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# Digia Plc's Corporate Governance Statement 2020

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### General

This Statement has been issued separately from the Report of the Board of Directors.

Digia Plc's (hereinafter "Digia") corporate governance system is based on the Companies Act, the Securities Markets Act, general corporate governance recommendations, the company's Articles of Association and its in-house rules and regulations on corporate governance. The company (and this Statement) adheres to the Governance Code for Listed Finnish Companies issued by the Finnish Securities Market Association, which entered into force on 1 January 2020. The Corporate Governance Code can be read on the [Finnish Securities Market Association's](#) website.

Digia's corporate governance principles are integrity, accountability, fairness, and transparency. This means that:

- The company complies with applicable legislation and regulations.
- When organising, planning, managing and running its business operations, the company abides by the applicable professional requirements that have been generally approved by its Board members, who demonstrate due care and responsibility in performing their duties.
- The company is prudent in the management of its capital and assets.
- The company's policy is to keep all parties in the market actively, openly and equitably informed of its businesses and operations.

- The company's management, administration and personnel are subject to the appropriate internal and external audits and supervision.

### Shareholders' Meeting

Digia's highest decision-making body is the Shareholders' Meeting at which shareholders exercise their voting rights on company matters. The Annual General Meeting (AGM) is held once a year before the end of June on a date set by the Board of Directors. Each company share entitles the holder to one vote at a Shareholders' Meeting.

The Annual General Meeting should convene annually within three months of the date on which the fiscal year ends. An Extraordinary General Meeting must be held if the Board of Directors deems it necessary or if requested in writing by a company auditor or shareholders holding a minimum of 10 per cent of the company's shares, for the purpose of discussing a specific issue.

The Finnish Companies Act and Digia's Articles of Association define the responsibilities and duties of the Shareholders' Meeting. Extraordinary General Meetings decide on the matters for which they have been specifically convened. In order to participate in a Shareholders' Meeting, a shareholder must be entered in the Digia shareholder register maintained by Euroclear Finland Oy on the record date for the Shareholders' Meeting, and must also have registered for the meeting at the latest by the date given in the invitation.

The Chair of the Board, Members of the Board, auditor, anyone nominated for the Board, and the President & CEO should be present at Shareholders' Meetings.

The minutes of Shareholders' Meetings will be available for shareholders to read on the [company's web site](#) within two weeks of the meeting. The decisions made at Shareholders' Meetings will also be published in a stock exchange release immediately after the meeting.

Shareholders have the right to add a relevant item (as specified in the Companies Act) to the agenda for the Shareholders' Meeting, as long as the request is made in writing to the Board of Directors in time for the item to be added to the notice of meeting. Digia will announce the date by which shareholders must present a requested AGM agenda item to the company's Board of Directors. This deadline will be published on Digia's website. The date will be announced at the latest by the end of the fiscal year preceding the Annual General Meeting.

The 2020 Annual General Meeting was held on 16 March 2020. More information about the decisions made at this meeting are available on the [company's web site](#). No Extraordinary General Meetings were held in 2020.

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General overview of governance

Responsibility of Digia's operations is held by the Shareholder's meeting, Board of Directors, and the President & CEO assisted by the Group Management Team.



Board of Directors

Activities and tasks

The Board of Directors is elected by the Shareholders' Meeting, and is in charge of Digia's administration and the appropriate organisation of the company's operations. Under the Articles of Association, the Board of Directors must consist of a minimum of four and a maximum of eight members. The Nomination Committee will present the Shareholders' Meeting with its proposal for the composition of the new Board of Directors to be appointed.

The majority of Board members must be independent of the company and a minimum of two of those members

must also be independent of the company's major shareholders. Neither the CEO nor other company employees working under the CEO's direction may be elected members of the Board.

The term of all Board members expires at the end of the Annual General Meeting following their election. A Board member can be re-elected without limitations on the number of successive terms. The Board of Directors elects its Chair and Vice Chair from amongst its members.

Board Diversity Policy

The Board of Directors has defined a Board diversity policy. It states that the requirements of the company's size, market position and industry should be duly reflected in the Board's composition. Both genders should be represented on the Board. It should be ensured that the Board as a whole will always have sufficient expertise in the following areas in particular:

- the company's field of business;
- managing a company of similar size;
- the nature of a listed company's business operations;
- management accounting;
- risk management;
- mergers and acquisitions; and
- board work.

The composition of the 2020 Board of Directors was successfully in line with Digia's diversity policy.

The Board of Directors' rules of procedure

The Board has prepared and approved written rules of procedure for its work. In addition to the Board duties prescribed by the Companies Act and other rules and regulations, Digia's Board of Directors is responsible for the items in its rules of procedure, observing the following general guidelines:

- good governance requires that, instead of needlessly interfering in routine operations, the Board of Directors

should concentrate on furthering the company's short- and long-term strategies;

- the Board's general task is to steer the company's business with a view to maximising shareholder value over the long term, while taking account of the expectations of various stakeholder groups; and
- Board members are required to act on the basis of sufficient, relevant and up-to-date information in a manner that serves the company's interests.

The Board of Directors' rules of procedure cover the following tasks:

- define the Board's annual action plan and provides a preliminary meeting schedule and framework agenda for each meeting;
- provide guidelines for the Board's annual self-assessment;
- provide guidelines for distributing notices of meetings and advance information to the Board, and procedures for keeping and approving minutes;
- define job descriptions for the Board's Chair, members and Secretary (the latter position is held by the General Counsel or, if absent, the CEO); and
- define frameworks within which the Board may set up special committees or working groups.

The Board evaluates its activities and working methods each year, employing an external consultant to assist when necessary.

The Board convened a total of 11 times during the 2020 fiscal year, with full attendance.

