

Corporate Governance Statement



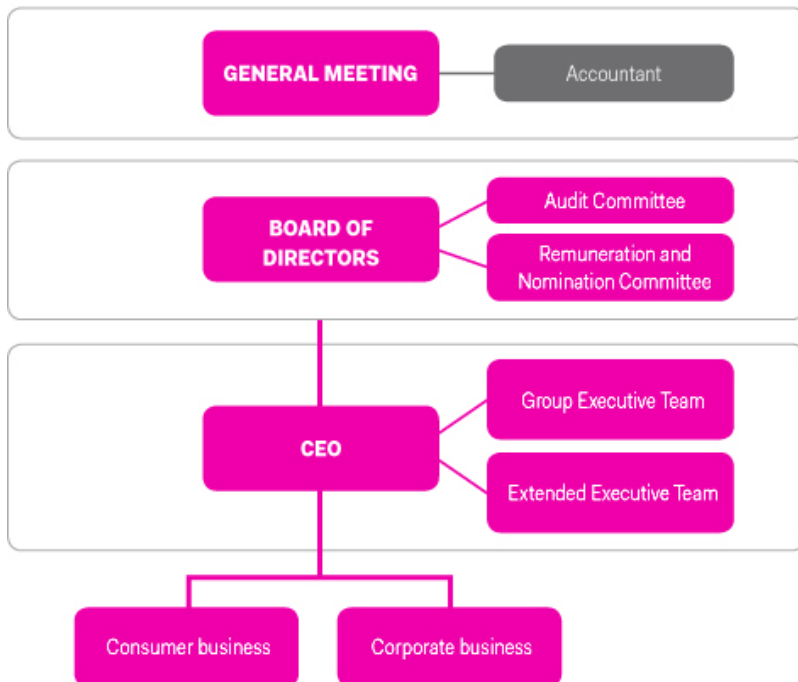
DNA Ltd (“DNA” or “company”) is a Finnish limited company. Parent company DNA Ltd and its subsidiaries form the DNA Group. The company is domiciled in Helsinki, Finland.

The obligations and responsibilities of DNA’s governing bodies are determined by Finnish legislation. In decision-making, DNA adheres to the Finnish Limited Liability Companies Act and the Articles of Association.

DNA follows the Finnish Corporate Governance Code issued by the Securities Market Association, except for Recommendation 51 on the company’s insider administration; DNA complies with the Guidelines for Insiders issued by the Helsinki Stock Exchange, but does not have a public insider register because the company does not have any listed instruments. The Finnish Corporate Governance Code is available online at www.cgfinland.fi/en/.

DNA’s governing bodies comprise the General Meeting, the Board of Directors and the Chief Executive Officer. The Executive Team assists the CEO in the management of the Group.

DNA's Governing Bodies



General Meeting

The General Meeting is the highest decision-making body of DNA. General Meetings are convened by the Board of Directors. The Annual General Meeting (AGM) is held within six months of the end of the financial year, at the time specified by the Board of Directors. According to the Articles of Association, the meeting discusses matters that fall within the scope of its responsibility, and any proposals to the AGM. The AGM is organised in such a manner that shareholders can participate in the meeting as extensively as possible.

Extraordinary General Meetings can be organised by the Board of Directors as required. The Board must also call an Extraordinary General Meeting if an auditor or shareholders with a total of 10 per cent of all DNA shares so demand.

Notice and agenda of the General Meeting

Unless otherwise stipulated in the Finnish Limited Liability Companies Act, the notice of the Annual General Meeting is sent to shareholders no earlier than four weeks and no later than eight days before the General Meeting. Notices are posted as registered letters to the addresses listed in the shareholder list, or published as an announcement in at least one nationwide newspaper designated by the Board of Directors. The notice of the AGM includes the agenda for the meeting, including the Nomination Committee's proposal on the members of the Board of Directors.

Duties of the General Meeting

According to the company Articles of Association, the responsibilities of the General Meeting include adopting the company's income statement, deciding on the distribution of profits on the balance sheet, discharging the members of the Board of Directors and the CEO from liability for the financial period, deciding the number of members in the Board of Directors, electing the Board of Directors and auditor and deciding the auditor's remuneration.

