



FINANCIAL  
STATEMENT  
2013

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# 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.

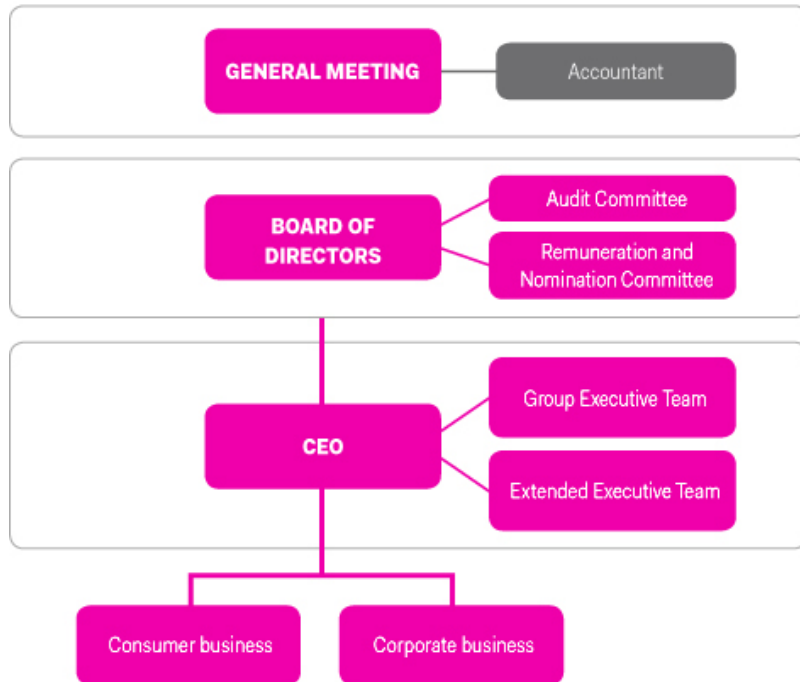
DNA follows the Finnish Corporate Governance Code issued by the Securities Market Association, except for Recommendation 51 on the company's insider administration. The company's insider administration is based on the guideline for insiders adopted by the Board of Directors. DNA complies with the Guidelines for Insiders issued by 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/](http://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.



[Corporate Governance Statement >>](#)

## 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.

Extraordinary General Meetings can be organised by the Board of Directors as required. The Board must 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 two months and no later than nine days before the record date of the General Meeting. Notices are posted 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 record date of the meeting is eight business days before the meeting. \*) The meeting notice will inform the shareholders of the date by which they must register to the meeting. The notice includes the agenda for the meeting.

\*) The Board of Directors' Proposal for the Annual General Meeting 2014 (meeting notice for companies whose shares are incorporated in the book-entry system)

## 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 and their remuneration, electing the Board of Directors and, when necessary, the auditor, and deciding the auditor's remuneration.

The General Meeting may also make decisions on other matters falling within its competence according to the 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 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 and 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 an assistant present at the General Meeting.

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

The 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 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 2013

DNA Ltd's Annual General Meeting was held on 21 March 2013. The AGM decided to pay a dividend of EUR 4.13 per share, at a total of EUR 35,016,337.16.

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 2013.

The Annual General Meeting decided not to change the remunerations paid to the members of the Board of Directors and its Committees. Re-elected members of the Board included Juha Ala-Mursula, Hannu Isotalo, Jarmo Leino, Jukka Ottela, Tuija Soanjärvi and Anssi Soila.

At the constitutive meeting of the Board of Directors held subsequent to the Annual General Meeting, Jarmo Leino was re-elected Chairman.

### **The Board's share repurchase authorisation**

The Board of Directors was authorised to decide on the repurchase of DNA shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 DNA shares. This is equal to about 9.9 per cent of all company shares (the number of all shares at period end was 9,610,676 shares). The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots. The authorisation is valid until 30 June 2014. This authorisation cancels the previous authorisation.

### **Incorporation of DNA shares in the book-entry system**

The AGM decided on the incorporation of DNA shares in the book-entry system. At the same time, the Board of Directors was authorised to determine the date by which the incorporation of the shares in the book-entry system will take place.\*)

\*) According to the Board of Directors' decision on 21 March 2013, the shares of DNA were transferred to the book-entry system on 27 June 2013.

### **Amending the Articles of Association**

As proposed by the Board of Directors, the AGM decided to add a new section to the company Articles of Association, which specifies that company shares are incorporated into the book-entry system.

After the amendment, Section 5 of the Articles of Association reads as follows:

Section 5 Incorporation into the book-entry system

Company shares are incorporated into the book-entry system after a registration period specified by the company Board of Directors.

As proposed by the Board of Directors, the AGM also decided to amend Section 2 (Line of Business) of the Articles of Association by adding a mention of payment services to it.