Independence of the members of the Board of Directors

The Board of Directors assesses the independence of its members on an annual basis. Of the current members of the Board, Martti Ala-Härkönen, Santtu Elsinen, Päivi Hokkanen, Seppo Ruotsalainen and Outi Taivainen are independent of the company and its major shareholders.



Robert Ingman is independent of the company. Robert Ingman is not independent of the company's major shareholders due to his holdings in related parties.

**Committees of the Board of Directors**

During the 2020 fiscal year, Digia's Board of Directors had three (3) committees: the Compensation Committee, the Audit Committee, and the Nomination Committee.

These committees do not hold powers of decision or execution without separate authorisation from the Board of Directors; their role is to assist the Board in decision-making concerning their areas of expertise. The committees report regularly on their work to the Board, which has decision-making and collegial responsibility over their actions.

**Audit Committee**

The purpose of the Audit Committee is to assist the Board of Directors in ensuring that the company's financial reporting, accounting methods, financial statements and any other financial information provided by the company comply with legislation and are balanced, transparent and clear. The Audit Committee also supervises and assesses internal control and auditing, the effectiveness of risk management systems, and how well agreements and other legal actions between the company and its related parties meet market conditions and the requirements for ordinary operations. The Audit Committee supervises and assesses the independence of the company's auditor and, in particular, the auditor's provision of non-audit services. The Audit Committee also supervises the company's audit and prepares a proposal for the choice of auditor. During the 2020 fiscal year, the Audit Committee consisted of Seppo Ruotsalainen (Chair), Santtu Elsinen and Martti Ala-Härkönen. The committee convened four times during the fiscal year, with full attendance.

**Compensation Committee**

Digia's Compensation Committee is tasked with preparing and monitoring remuneration policies for the company's governing bodies and management remuneration schemes in order to ensure that the company's targets are met, that decision-making is objective, and that remuneration schemes are transparent and systematic. In 2020, the Compensation Committee consisted of Päivi Hokkanen (Chair), Robert Ingman and Outi Taivainen. The committee convened five times during the fiscal year, with full attendance.

**Nomination Committee**

The Nomination Committee prepares proposals for the Annual General Meeting on (a) the number of members of the Board of Directors, (b) the members of the Board of Directors, (c) the remuneration for the Chair, Vice Chair and members of the Board of Directors, and (d) the remuneration for the Chair and members of the committees of the Board of Directors. During the 2020 fiscal year, the Nomination Committee consisted of Seppo Ruotsalainen (Chair), Martti Ala-Härkönen and Robert Ingman. The Nomination Committee convened three times during the fiscal year, with full attendance.

**CEO**

The company's Chief Executive Officer is appointed by the Board of Directors. The CEO is in charge of Digia's business operations and administration in accordance with the instructions and regulations issued by the Board of Directors, and as defined by the Finnish Limited Liability Companies Act. The CEO may take exceptional and far-reaching measures, in view of the nature and scope of the company's activities, only if so authorised by the Board of Directors. The CEO chairs the Group Management Team's meetings. The CEO is not a member of the Board of Directors, but attends Board meetings.

The Board of Directors approves the CEO's service contract, which contains a written definition of the key terms and conditions of the CEO's employment. Timo Levoranta has been President & CEO of Digia Plc since 1 May 2016.

**Group Management Team**

The Group Management Team supports the President & CEO in the routine management of the company. As authorised by the Board of Directors, the Board's Compensation Committee approves the appointments of the members of the Group Management Team and decides on the terms and conditions of their service contracts on the basis of the CEO's proposal. Digia follows the one-over-one principle in Group Management Team and other appointments.

The CEO chairs meetings of Digia's Management Team. The Management Team consisted of nine members on 31 December 2020. The Team meets once every two weeks to assist the CEO in the preparation and implementation of strategy, operative management, and preparing items for consideration by the Board of Directors. The Team draws up annual action and financial plans, sets their associated targets, and monitors their progress. It also prepares significant investments, mergers and acquisitions. The CEO is responsible for the Management Team's decisions. Members of the Management Team are tasked with implementing these decisions within their own areas of responsibility.

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## Members of Digia Plc's Board of Directors in 2020

Member of the Board	Born	Education	Main occupation	Holding on 31 Dec 2020*	Member since
Martti Ala-Härkönen	1965	KTT, TkL	CFO, Caverion	20,000	2016
Sanftu Elsinen	1972	Kyo	Senior Vice President & Chief Digital Officer, Alma Media	0	2018
Päivi Hokkanen	1959	KTT	CEO, ITprofs	10,833	2012
Robert Ingman, Chair	1961	DI, KTM	Chair of the Board, Ingman Group	7,530,000	2010
Seppo Ruotsalainen, Vice Chair	1954	TkL	Board professional	6,000	2012
Outi Taivainen	1968	KTM	HR Director, Aava Terveyspalvelut	723	2018

\* Includes related parties and related party holdings

## The attendance of Board and Committee members at meetings in 2020

	Board Meetings	Audit Committee	Compensation Committee	Nomination Committee
Martti Ala-Härkönen	11/11	4/4		3/3
Sanftu Elsinen	11/11	4/4		
Päivi Hokkanen	11/11		5/5	
Robert Ingman	11/11		5/5	3/3
Seppo Ruotsalainen	11/11	4/4		3/3
Outi Taivainen	11/11		5/5	