The General Meeting may also make decisions on other matters falling within its competence according to the Finnish Limited Liability Companies Act, such as amendments to the Articles of Association, issue of new shares and option rights as well as repurchase of company's own shares.

According to the Finnish Limited Liability Companies Act, a shareholder may have a matter falling within the competence of the General Meeting dealt with by the next General Meeting. The shareholder must send this request to the company, along with the related grounds or proposal, well in advance of the meeting.

Registration

Registration for the General Meeting takes place no later than on the due date specified in the notice of the General Meeting. Each shareholder may attend the General Meeting in person or by means of a representative. A shareholder or representative may have one assistant present at the General Meeting.

Presence of the Board of Directors, committee members and the CEO

The company's Chairman of the Board, CEO and a sufficient number of members of the Board of Directors and its committees shall attend the General Meeting. The auditor must attend the Annual General Meeting. A person standing for election as a member of the Board of Directors for the first time shall be present at the General Meeting deciding on the nomination, unless there are weighty reasons for said person's absence.

Voting

The company has one share series. A share entitles to one vote at General Meetings. As stipulated in the Finnish Limited Liability Companies Act, a proposal supported by more than half of the votes shall constitute a decision of the Annual General Meeting. However, the Finnish Limited Liability Companies Act stipulates that several matters, including the amendment of the Articles of Association and a directed share issue, require a decision by a qualified majority, i.e. at least two thirds of the votes cast and the shares represented at the meeting.

The company Articles of Association include a redemption provision and acceptance clause. The right to vote at General Meetings and the redemption of company shares are restricted by shareholder agreements. DNA Ltd is aware of two shareholder agreements to which it is a party.

General Meetings in 2012

The Annual General Meeting was held on 15 March 2012 in Vantaa. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2011. Due to the purchase of DNA shares, the Annual General Meeting adjusted the Board of Directors' proposal of EUR 3.10 per share and decided to pay a dividend of EUR 3.50 per share. The Annual General Meeting also decided to buy a total of 1,116,896 DNA shares in a directed purchase from Sanoma Entertainment Finland Ltd. The number of Board members was set at six. Juha Ala-Mursula, Director of Economic Development at City of Oulu, was elected as a new member to the Board of Directors. The AGM also chose an auditor and decided on the remuneration of the members of the Board of Directors and the company auditor.

The Annual General Meeting amended the number of the members of the Board of Directors specified in the Articles of Association to no less than five and no more than seven ordinary members. Previously, the number of members was specified as no less than six and no more than eight. The company domicile was changed to Helsinki. These changes came into force on 1 August 2012.

DNA Ltd's Extraordinary General Meeting was held in Vantaa on 19 July 2012. The meeting decided to repurchase the DNA shares held by the former Chief Financial Officer Ilkka Pitkänen who resigned in 2012.

Board of Directors

According to the company Articles of Association, the DNA Board of Directors comprises five to seven ordinary members elected by the General Meeting. A person who has reached the age of 68 cannot be elected to the Board of Directors. When electing members to the Board of Directors, the requirements laid down by the company's operations and development phase shall be considered. Both genders shall be represented on the Board.

The term of office of a member of the Board of Directors begins immediately at the end of the Annual General Meeting and expires at the end of the Annual General Meeting following the election. If a membership becomes available in the middle of the term of office, a new member is elected for the remainder of the term.

The Board of Directors meets regularly around once per month, and as and when deemed necessary. A memo is written for each meeting.

A quorum is constituted by the presence of more than half of the members of the Board of Directors. In the event of a tie, the vote shall be decided by the casting vote of the Chairman of the Board. If there is a tie at an election of a person, the election shall be decided by drawing lots. As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest.

Duties of the Board

The Board of Directors is responsible for properly organising the company's administration, operations, accounting and asset management. The Board of Directors has confirmed a written charter on the duties of the Board, matters on the agenda, meeting practices and the decision-making process. According to the charter, the Board of Directors handles and decides on matters that are significant to the Group's finances, business or principles.

