's stakeholder engagement confirms continuous engagement with key stakeholders. There is, however, room for adjusting stakeholder engagement routines, especially regarding scaling up the number of stakeholders engaged, to reach a high level of inclusivity. We continue to recommend that future reports include more information on how stakeholders are involved and how their views influence Tieto's management approach.

During the site visit in Pune, India, we observed a lower awareness of the benefits and application of sustainability issues than at Group level. We recommend an internal training campaign to raise the awareness of sustainability issues throughout operations to ensure that employees at all sites are familiar with Tieto's Corporate Responsibility efforts. Priority should be set at offshore sites where risks could be elevated.

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

We believe the report adequately describes the full scope of Tieto's material impacts. Tieto applies a thorough materiality process that includes two internal rounds with a diverse working group, the second round taking place after external stakeholders have been invited to provide feedback on areas they consider material through specific dialogues. For future reports, we recommend that Tieto put more focus on its management approach, especially related to Human Rights in the supply chain.

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

The Report demonstrates Tieto's understanding of how IT plays an important part in sustainability through enabling others to reduce their CO₂ emissions. The evidence we have reviewed also demonstrates that Tieto is acting as a role model within its field, fully meeting identified needs, concerns and expectations of stakeholders. One example of such evidence is their notable Carbon Disclosure Project (CDP) results, including both carbon disclosure and carbon performance.

Improvements can be done in providing accessible information for external stakeholders. We recommend a review of Tieto's external homepage aimed to increase available information and to facilitate stakeholder feedback. Target measurement and evaluation of the impact of Green IT on the business overall financial performance and connection to sales would further strengthen the credibility and transparency to stakeholders.

Ethos International

24 May 2012



Malin Lindfors Speace,
Partner and Senior Advisor



Anne Eliasson, Advisor



Ethos International AB is a Nordic consulting firm licenced by AccountAbility to provide AA1000 AS (2008) assurance.



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That's IT

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