## Management Team members on 31 Dec 2020

Name	Born	Education	Area of responsibility	Holding on 31 Dec 2020*	Member since
Timo Levoranta	1965	MSc. (Tech.), MSc. (Econ.)	CEO	106,179	2016
Pia Huhdanmäki	1969	LLM	Senior Vice President, HR and Culture	6,277	2018
Juhana Juppo	1971	MSc. (Computer Science)	Chief Technology Officer (CTO)	7,676	2016
Mika Kervinen	1968	LLM, with court training	General Counsel	9,931	2016
Jukka Kotro	1961	Vocational Qualification in Business Information Technology	Senior Vice President, Digia Business Platforms	5,614	2017
Tuomo Niemi	1962	MSc. (Econ.), MSc. (Tech.)	Senior Vice President, Digia Financial Platforms	12,665	2017
Ari Rikkilä	1967	MSc. (Tech.)	Senior Vice President, Sales and Marketing	12,685	2017
Kristiina Simola	1965	MSc. (Econ.)	CFO	14,315	2017
Harri Vepsäläinen	1974	BBA	Senior Vice President, Digia Digital	10,044	2018

\* Includes related parties and related party holdings

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**Internal control and risk management related to financial reporting**

**Control functions and control environment**

The company has a controller function that reports to the CFO and is tasked with ensuring the accuracy of monthly financial reporting. The CFO reports on the financial performance of the company and its divisions to Management, the Board of Directors, and the Board's Audit Committee.

The company uses a reporting system that compiles subsidiaries' reports into consolidated financial statements. There are also written directives for completing the financial reports of subsidiaries. The company's CFO monitors compliance with these instructions. The company also has the separate reporting facilities required for monitoring business operations and asset management.

The Group's financial administration unit prepares the consolidated interim reports and consolidated Financial Statements. This financial administration unit has centralised control over the Group's funding and asset management, and is in charge of managing financial risks.

**Internal control**

Internal control helps to ensure the reliability of the Digia Group's financial reporting. Digia's financial administration unit provides guidance on financial reporting matters. The Group's business is divided into areas of responsibility led by Senior Vice Presidents (SVPs) reporting to the CEO. Reporting and supervision are based on annual budgets that are reviewed monthly, on monthly income reporting, and on updates of the latest forecasts.

The SVPs report to the Group Management Team on development matters, strategic and annual planning, business and income monitoring, investments, potential acquisition targets and internal organisation matters related to their areas of responsibility. Each area of responsibility also has its own management team.

Digia's operational management and supervision adhere to the corporate governance system described above.

Digia has not yet established a separate function responsible for internal auditing. The need for an internal audit function is regularly assessed. With the company's current business volume, its legal and financial management functions are able to handle internal auditing tasks.

**Risk management and major risks**

The purpose of the company's risk management process is to identify and manage risks in a way that enables the company to attain its strategic and financial targets. Risk management is a continuous process by which the major risks are identified, listed and assessed, the key persons in charge of risk management are appointed, and risks are prioritised according to an assessment scale that compares the effects and mutual significance of risks. Part of this process involves identifying, planning and implementing risk management measures, and then monitoring their impact.

The main operational risks monitored under Digia's risk management are related to customers, personnel, deliveries, IT, data security and protection, immaterial rights, and goodwill.

The company manages customer risks by actively developing its customer portfolio structure and avoiding any potential risk positions.

Personnel risks are evaluated and managed using a quarterly performance review and development discussion process in which key personnel participate. To enhance personnel commitment, the company strives to systematically improve the efficiency of internal communications via regular personnel events and by increasing the management's visibility. Two major personnel-related risks are competence development and finding the correct expertise. These risks are systematically managed by developing our personnel's competence and through continual recruitment management and subcontractor management.

Internal – and as required also external – audits of major projects and continuous services are conducted with a view to enhancing project and service risk management and securing the success of customer deliveries. The Group's certified quality systems are evaluated regularly. Digia uses an ISO 9001-certified quality management system (Core Process Model), and the processes described in this system are utilised in all operations with a view to providing an optimal customer experience.

Audits are carried out to manage data security and protection risks, and the company also continually develops working models, practices and processes that promote data security and protection. Security training is organised for all personnel. In 2020, we renewed our internal data security and data protection training package. This training must be retaken every year, not only by Digia personnel but also by any subcontractors working on Digia's premises.

The Management Team is tasked with systematically managing risks associated with business integration, shared operating models and best practices, as well as their integrated development. Typical risks in the software business include the appropriate protection of the company's own immaterial property rights (IPRs) and violation of third parties' IPRs. These are managed through extensive internal policies, standard contracts, and appropriate supervision and analysis.

With respect to IFRS-compliant accounting policies, the Group actively monitors goodwill and its associated impairment tests as a part of prudent and proactive risk management practices within financial management.

Digia has assessed the corporate liability risks associated with its own operations and business relations, and has adequate and appropriate processes in place to predict and take precautions against these risks.

In addition to operational risks, the company is subject to financial risks. Digia Plc has centralised internal and external financing and the management of financial risks

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within the finance function of the Group's parent company. This function is responsible for the Group's liquidity, the sufficiency of financing, and the management of interest rate and currency risks. The Group is exposed to several financial risks in the normal course of business. The Group's risk management seeks to minimise the adverse effects of changes in financial markets on the Group's earnings. The primary types of financial risks are interest rate risk, credit risk, and funding risk. The general principles of Digia's risk management are approved by the Board of Directors, and the Group's finance function and business divisions are jointly responsible for their practical implementation.

**Insider issues**

Digia complies with the current Guidelines for Insiders issued by Nasdaq Helsinki. Digia also adheres to its own insider guidelines, which supplement Nasdaq Helsinki's guidelines. Digia's General Counsel is responsible for insider issues.

**Insiders**

Digia's insiders are divided into:

- 1. permanent insiders, which include the CEO and members of Digia's Board of Directors and Management Team;
- 2. project-specific insiders, which include those who receive insider information relating to a specific project due to their position or tasks;
- 3. a list of those who receive financial information.