According to its charter and the Limited Liability Companies Act, the Board has the following duties:

- Seeing to the administration of the company and the appropriate organisation of its operations (general competence);
- Arranging the control of the company accounts and asset management in an appropriate manner;
- Electing the chairman from among the members for each term of office;
- Appointing and dismissing the Group CEO;
- Appointing the deputy CEO and Members of the Group Executive Team based on the CEO's proposal;
- Deciding on the salaries and remunerations of the above-mentioned persons and on their incentive scheme;
- Deciding on the strategy of the Group and its business units;
- Controlling the implementation of the strategic objectives and business plans of the Group and its business units;
- Deciding on strategically or financially significant investments as part of the annual company budget, business acquisitions and divestments, business transactions and contingent liabilities; any significant investments outside the annual budget are to be confirmed separately;
- Confirming the Group values and other general Group principles by means of operating instructions; and
- Confirming the Group's personnel strategy and annual personnel and training plans and deciding on the personnel incentive and reward scheme.

The Board of Directors conducts a regular self-evaluation of its operations and working methods.

Board of Directors in 2012

The Board convened 16 times in 2012. The average participation rate of the Board of Directors in the meetings was 97 per cent. In addition to its regular duties in 2012, the Board focused on improving the competitiveness of DNA Ltd and streamlining the company's business structure. The Board of Directors conducted a self-evaluation in 2012.

Members of the Board of Directors



Isotalo Hannu
Member of DNA's Board of Directors

b. 1947



M.Sc. (Tech)
Lujatalo Oy, Lujabetoni Oy and Fescon Oy, Chairman of the Board since 2003

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



Main previous experience

Lujatalo Oy and Lujabetoni Oy, CEO 1974–2003

Main positions of trust

Enfo Oyj, Vice Chairman of the Board 1998–1999 and , 2007–, Chairman 1999–2007 , Etera Oy, deputy member of the Board 2007–2011, Member of DNA's Board of Directors 2004–2006 and again from 2007

No. of DNA shares: 0



Leino Jarmo
Chairman of the Board

b. 1951



Master of Laws, Trained at the bench
Finda Oy, CEO since 2010

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



Main previous experience

Advocate, Asianajotoimisto Jarmo Leino Oy 1980–2010

Main positions of trust , Kontaktia Oy, Chairman of the Board since 2011, Omnitele Ltd, Chairman of the Board since 2011, Lohjan Puhelin Oy, Chairman of the Board since 2011, Member of DNA's Board of Directors since 2006, Chairman since 2010

No. of DNA shares: 0



Ottela Jukka
Member of DNA's Board of Directors

b. 1953



M.Sc. (Econ), Master of Laws
Esan Kirjapaino Oy, CEO since 1994

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



Main previous experience

Onninen Oy, managerial positions 1990–1994

Main positions of trust, PHP Holding Oy, Chairman of the Board since 2009, PHP Liiketoiminta Oyj, Chairman of the Board since 2009, Finnish Newspapers Association, Member of the Board since 2009, Member of DNA's Board of Directors since 2010

No. of DNA shares: 0



Ala-Mursula Juha
Member of DNA's Board of Directors

b. 1962



M.Sc. (Tech), eMBA
Director of Economic Development at City of Oulu since 2010

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



Main previous experience

Nokia Siemens Networks Oyj (NSN), Head of WCDMA HSP R&D 2009–2010, Nokia Siemens Networks Oyj (NSN), Head of Base Station (BTS) R&D 2007–2009, Nokia Networks /WCDMA Base Station, General Manager of WCDMA Base Station Site Product Management and General Manager WCDMA BTS R&D 2005–2006

Main positions of trust

Travel Marketing Oulu Ltd, Vice Chairman of the Board since 2010, Pohto Foundation, Chairman since 2011, Astana Innovation (Kazakhstan), Member of the Board since 2011, Member of DNA's Board of Directors since 2012

No. of DNA shares: 0



Soila Anssi
Member of DNA's Board of Directors

b. 1949



M.Sc. (Tech), M.Sc. (Econ)
Board professional

Independent of the company and major shareholders.