After the amendment, Section 2 of the Articles of Association reads as follows:

Section 2 Line of Business

The line of business of the company is general telecommunications and ICT operations, provision of data communications and ICT services and devices as well as related consulting and research and development operations. The company also imports equipment, devices, accessories and software and acts as a trader and an intermediary.

Moreover, the company provides consulting and services related to the above-mentioned operations as well as voice and other types of communications. The company has the right to offer payment services. The payment services provided by the company



are listed in the register of payment service providers maintained by the Financial Supervisor Authority. The company conducts its business directly or through its subsidiaries and joint ventures.

The company may own real estate and securities, conduct investment and finance operations that support its operations as well as provide finance facilities for its customers.



# 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 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 2013

The Board convened 19 times in 2013. The participation rate of the Board of Directors in the meetings was 100 per cent. In addition to its regular duties, the Board investigated possibilities of broadening the ownership base of the company. Towards the end of the year, the Board focused on improving the internal and external operating conditions of the company.

# Members of the Board of Directors



## Jarmo Leino

Chairman of the Board  
born 1951

Master of Laws, Master of Laws with court training  
Finda Oy, CEO since 2010

Main previous experience  
Advocate, Asianajotoimisto Jarmo Leino Oy 1980–2010

Main positions of trust  
Kontaktia Oy, Chairman of the Board since 2011  
Oy Omnitele Ab, Chairman of the Board since 2011

No. of DNA shares: 0  
Member of DNA's Board of Directors since 2006, Chairman since 2010. Chairman of the Remuneration and Nomination Committee (RNC) since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



## Hannu Isotalo

Member of DNA's Board of Directors  
born 1947

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

### Main previous experience

Lujatalo Oy and Lujabetoni Oy, CEO 1974–2003

### Main positions of trust

Enfo Oy, Vice Chairman of the Board 1998–1999 and 2007–, Chairman 1999–2007  
Etera Oy, deputy member of the Board 2007–2011

No. of DNA shares: 0

Member of DNA's Board of Directors 2004–2006 and again from 2007. Member of the Remuneration and Nomination Committee (RNC) since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



## Jukka Ottela

Member of DNA's Board of Directors  
born 1953

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

### Main previous experience

Onninen Oy, Director Wholesale Division 1990-1994, Member of the Board of Directors since 2010

### Main positions of trust

PHP Holding Oy, Chairman of the Board since 2009

Member of the Ilmarinen Mutual Pension Insurance Company Supervisory Board since 2013

Sanomalehtien Liitto, Member of the Board since 2010

PHP Liiketoiminta Oyj, Chairman of the Board since 2009

No. of DNA shares: 0

Member of DNA's Board of Directors since 2010. Member of DNA's Audit Committee (AC) since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



## Juha Ala-Mursula

Member of DNA's Board of Directors  
born 1962

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

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

Main positions of trust  
Oulu ICT, member of the Board of Directors since 2011  
Pohto Foundation, Chairman of the Supervisory Board since 2011  
Oulun Matkailu Oy, Vice Chairman of the Board since 2010

No. of DNA shares: 0  
Member of DNA's Board of Directors since 2012. Member of the Remuneration and Nomination Committee (RNC) since 2012.  
Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.



## Anssi Soila

Member of DNA's Board of Directors  
born 1949

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

Main previous experience

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

Main positions of trust

Normet Oyj, Vice Chairman of the Board since 1999  
Attendo Ab, Member of the Board since 2007  
Celerant Consulting, Senior Advisor since 2004

No. of DNA shares: 3,813 (through a company controlled by Mr. Soila)  
Member of DNA's Board of Directors since 2008. Independent of the company and major shareholders.



## Tuija Soanjärvi

Member of DNA's Board of Directors  
born 1955

M.Sc. (Econ)

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

Affecto PLC, Member of the Board since 2012, Chairman of the Audit Committee

Basware Ltd, Member of the Board since 2013

Tecnotree Oyj, Member of the Board since 2012, Chairman of the Audit Committee

No. of DNA shares: 0

Member of DNA's Board of Directors since 2011. Chairman of DNA's Audit Committee (AC) since 2011. Independent of the company and major shareholders.

# 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 2013

In 2013, the Audit Committee comprised of Tuija Soanjärvi (Chair) and Jukka Ottela. The AC convened five times in 2013, with the average participation rate of 90 per cent.

In 2013, 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.



# Remuneration and Nomination Committee (RNC)

The RNC comprises a chairman and at least two members elected annually by the Board of Directors from among Board members. 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 2013

The RNC committee members in 2013 included Jarmo Leino (Chair), Hannu Isotalo and Juha Ala-Mursula. The remuneration and nomination committee convened four times, with a participation rate of 100 per cent.

In 2013, 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 Remuneration and Nomination Committee (RNC) was in charge of the selection process of DNA's new CEO.