Permanent insiders are not listed in project-specific insider registers.

**Management's business transactions**

Members of Digia's Management and those in their close circle must report all business transactions that involve Digia's financial instruments and are worth more than EUR 5,000 to both Digia and the Financial Supervisory Authority. The managerial positions covered by this obligation are: the CEO, members of the Management Team, and members of Digia's Board of Directors.

Digia will issue a stock exchange release on all personal business transactions made by members of Digia's Management and those in their close circle. These releases will be issued within three (3) days of the transaction. Digia also keeps a record of this information on the company's website.

**Closed window**

Anyone working in a managerial position at Digia, or who otherwise receives financial information, may not trade in the company's securities during a period of 30 days before the publication of one of the company's business reviews, half-year reports or financial statement bulletins. Project-specific insiders may not trade in the company's securities whilst the project is ongoing.

**Reporting misconduct**

Digia Plc has a 'whistle blowing' channel for reporting suspected cases of bribery and corruption, market abuse, and violations of Digia's insider guidelines. This channel seeks to promote compliance with good governance in the company's routine activities, and to prevent and detect misconduct. It can be used to report market abuse and the violation of operating principles, regulations and instructions, either confirmed or suspected.

Anyone can make an anonymous report using the form on either Digia's intranet or its public website. All reports are directed to Digia's legal unit and the Chair of the Audit Committee of the Board of Directors. All reports will be processed confidentially and professionally in accordance with the Personal Data Act, with regard to both the informant and suspect.

**Related-party transactions**

According to the Corporate Governance Code, a company must evaluate and monitor business transactions with related parties and ensure that any potential conflicts of interest are duly taken into consideration in the company's decision-making. Here, "the company's related parties" refer to the related parties of listed companies as defined in the Companies Act (IAS24). Digia has issued Board members, the CEO and Management Team members with instructions concerning related parties. In order to enable the monitoring of related-party transactions, the company maintains an up-to-date register of companies and persons who are classified as related parties, including their grounds for being so classified.

It is executive management's task to identify related parties and related-party transactions before engaging in any business. The business function and the legal counsel should together determine whether related-party transactions form part of the company's ordinary business and whether they are subject to standard commercial terms and conditions.

If an intended related-party transaction would be significant for Digia and would either deviate from the company's ordinary business or not be subject to normal

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market conditions, then this business transaction must be decided upon by the company's Board of Directors.

Digia's related-party transactions are explained in more detail in the consolidated Financial Statements. The company has no significant related-party transactions. Its related-party transactions are carried out under normal market conditions and do not deviate from the company's ordinary business.

**Auditor and auditor's fees**

Digia has one official auditor, who must be a KHT auditor or KHT audit firm approved by the Auditing Board of the Central Chamber of Commerce. The auditor is elected until further notice. The Annual General Meeting elects the auditor and decides on their fees. KPMG Oy Ab, a firm of Authorised Public Accountants, is the Group's auditor. Virpi Halonen, Authorised Public Accountant, has been chief auditor since 2015.

**Auditor's fees in 2020**

EUR 1,000	2020
Audit	104
Other statutory duties	4
Tax counselling	0
Other services	1
Total	109



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### Robert Ingman

Chair of the Board of Directors  
b. 1961, MSc. (Tech.), MSc. (Econ.)

Digia Board Member since 2010,  
Vice Chair of the Board 2012–2018,  
Chair of the Board since 2018.  
Member of the Board's Nomination  
Committee and Compensation  
Committee.

A Member of the Directors' Institute of Finland.

#### Chair of the Board of Directors

Qt Group Plc, 2016–

CRI Invest & Consulting Ltd, 2014–

Etteplan Plc, (2009) 2013–

Ingman Development Ltd, 2013–

Halti Ltd, 2012–

Ingman Group Ltd, 2009–

Ingman Finance Ltd, 2009–

M-Brain Ltd, 2018–2019,  
(Member of the Board 2011–2018)

#### Member of the Board

Ingman Baltic Sea Finance Ltd, 2015–

PK Oliver Ltd, 2013–

Massby Facility & Services Ltd, 2012–

Evli Bank Plc, 2010–

*Independent of the company.*



### Seppo Ruotsalainen

Vice Chair of the Board  
b. 1954, Lic.Sc. (Tech.), MSc. (Tech.)

Digia Board member since 2012.  
Vice Chair of the Board, and Chair  
of the Board's Audit Committee  
and Nomination Committee.

A member of the Directors' Institute  
of Finland and the Finnish Business Angels Network,  
and a founder member of the Startup Foundation.

#### Key work experience

Executive Director, Vigo Startup Accelerator Program,  
2010–2016

President & CEO, Tekla Plc, 1998–2003

Deputy CEO, F-Secure Plc, 2008–2009

Deputy CEO, LM Ericsson Ltd, 1994–1998

Sales Director, Hewlett Packard, 1982–1993

Head of Division, Teollisuuden Voima Ltd, 1977–1982

#### Chair of the Board

Softera Ltd, 2015–

Osuuskunta MPY, 2013–

Viabile Ltd, 2003–

Fountain Park Ltd, 2003–2013

Commit Ltd, 2003–2008

AniLinker Ltd, 2003–2007

#### Member of the Board

Profict Partners Ltd, 2004–2020

Biisafe Ltd, 2014–2016

Napakka Ltd, 1999–2013

Forte Netservices Ltd, 2007–2008

AtBusiness Communications, 2003–2006

3StepIT Group, 2003–2006

Aplac Ltd, 2003–2004

*Independent of the company and its major shareholders.*



### Martti Ala-Härkönen

Member of the Board  
b. 1965, DSc (Econ.), Lic.Sc. (Tech.)