Main previous experience

Kone Corporation, management positions in Finland and abroad 1973–1999, Kone Corporation, CEO 1995–1999

Main positions of trust

Normet Oy, Vice Chairman of the Board since 1999, Lindström Oy, Member of the Board since 1999, Attendo Ab, Member of the Board since 2007, Outotec Oyj, Member of the Board 2008–2012, Member of DNA's Board of Directors since 2008

No. of DNA shares: 3,813 (through a company controlled by Mr. Soila)



Soanjärvi Tuija
Member of DNA's Board of Directors

b. 1955



M.Sc. (Econ)

Independent of the company and major shareholders.



Main previous experience

Itella Corporation, Chief Financial Officer 2005–2011, Elisa Corporation, Chief Financial Officer 2003–2005, TietoEnator Corporation, Internal Auditor, Financial Manager, Chief Financial Officer 1986–2003

Main positions of trust

The Central Chamber of Commerce of Finland, Member of the Auditing Board since 2010, Affecto PLC, Member of the Board since 2011, Silta Group Oy and Silta Oy, Member of the Board since 2012, VR-Group Ltd, Member of the Board since 2012, Member of DNA's Board of Directors since 2011

No. of DNA shares: 0

Audit Committee (AC)

The AC comprises a chairman and at least one member elected annually by the Board of Directors from among Board members. The members of the committee must be sufficiently competent and experienced. They must be independent of the company and at least one of them has to be independent of major shareholders. The committee meets at least four times a year.

Duties

The Board specifies the duties of the AC in the AC charter. According to its charter, DNA's Audit Committee assists the Board of Directors in carrying out its financial reporting and control, risk management and internal and external audit responsibilities.

The duties of the AC include the following:

- Monitoring the reporting progress of financial statements;
- Supervising the financial reporting process;
- Monitoring the efficiency of the company's internal control and risk management systems;
- Performing a quarterly review to confirm the accuracy of the company's financial result with financial managers and auditors before approval by the Board of Directors;
- Monitoring of significant financial risks and actions for controlling them;
- Discussing significant financial risks and managerial actions to monitor, control and report on said risks;
- Reviewing significant findings by the auditors and the related management responses;
- Evaluating significant trials and other litigation matters with the Vice President, Legal Affairs, as required;
- Monitoring business transactions by company management and the related parties, and possible related conflicts of interest;
- Reviewing the description of the main features of the internal control and risk management system in relation to the financial reporting process, which is included in the company's Corporate Governance Statement;
- Monitoring the statutory audit of the financial statements and consolidated financial statements;
- Evaluating the independence of the statutory auditor or auditor firm, particularly the provision of related services to the company; and
- Preparing a proposal on the election of the auditor to the AGM.

The Audit Committee may have additional tasks, as deemed appropriate to the fulfilment of its responsibilities.

Audit Committee (AC) in 2012

In 2012, the Audit Committee comprised of Tuija Soanjärvi (Chair), Jukka Ottela and David Nuutinen (until 15 March 2012). The AC convened six times in 2012, with the average participation rate of 78 per cent.

In 2012, the AC reviewed reports on the Group's financial position, including the Group's Financial Statements Release and interim reports, and made recommendations on them to the Board of Directors. The committee also reviewed reports issued by external and internal audit as well as risk management, and prepared the Board's proposal on the election of the auditor to the AGM.

Remuneration and Nomination Committee (RNC)

The RNC comprises a chairman and at least two members elected annually from among its members by the Board of Directors. Most of the members must be independent of the company. The committee meets at least twice a year.

Duties

The Board specifies the duties of the RNC in the RNC charter. According to its charter, DNA's Remuneration and Nomination Committee assists the Board of Directors in the preparation of issues related to the remuneration and nomination of Board members, the CEO and other company executives as well as in the preparation of personnel incentive schemes.