Digia Board member since 2016.  
Member of the Board's Audit  
Committee and Nomination  
Committee.

A Member of the Directors' Institute  
of Finland.

#### Key work experience

CFO (Finance, Strategy & IT), Caverion Corporation, 2016–

CFO, Cramo Plc, 2006–2016

CFO, WM-data Ltd, 2004–2006

CFO & Senior Vice President, Business Development,  
Novo Group Plc, 1998–2004

Manager, Corporate Finance & Finance Manager,  
Postipankki Plc, 1995–1998

#### Member of the Board

Purmo Group Ltd, 2018–

Pihlajalinna Ltd, 2015–2016

#### Member of the Supervisory Board

Elo Mutual Pension Insurance Company, 2020–

*Independent of the company and its major shareholders.*



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**Santtu Elsinen**

Member of the Board  
b. 1972, B.Sc.-level studies  
in economics

Digia Board member since 2018.  
Member of the Board's Audit  
Committee.

A Member of the Directors' Institute  
of Finland.

**Key work experience**

Senior Vice President, Chief Digital Officer,  
Alma Media Plc, 2016–

CEO, Winterfell Capital Ltd, 2014–

CEO, Quartal Ltd, 2011–

Director, Business Development,  
Talentum Plc, 2012–2015

Director, Business Development,  
Trainers' House/Satama Interactive Plc, 2005–2012

Creative Director & Business Development Director,  
Quartal Ltd, 1997–2005

**Member of the Board**

Etua Ltd, 2018–

Alma Mediapartners Ltd, 2017–

Arena Interactive Ltd, 2017–2020

Media Industry Research Foundation of Finland, 2016–

Fondia Tools Ltd, 2011–2012

Quartal Ltd, 1997–

*Independent of the company and its major shareholders.*



**Päivi Hokkanen**

Member of the Board  
b. 1959, DSc (Econ.)

Digia Board member since 2012.  
Chair of the Board's Compensation  
Committee.

A Member of the Directors' Institute  
of Finland.

**Key work experience**

CEO, ITprofs Ltd, 2017–

Development Director, SoteDigi Ltd, 2018–2020

CIO, A-Katsastus Group, 2012–2017

CIO, Sanoma Plc, 2009–2012

CIO, Stockmann Plc, 2002–2009

Director, SysOpen Plc, 1998–2002

Several positions, Cap Gemini Ltd, 1995–1998

Several positions, Kansallisrahoitus Ltd, 1984–1995

**Chair of the Board of Directors**

MPY Yrityspalvelut Ltd, 2019–

**Member of the Board**

Wointi Ltd, 2021–

ICT Leaders Finland, 2016–

MPY Palvelut Ltd, 2017–2019

*Independent of the company and its major shareholders.*



**Outi Taivainen**

Member of the Board  
b. 1968, MSc. (Econ.)

Digia Board member since 2018.  
Member of the Board's Compensation  
Committee.

**Key work experience**

HR Director, Aava Terveyspalvelut Ltd, 2019–

Partner, Rethink Leadership Ltd, 2019–

Executive Vice President, HR, OP Group, 2015–2018

Area HR Director, Central and North Europe,  
KONE Plc, 2011–2015

CEO, HR House, 2008–2011

Vice President, Human Resources, Nokia Plc, 2001–2008

Managerial positions, Nokia Plc, 1998–2001

**Chair of the Board of Directors**

OP Pension Fund, 2015–2018

**Member of the Board**

Helsinki Chamber of Commerce, 2009–2011

Henry ry, 2006–2008

Finnish Enterprise Agencies, 2006–2008

**Other positions of trust**

Helsinki Chamber of Commerce,  
HR Committee member, 2012–

*Independent of the company and its major shareholders.*



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**Timo Levoranta**

President & CEO

b. 1965, MSc. (Tech), MSc. (Econ.)

President & CEO and Group Management Team Member since 1 May 2016

**Key work experience**

Senior Vice President, Digia Plc, 2016

CEO, TDC Ltd Finland, 2011–2015

SVP, Sales&Marketing, Outokumpu Plc, 2008–2011

Managerial positions, TeliaSonera Plc, 2002– 2008

Managerial positions, Sonera Plc, 1995–2002

Various positions, Consumer Mobile Communication Division, Telecom Finland Ltd, 1991–1995

**Member of the Board**

Technology Industries of Finland, Deputy Member, 2020–



**Kristiina Simola**

Chief Financial Officer

b. 1965, MSc. (Econ.)

Digia Management Team member since 14 August 2017.

**Key work experience**

CFO, Digitalist Group Plc, 2015–2017

Deputy Managing Director & CFO, Mirasys Ltd, 2012–2015

Senior Manager, Finance Transformation, Deloitte Finland, 2010–2012

CFO, Profit Software Ltd, 2007–2010

CFO, Foster Wheeler Energia Plc, 2005–2007

CFO, SysOpen Plc, 2001–2005



**Mika Kervinen**

General Counsel

b. 1968, LL.M., Master of Laws with court training

Digia Management Team member since 1 May 2016.

**Key work experience**

Senior Legal Counsel, Fondia Ltd, 2015–2016

Director, Business Support, TDC Finland Ltd, 2012–2014

Senior Legal Counsel & Management and expert positions, Nokia Networks Ltd, 2004–2012

Senior Legal Counsel & Management and expert positions, TeliaSonera Plc, 1998–2004

Legal Counsel & expert positions, Kesko Plc, 1996–1998

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### Pia Huhdanmäki

Senior Vice President, HR and Culture

b. 1969, LL.M.

Digia Management Team member since 1 February 2018.

#### Key work experience

Leading specialist (industrial policy & lobbying), Radio-Media and Finnish Media Federation, 2017–2018

HR Director/CHRO, Sanoma Media Finland Ltd, 2012–2016

Director: HR, legal and communications, Sanoma News and Sanoma Entertainment Ltd, 2010–2011

Director: HR, legal and communications, Sanoma Entertainment Ltd, 2007–2010

Legal Counsel & Management positions, Sanoma Group Plc, 1996–2006



### Ari Rikkilä

Senior Vice President, Sales and Marketing

b. 1967, MSc. (Tech.)

Digia Management Team member since 16 May 2017.

#### Key work experience

Senior Sales Director, Accenture Ltd, 2017

Managerial positions, Tieto Plc, 2016–2017

Managerial positions, ALSO Group, 2014–2016

CEO, Nervogrid Ltd, 2013–2014

CEO, Efecte Plc, 2010–2013

Country Manager, CA Technologies Inc., 2006–2010



### Juhana Juppo

Chief Technology Officer & Senior Vice President, Digia Common Services

b. 1971, MSc. (Computer Science)

Digia Management Team member since 19 September 2016.

#### Key work experience

Director, Business Development, Finanssi-Kontio Ltd, 2013–2016

Service Director, CGI Suomi Ltd, 2011–2013

CTO, Cap Gemini Finland Ltd, 2005–2011

Systems Architect, IT Optimo/Itella Plc, 2003–2005

Vice President, Development, Eigenvalue Ltd, 2000–2003

Project Manager, Cap Gemini Finland Ltd, 1999–2000



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**Jukka Kotro**

Senior Vice President, Digia Business Platforms  
 b. 1961, Vocational Qualification in Business Information Technology  
 Digia Management Team member since 9 August 2018.

**Key work experience**

Senior Vice President, various responsibilities, Digia Plc, 2018  
 Management Team member, various responsibilities, CGI Suomi Ltd, 2010–2018  
 Sales Director, Central Government, Logica Suomi Ltd, 2006–2010  
 Sales Director, Healthcare, WM-data Ltd, 2004–2006  
 Account Manager, Public Sector, Novo Group Plc, 1999–2004



**Tuomo Niemi**

Senior Vice President, Digia Financial Platforms  
 b. 1962, MSc. (Tech) , MSc. (Econ.)  
 Digia Management Team member since 1 June 2017.

**Key work experience**

Managing Director, Accenture Ltd, 2003–2017  
 Leading Consultant, Accenture Ltd, 1996–2003  
 Managerial positions in IT management, ICL Personal Systems Ltd, 1992–1996  
 Consultant, Andersen Consulting Ltd, 1989–1991  
 Product Manager, Nokia Data Ltd, 1988–1989



**Harri Vepsäläinen**

Senior Vice President, Digia Digital  
 b. 1974, BBA  
 Digia Management Team member since 1 April 2018.

**Key work experience**

Vice President, Consulting Services, CGI Suomi Ltd, 2017–2018  
 Business Unit Director (various units), Management Team member, Affecto Plc, 2009–2017  
 Business Director, Business Intelligence & Analytics, IBM Global Business Services, 2006–2009  
 Business Development Manager, IBM Global Business Services, 2005–2006  
 Business development and managerial positions, Elisa Plc, 2001–2005  
 Consultant/Project Manager 1998 –2001 ICL Data Ltd and Affecto Ltd

# Digia Plc Remuneration Report 2020

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This Remuneration Report describes how Digia Plc has applied its Remuneration Policy in the 2020 fiscal year. The Remuneration Report discloses the remuneration of Digia's Board of Directors and CEO in 1 January to 31 December 2020. The Remuneration Report has been drafted in compliance with the requirements of directive EU 2017/828 amending the Shareholder Rights Directive. The requirements of directive EU 2017/828 have been implemented in Finland mainly in the Limited Liability Companies Act (624/2006, as amended), Securities Markets Act (746/2012, as amended), Decree of the Ministry of Finance 608/2019 and the Corporate Governance Code 2020.

The Remuneration Committee of Digia's Board of Directors has prepared the Remuneration Report for review by the Board of Directors, which has approved it for presentation to the General Meeting.

# Introduction

## Summary of remuneration at Digia in the 2020 fiscal year

The remuneration of Digia's governing bodies is based on Digia Plc's Remuneration Policy, on which shareholders made an advisory decision at the Annual General Meeting on 16 March 2020. The Remuneration Policy will be in effect until the 2024 Annual General Meeting unless the Board of Directors decides to present changes to the Remuneration Policy to a General Meeting before that date for an advisory decision. The Remuneration Policy is available online [on the company's web site](#).

At the beginning of the 2020 fiscal year, we released a new strategy for the 2020–2022 period. During the strategy period Digia continues to renew operations and strengthen the selected focus areas. Digia places particular emphasis on the potential of data utilisation in customers' services and business processes. For more information on the strategy, see page 8, and on the implementation of the strategy, see page 46.

In spite of the coronavirus pandemic and the uncertain market situation it ushered in, Digia's net sales grew and profitability improved. In the short term, the customers' need to ensure the performance of their core business and enhance process efficiency was highlighted in service demand. In the uncertain market, customers were also typically more careful in evaluating the volume of development projects and project implementation schedules. This cautiousness was reflected in demand. The crisis has also revealed opportunities that have been opened up by digitalisation – most likely, the current crisis will accelerate the digitalisation trend in the years ahead. Read more about the impacts of the coronavirus on Digia's business on [page 13](#).

In general, the purpose of remunerations paid by the company is to support its business strategy and promote long-term financial success, competitiveness and the favourable development of shareholder value. In addition, the aim is to ensure that the company has access to the best possible individuals for its governing bodies and is able to retain their commitment and motivation. The structure of the remuneration of the company's Board of Directors and CEO and the decision-making order in the 2020 fiscal year complied with Digia's remuneration policy for governing bodies. There was no need for deviations from the policy or the clawback of remuneration.