The main duties of the RNC include the preparation of the following matters for consideration by the Board of Directors:

- Preparing matters pertaining to the appointment and remuneration of Board members;
- Deciding on salaries, pensions terms and other benefits, other key agreement terms and any exceptional agreement terms of the CEO and Executive Team;
- Establishing short- and long-term incentive schemes for company management and personnel;
- Planning possible successors to the CEO and Executive Team members.

The committee may have additional duties deemed appropriate to its task of assisting the Board of Directors in areas such as the following:

- Matters pertaining to the appointment of the CEO and Executive Team members;
- Principles according to which the management participates in the work of subsidiary and third-party Boards;
- Principles and practices related to personnel incentives;
- Essential organisational changes;
- Review of the remuneration and salary statement included in the annual Corporate Governance Statement.

Remuneration and Nomination Committee (RNC) in 2012

The RNC committee members in 2012 included Jarmo Leino (Chair), Hannu Isotalo, Risto Siivola (until 15 March 2012), Anu Nissinen (until 15 March 2012) and Juha Ala-Mursula (since 29 March 2012). The remuneration and nomination committee convened three times, with an average participation rate of 75 per cent.

In 2012, the RNC prepared the calculation principles as well as the related objectives, metrics and weightings of the company's incentive and performance-based payment scheme for the Board of Directors. The committee also prepared the Board's proposals on the number, nomination and remuneration of the Members of the Board to the AGM.

The CEO and the Executive Team

CEO

The CEO is nominated by the Board of Directors. The terms of the CEO's employment are specified in a written CEO agreement.

The duties of DNA's CEO are as specified in the Limited Liabilities Company Act. The CEO independently attends to the executive management of the company according to the strategic guidelines, operational plans and general principles approved and confirmed by the Board of Directors.

The CEO has the following duties:

- Ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner;
- Managing the daily operations of the company according to strategic principles and objectives as well as operational plans and general principles confirmed by the Board of Directors;
- Preparing proposals for resolutions and matters for Board meetings and presenting them to the Board and its Committees;
- Preparing the proposal for Executive Team members to the Board;
- Using the owner's right to speak and vote in subsidiaries (including subsidiary Board members and managing directors);
- Chairing the DNA Executive Team and extended Executive Team.

Group Executive Team

The Group Executive Team comprises the CEO, Vice Presidents of the Group's business segments, the CFO, Vice President, Technology, Vice President, Legal Affairs and Vice President, Human Resources. The CEO is the Chairman of the Group Executive Team. Members of the Executive Team are nominated by the Board of Directors. The team convenes regularly some four times a month. Additional meetings are organised when necessary.

DNA Executive Team helps the CEO in the management of the Group. Its duties include the following:

- Implementing the Group's long-term strategic objectives;
- Coordinating Group management and matters pertaining to the operation of the organisation and its personnel;
- Preparing the Group business plans, budget and investment plan and monitoring the Group's financial development;
- Preparing significant investments as part of budget preparation, making separate decisions on proposals for possible additional investments;
- Managing and developing the Group brands;
- Preparing matters and reports for Board of Directors' meetings;
- Managing activities that drive organic growth;
- Preparing matters pertaining to business and company acquisitions, managing related acquisition processes and making decision proposals for the Board of Directors;
- Preparing matters and decision-making pertaining to internationalisation;
- Deciding on Group-level development initiatives and main supplier selections;
- Approving Group-level principles, procedures and guidelines;
- Specifying risk management strategies, processes and emphasis;
- Internal control according to the principles approved by the Board of Directors.

Extended Executive Team

Personnel representatives attend meetings of the Extended Executive Team, which meets at least once per quarter. The Extended Executive Team decides on important matters pertaining to DNA's business, finances and personnel as well as reviews business reviews, operative reviews and personnel representatives' reviews.

Extended Executive Team in 2012

In 2012, the personnel was represented by Irene Lamberg (administrative personnel), Irmeli Vaittinen (managerial personnel) and Jari Vallinoja (service and production personnel) at the Extended Executive Team meetings. The Extended Executive Team convened six times in 2012.