In 2020, Board members were paid a fixed monthly fee and meeting fees. The amounts of the fees paid depended on the role in question – chair, vice chair and member of the Board and chair and member of a committee. The fees earned are disclosed below in section Board Remunerations.

The total remuneration paid to the CEO in 2020 consisted of a fixed salary including customary fringe benefits, bonuses paid on the basis of the short-term target bonus scheme, and bonuses paid on the basis of the 2017–2019 long-term share-based incentive scheme. The main emphasis of the short-term target bonus scheme is on the company's performance on the annual level. However, the goal is to set the indicators to also support the company's long-term success. The target bonus scheme for 2020 had the following indicators: net sales and operating profit (EBIT) and both personnel and customer satisfaction. The long-term share-based incentive scheme concluded at the end of 2019. The indicators of the bonus scheme are the three-year development of net sales (2017–2019) and annual trend in EPS (2017,

2018 and 2019). The incentive schemes and the total remuneration paid to the CEO are described in detail below in sections [CEO's Remuneration](#) and [Share-based incentive scheme 2020–2022](#).

## Development of Digia's financial performance and remuneration 2017–2020

The following section describes the development of the remuneration earned by the Board of Directors and remuneration paid to the CEO from 2017, compared to the development of the average remuneration of employees and the financial development of the company during the same period. Digia and Qt Group demerged 1.5.2016 and thus no consistently comparable data is available for that or previous years.

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I Financial performance of the company	2017	2018	2019	2020
Net sales (MEUR)	94,5	112,1	131,8	139,0
Development of net sales (%)	+18.0%	+18.6%	+17.6%	+5.5%
Operating profit (MEUR) (EBIT)	1,8	6,5	9,6	14,1
Development of operating profit (%)		+252%	+48.6%	+46.2%
Official closing rate of the share for the fiscal year (€)	2.35	2.85	3.99	7.52
Development of share price (%)		+21.3%	40.0%	88.5%
Dividends paid per share	0.04	0.07	0.10	0.15*
Market capitalisation	63,035,749	76,447,611	107,026,655	201,714,397
II Personnel salaries and remunerations (excluding the salary and remunerations of the CEO)	2017	2018	2019	2020
Salaries and remunerations (MEUR)	55,5	62,8	72,7	76,9
Development of total salary costs (%)		+13%	+16%	+6%
Average personnel during report year (FTE)	954	1,069	1,186	1,261
Average salary costs (total salary cost divided by average personnel)	57,887	58,479	60,918	61,000
Development of average salary costs (%) (average personnel)		+1%	+4%	-
Personnel at end of reporting year (FTE)	1,005	1,091	1,266	1,258
Average salary costs (total salary cost divided by personnel at end of review year)	54,857	57,300	57,069	61,129
Development of average salary costs (%) (personnel at end of review year)		+4.45%	-0.40%	+7.11%

\* Board's proposal to the Annual General Meeting.

With respect to the development of the average salary costs of all personnel, it must be kept in mind that new recruitments, acquired businesses and turnover affect the development of average salary. Average growth in the salaries of the company's employees outpaces salary increases under collective agreements.

Part of Digia's employees are also covered by a short-term target bonus scheme or other variable salary component. The figure for personnel salaries includes fixed salaries, variable salary components and any bonuses paid at three-year intervals on the basis of the long-term incentive scheme, excluding salaries and remunerations paid to the CEO. The participants of the long-term incentive scheme are primarily the CEO and the company's senior management. Long-term incentives have been paid in spring 2017 and spring 2020.



III Remunerations paid to the Board of Directors**	2017	2018	2019	2020
Annual fee of the Chair of the Board (fixed monthly fees + meeting fees) (€)	87,500	83,500	82,500	81,000
Development of the remunerations paid to the Chair of the Board (%)		-4.6%	-1.2%	-1.8%
Annual fees of other Board members (fixed monthly fees + meeting fees), total (€)	182,500	210,500	237,500	239,500
Development of the remunerations of other Board members (%)		+15.3%	+12.8%	+0.8%
Number of Board members during the calendar year (including Chair and Vice Chair)	5	6	6	6
IV Salary and remuneration of the President and CEO	2017	2018	2019	2020
Fixed total salary (incl. fringe benefits) (€)	249,840	252,200	271,704	295,702
Development of fixed salary (%)		+1%	+8%	+8.8%
Short-term incentives paid (€) (based partly on performance in year of payment and partly on previous year)	22,905	44,300	159,478	120,616
Long-term incentives paid (LTI) (€)***	92,768	0	0	409,930
Development of variable salary components paid, total (%)		-62%	+260%	+233%
CEO's salary and variable salary components, total (€)	365,513	296,500	431,182	826,248

\*\* For the sake of comparability, the table presents the fees earned by the Board during each fiscal period, that is, the fixed monthly fees earned for the fiscal year in question plus meeting fees for Board and committee meetings held during that year, regardless of whether the fees were paid during said fiscal year or partly later. Information on the 2017–2019 fiscal years previously published in connection with financial statements has been disclosed according to payment date.

\*\*\* Paid three times a year.

A heavy weight is assigned to the variable salary component of the total remuneration of the CEO through both the short- and long-term incentives in line with performance-based thinking. The development of the CEO's incentive schemes reflects the company's business success and creation of profitable growth.