Members of the Executive Team



 **Timo Karppinen**
with DNA since 2012

b. 1964

 M.Sc. (Econ)
CFO


 **Main previous experience**

Ponsse Plc, Executive Director, Corporate Planning and Strategy, Nokia North America, CFO



 **Riitta Tiuraniemi**
with DNA since 2001

b. 1962

 M.Sc. (Tech)
President and CEO

 **Main previous experience**

DNA Verkot, CEO, DNA Finland Ltd, CEO



Marko Rissanen
with DNA since 2003

b. 1974



Vocational Qualification in Business and Administration
Vice President, Human Resources



Main previous experience

Finnet Networks Ltd, HR Manager, Telia Product Oy, HR Manager



Tommy Olenius
with DNA since 2003

b. 1962



B.Sc. (Tech)
Vice President, Technology




Main previous experience

Telia Finland, Technical Director, Suomen 2G, Technical Director



 **Pekka Väisänen**
with DNA since 2003

b. 1966

 M.Sc. (Econ)
Vice President
Consumer business


 **Main previous experience**

Oulun Puhelin Oyj, Business Development Director , DNA Services Ltd, Sales and Marketing Director



 **Jukka Leinonen**
with DNA since 2010

b. 1962

 M.Sc. (Tech)
Vice President
Corporate business

 **Main previous experience**

Yritysverkot Sonera Solutions, President and CEO, TeliaSonera Ltd, various management positions in corporate business marketing and product management



Asta Rantanen
with DNA since 2003

b. 1962



Master of Laws
Vice President, Legal Affairs



Main previous experience

Finnet Ltd, Vice President, Legal Affairs, DNA Finland Ltd, Vice President, Legal Affairs

Insider administration

The company's insider administration is based on the guideline for insiders adopted by the Board of Directors. DNA complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki, except for maintaining a public insider register, because the company does not hold listed instruments.

Control of the financial reporting process

Setting and monitoring of financial targets forms an essential part of the management and governance of the company. Near-term goals are specified during annual planning, and progress is monitored on a monthly basis. Business segments issue monthly financial reports on actual results and forecasts.

Financial reporting process refers to functions that provide financial data used by the management of the company, as well as financial data that is published as stipulated by legislation, standards and other binding regulations.

Internal control of financial reporting aims to ensure that the company management has current, adequate, essential and accurate data at its disposal to perform its duties and that the reports published by the company provide essential and accurate information on the financial position of the company.

Financial management is headed by the Group CFO who is responsible for the accuracy of the Group's financial reporting. Internal control reviews and monitors the operation of the reporting process and assesses the reliability of financial reporting. Management of financing and financial risks is part of the responsibilities of the Group's financial management.

DNA Ltd's business segments are consumer and corporate business. Both business segments have their own financial departments.

Principles of internal control

A process implemented by the company Board of Directors, management and personnel, internal control aims at establishing an adequate and fact-based certainty that the company objectives are fulfilled in the following areas: the effectiveness and efficiency of business operations, the reliability and consistency of financial and operational information and compliance with the relevant legislation, regulations and operating principles.

Internal control comprises the control environment, risk management, control measures, information and communication as well as monitoring (control).

The Board of Directors has confirmed the principles of internal control, which are based on widely recognised international principles.

Internal control forms an essential part of the management and governance of the company. The Board of Directors and CEO are responsible for organising internal control. The Board of Directors is responsible to shareholders and the CEO to the Board of Directors. The chain of responsibility applies to the entire organisation as follows: persons under the CEO's immediate supervision report to the CEO, whereas every company employee is responsible to his/her immediate supervisor for managing their respective area of responsibility.

Internal audit

The Group's internal audit function supports the CEO, the Board of Directors and the operating management in their duty of control. The functions and principles of the company's internal audit have been defined in the Internal Audit Charter confirmed by the Board of Directors.