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Board remunerations 2020

Fees earned by Digia's Board of Directors  
1 January–31 December 2020

The 2020 Annual General Meeting decided on the payment of monthly fees of EUR 3,000 to Board members, EUR 4,000 to the Vice Chair and EUR 5,500 to the Chair for their work on the Board for the duration of the term expiring at the end of the 2021 Annual General Meeting. In addition, fees of EUR 1,000 to the Chair and EUR 500 to other members are paid per each Board and Board Committee meeting. The fees paid to the Board of Directors thus did not change from the fees decided on by the 2019 Annual General Meeting.

The table above discloses the fees that were paid or are to be paid to members of Digia's Board of Directors for Board and Committee work during the 2020 fiscal year. No other financial benefits were paid.

CEO's remuneration 2020

Application of performance criteria and remuneration payable for the 2020 fiscal year

The total remuneration paid to the CEO in 2020 consisted of a fixed salary, bonuses for July–December 2019 and January–June 2020 paid on the basis of the short-term target bonus scheme, and share-based bonuses paid on the basis of the long-term incentive scheme for 2017–2019. The bonus component of the short-term target bonus scheme, which is assessed on the basis of successful performance in the full year 2020, is paid in February 2021. The bonus component paid for January–June 2020 is deducted from the realised bonus for the full year. In addition, the CEO received the company's ordinary personnel and fringe benefits.

The earnings criteria of the 2020 short-term target bonus scheme of the CEO were based on the company's net sales and operating profit (EBIT) and both customer

*	Role and committees	Annual fee	Meeting fees for Board and Committee meetings	Total
Martti Ala-Härkönen	Member of the Board Member of the Nomination Committee Member of the Audit Committee	36,000	9,000	45,000
Santtu Elsinen	Member of the Board Member of the Audit Committee	36,000	7,500	43,500
Päivi Hokkanen	Member of the Board Chair of the Compensation Committee	36,000	10,500	46,500
Robert Ingman	Chair of the Board of Directors Member of the Nomination Committee Member of the Compensation Committee	66,000	15,000	81,000
Seppo Ruotsalainen	Vice Chair of the Board Chair of the Nomination Committee Chair of the Audit Committee	48,000	12,500	60,500
Outi Taivainen	Member of the Board Member of the Compensation Committee	36,000	8,000	44,000
Total		258,000	62,500	320,500

\* The table presents the fees paid for Board work in 2020.

and personnel satisfaction targets. The maximum bonus for the 2020 fiscal year corresponded to 75 per cent of the CEO's fixed salary for twelve months.

With respect to net sales and operating result, the targets had been set for the full year, but in such a way that the interim assessment and payment were made after the first half-year period (January–June) in accordance with the targets set for January–June. With respect to the targets for net sales and operating profit (EBIT), the bonus paid for January–June was an advance; that sum will be deducted from the bonus assessed for the full calendar year that will be paid in February 2021. The targets for customer and personnel satisfaction are annual level targets; the realisation of the customer satisfaction target was assessed at the end of the first half-year period (January–June) and the realisation of the personnel satisfaction target at the end of the second half-year period (July–December). All bonus indicators are assessed

independently of each other, but if the full-year operating profit had fallen short of the set EBIT threshold value, the bonus assessed after January–June would not have been paid.

The model aims to support Digia's profitable growth and ensure that, for example, growth through acquisitions is appropriately taken into consideration regardless of the implementation date of any acquisition. At the same time, the model accounts for a functional half-yearly bonus payment cycle.

In 2020, the CEO was paid a total salary (including fringe benefits) amounting to EUR 295,702.00 and target bonuses of EUR 120,616.00. The target bonus consisted of: realised target bonus for July–December 2019, 119.2%, for which the bonus of EUR 63,937.60 was paid in February 2020, and the realised target bonus for January–June 2020, 98.4%, for which the bonus of EUR 56,678.40 was

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paid in August 2020. The full-year target bonus for 2020 totalled 99.5%. The bonus component paid for January–June is deducted from the full-year target bonus. The remaining share of the CEO's target bonus, EUR 57,312.00, is paid in February 2021.

In addition, in the 2020 fiscal year, the CEO was paid a bonus from Digia's long-term share-based incentive scheme for 2017–2019. The bonus totalled EUR 409,930.55, which was paid as a combination of shares and cash.

Share-based incentive scheme 2020–2022

On 6 February 2020, Digia Plc's Board of Directors decided on a new three-year, long-term share-based incentive scheme. In principle, the target group consists of the CEO and the company's senior executives. The scheme is designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management to the company and its long-term objectives. The new scheme was introduced after the earlier share-based incentive scheme that extended until 2019 ended.

This long-term incentive scheme covers the calendar years 2020–2022. It offers participants the chance to earn company shares if the targets set by the Board of Directors for the three-year bonus period are met. The targets are based on the company's net sales and total shareholder return (TSR). The earnings period for the net sales and TSR indicators is three years (2020–2022), and the targets for both indicators have been set for the final date of the earnings period. If the terms are met, the bonuses for both indicators based on the new scheme will be paid at the end of the reward period in spring 2023. As a rule, the bonus will not be paid if a member resigns or if a member's employment or post is terminated prior to the bonus payment date specified in the incentive scheme. Under certain conditions, the Board has

the option to decide on possible bonuses in accordance with the pro-rata principle.

During the reward period, the CEO can earn a maximum bonus amounting to the value of 180,000 Digia Plc shares. The reward will be paid as a combination of shares and cash.

Salaries and remunerations paid to the CEO in the 2020 fiscal year

The CEO was paid the following as salary and other benefits during the 2020 fiscal year:

Remuneration component	Paid in 2020
Fixed monthly salary (incl. fringe benefits)	EUR 295,702.00
Bonuses	EUR 120,616.00
Long-term incentive scheme bonus (in accordance with the 2017–2019 incentive scheme)	EUR 409,930.55
Total	EUR 826,248.55

CEO's remuneration structure, paid 2020