According to the charter, internal audit is performed independently of the companies, management and Board of Directors. Governance of internal audit is the responsibility of Vice President, Legal Affairs, who is a member of the Executive Team. Internal control has direct and unlimited access to senior management and Board of Directors of the company. Internal audit issues regular reports to the company Audit Committee and, when necessary, to the Board. Internal auditing is carried out in accordance with the annual plan. When required, internal audit performs additional checks as proposed by the function itself or by the CEO or the Board of Directors. Persons carrying out the internal audit and auditing of the accounts communicate with each other in order to further the coordination of auditing activities. Internal audit reports are delivered to the auditors and vice versa.

Internal audit reports on the results of the audit to the management of the audited operation, the CEO and the Audit Committee and issues an annual summary on the audits to the Board of Directors. The person in charge of internal auditing presents the results to the Group Executive Team as required. The Board of Directors confirms decisions on the appointment and dismissal of the person in charge of internal auditing.

The objective of auditing is to ensure that the company's targets are met in areas such as effectiveness and efficiency of operations, reliability of financial and operational reporting, legislative compliance and safeguarding of assets.

Internal audit is responsible for the Group's independent assessment and control function, which systematically reviews and verifies the effectiveness of risk management, monitoring, governance and management. Internal audit supports the Group management and organisation in ensuring that the Group objectives and goals are met and the monitoring system is further developed.

To ensure adequate audit coverage and coordination, regular contacts and communication is maintained between security management and auditors. In addition, internal audit can, if deemed necessary, purchase external services to temporarily increase auditing resources or to perform auditing that requires special skills.

Internal audit in 2012

In 2012, the main focus areas of internal audit included verifying the accuracy of mobile invoicing, analysing and verifying the operation of the new CRM invoicing systems and assisting the development of IT risk management. Internal audit has issued regular reports to the Audit Committee.

Auditing of the Accounts

Under the Articles of Association, the company has one auditor, nominated by the Annual General Meeting. The auditor must be a public accountant authorised by the Central Chamber of Commerce. The auditor shall present the company's shareholders with an auditor's report, as part of the financial statements in compliance with the legislation in force. The auditor reports regularly to the Board of Directors and the Audit Committee.

Companies belonging to the same Group or chain as the audit firm as well as companies controlled by the auditor are considered equal to the auditor. Fees paid by all companies belonging to the same Group as the company are reported as fees.

Auditing of the Accounts in 2012

The AGM selected PricewaterhouseCoopers as the company's auditor in March 2012. Authorised Public Accountant Pekka Loikkanen acted as the principal auditor until 15 March 2012 and Authorised Public Accountant Johan Kronberg after 15 March 2012. In 2012, the auditors' audit fees came to EUR 248,502.77 (EUR 209,271.74 in 2011) and other fees to EUR 359,619.95 (EUR 144,377.86 in 2011).

Risks and risk management

Risk refers to events or circumstances which, if they materialise, could affect DNA's ability to achieve its strategic targets or the operative targets derived from them. DNA's risk management is based on the risk management policy adopted by the Board of Directors, defining the objectives, process, main duties and responsibilities of risk management.

The risk management process provides reports on risks and their control methods to the executive management and Board of Directors, interim reports and strategy work. The risk management process is part of DNA's management process. The Board of Directors is responsible for the company's risk management and approves the risk management policy. The CEO is responsible for the practical implementation of risk management and maintenance of the risk management policy.

Risk management is an essential part of the planning and control of business operations. The company includes a description of significant risks and uncertainties, of which the Board of Directors is aware, in its financial statements and interim reports.

Significant risks

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators, and a high degree of penetration. DNA's business environment is very sensitive to change, and the changes happen fast.

Alongside traditional communications methods, technological development and new types of terminals can create new ones. Customer behaviour can change rapidly if new communications methods are reliable and easy to use.

If such methods gain widespread popularity, they can have an overall impact on the traditional business of operators. On the other hand, new communications methods can provide new opportunities for operators, by increasing the use of mobile data, for example. DNA is actively monitoring the development of data volumes and the consumers' user experience. Network capacity is being increased to meet growth in demand.

Systems and networks

The nature of DNA's operations and customer expectations place high demands on DNA's systems and network infrastructure.

To optimise the availability of its communications services, DNA employs a range of methods. These include establishing back-up solutions for critical transfer connections, by using at least two different routes. Other methods involve duplicating and decentralising the main data centre and communication service systems in the company's equipment facilities.

Regulatory risks

The Finnish telecommunications market is characterised by stringent regulation. Regulation, particularly the authorities' ability to influence the price level of DNA's products and services, cost structure and the criteria on which frequencies are distributed, may also have an impact on DNA's business.

Financing risks

In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process.

The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated. For more details on the management of financing risks, please refer to [Note 3 Financial risk management](#).

Damage risk

In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. Damage risks are prevented and minimised by means such as security guidelines and personnel training. Adequacy of insurance cover is continuously reviewed and maintained according to changing needs.



Salary and remuneration report

Company's remunerations and compensation systems have been designed to support the strategic, financial and operative development of DNA, to motivate and to reward for good financial results.

Board of Directors' meetings and remuneration

The Board of Directors convened 16 times during the year.

The members of the Board of Directors received the following payments decided by the AGM:

- Chairman of the Board, EUR 11,550 per month
- Each member of the Board, EUR 3,675 per month
- Each member of the Board, EUR 1,050 per meeting
- Committee Chairman, EUR 1,050 per meeting
- Each committee member, EUR 525 per meeting

Board of Directors' remuneration

Name	Board of Directors	*AC	**RNC	Total EUR
Jarmo Leino	Chairman		Chairman	157,500.00
Juha Ala-Mursula	Member 15 March-		Member 29 March-	46,987.50
Hannu Isotalo	Member		Member	61,375.00
Anu Nissinen	Member -15 March		Member -15 March	11,812.50
David Nuutinen	Member -15 March	Member -15 March		11,812.50
Jukka Ottela	Member	Member		61,425.00
Risto Siivola	Member -15 March		Member -15 March	12,862.50
Tuija Soanjärvi	Member	Chairman		65,100.00
Anssi Soila	Member			57,750.00

*AC=Audit Committee

**RNC=Remuneration and Nomination Committee

Remuneration of the CEO and Executive Team

Remuneration of the CEO

In 2012, the DNA Group CEO Riitta Tiuraniemi received a salary of EUR 455,421.65, which comprises a monthly salary that includes EUR 12,180.00 of taxable benefits and an incentive payment of EUR 75,099.80.

The CEO's period of notice is 6 months, for both the company and the CEO. If the contract is terminated by DNA, the CEO is entitled to severance pay that equals the CEO's annual salary in addition to the salary paid during the notice period.

The CEO has the right to retire at the age of 60. Supplementary pension rights are assessed based on payments. The premium of the supplementary pension insurance was EUR 79,112.05 in 2012. The CEO's pension includes vested rights.

Remuneration of the Executive Team

The members of the Executive Team receive a total salary, which includes a cash payment, taxable phone benefit and in some cases, a car benefit. The members of the Executive Team also receive incentives based on the financial objectives specified by the company's Board of Directors.

The members of the Executive Team are included in the company's long-term share option scheme.

In 2012, the total payment to the members of the Executive Team, excluding DNA Group CEO Riitta Tiuraniemi, amounted to EUR 1,660,827.39, which comprises a monthly salary that includes taxable benefits and an incentive payment.

Members of the DNA Executive Team, excluding the CEO, have the right to retire at the age of 62. Pensions are payment-based. The payments for the Executive Team members' supplementary pensions amounted to EUR 155,302.17. The Executive Team members' pensions include vested rights.

The Board of Directors decides on the CEO's and Executive Team's salaries, remunerations and long-term incentive schemes.

Personnel incentive scheme

DNA's personnel is included in the company's incentive and performance-based payment scheme that is confirmed annually by the Board of Directors. The incentives are based on the performance targets set at the company level, as well as individual targets set for each employee. Some responsibilities in the company have their own compensation systems whereby commissions or payments are paid.

These systems have been designed to support the strategic, financial and operative development of DNA, to motivate the personnel and to reward the personnel for good financial results.