# 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, Vice President, Human Resources, and Chief Strategy Officer. 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 and reviews business reviews, operative reviews and personnel representatives' reviews.

### **Extended Executive Team in 2013**

In 2013, the personnel was represented by Tarja Koivisto (administrative personnel), Pertti Määttä (managerial personnel) and



Jari Vallinoja (service and production personnel) at the Extended Executive Team meetings. The Extended Group Executive Team convened six times in 2013.

# Members of the Executive Team



## Jukka Leinonen

born 1962  
with DNA since 2010

M.Sc. (Tech)  
President and CEO

### Main previous experience

Yritysverkot Sonera Solutions, President and CEO

TeliaSonera Ltd, various management positions in corporate business marketing and product management



## Christoffer von Schantz

born 1973  
with DNA since 2013

M.Sc. (Tech)  
Chief Strategy Officer

Main previous experience  
Nokia Smart Devices, Director, Strategy and Business Development  
Nokia, Head of Strategy & Business Development, SW Sales & Marketing



## Timo Karppinen

born 1964  
with DNA since 2012

M SSc  
CFO

Main previous experience  
Ponsse Plc, Director, Corporate Development and Strategy  
Nokia North America, CFO



## Marko Rissanen

born 1974  
with DNA since 2003

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

born 1962  
with DNA since 2003

B.Sc.Techn  
Vice President, Technology

Main previous experience  
Telia Finland, Technical Director  
Suomen 2G, Technical Director





## Pekka Väisänen

born 1966  
with DNA since 2003

M.Sc. (Econ)  
Vice President  
Consumer business

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



## Asta Rantanen

born 1962  
with DNA since 2003

Master of Laws  
Vice President, Legal Affairs

Main previous experience  
Finnet Ltd, Vice President, Legal Affairs  
DNA Finland Ltd, Vice President, Legal Affairs

# 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 are 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 2013

In 2013, the main focus areas of internal auditing included supervision of the authorisation information system project related to internal auditing, audit of the operative system for sales and audit of IT risk management. As part of its normal audit operations, internal audit has audited management challenges and the company's main product development projects. Internal audit has been in regular communication with the auditors and they have exchanged reports. 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 auditors' 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 2013

The AGM elected PricewaterhouseCoopers as the company's auditor in March 2013, with Authorised Public Accountant Johan Kronberg as the principal auditor. In 2013, the auditors' audit fees came to EUR 254,183.37 (EUR 248,502.77 in 2012) and other fees to EUR 1,132,343.91 (EUR 359,619.95 in 2012).

# 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 the Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team monitors the implementation of these plans. The risk management process is part of DNA's management process. It provides up-to-date information on risks for publications such as interim reports and the annual report, as well as DNA's strategy process.

The Board of Directors decides on the objectives and principles of the company's risk management and approves the risk management policy. The Board monitors the implementation of risk management. The CEO is responsible for the practical organisation 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 is increasing its emphasis on new business. Starting up new business operations always involve higher risks than conventional and established business operations.

DNA's business environment is very sensitive to change, and the changes happen fast. Content and value added services, for example, are gaining in importance. These changes not only involve risks but also significant opportunities for an agile operator such as DNA.

Uncertainty related to the overall economic situation may increase, which may affect the demand for smart phone and TV services and the corporate market. General decline in purchasing power may have a post-cyclical effect on the operator market.

Technological development and new types of terminal devices can create new communications methods alongside traditional 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 consumer's 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 used in distributing frequencies, 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 the note on [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

Remuneration 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.

## **Read more**

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- > [Members of the Board](#)
- > [Executive Team](#)



# Remuneration

## Board of Directors' meetings and remuneration

The Board of Directors convened 19 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/meeting
- Committee Chairman, EUR 1,050/meeting
- Each committee member, EUR 525/meeting

Board of Directors'  
remuneration

Name	Board of Directors	*AC	**RNC	Total EUR
Jarmo Leino	Chairman		Chairman	162,750.00
Juha Ala-Mursula	Member		Member	66,150.00
Hannu Isotalo	Member		Member	66,150.00
Jukka Ottela	Member	Member		65,625.00
Tuija Soanjärvi	Member	Chairman		69,300.00
Anssi Soila	Member			64,290.00

\*AC=Audit Committee

\*\*RNC=Remuneration and Nomination  
Committee

## Remuneration of the CEO

Riitta Tiuraniemi was DNA Ltd's Chief Executive Officer until 29 August 2013. In 2013, Riitta Tiuraniemi received a salary of EUR 702,303.40, which comprises a monthly salary that includes EUR 8,186.33 of taxable benefits and an incentive payment of EUR 135,156.60. In 2013, Jukka Leinonen received a CEO salary of EUR 106,270.48.

The CEO's period of notice is six 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 105,133.60 in 2013. This includes both Riitta Tiuraniemi and Jukka Leinonen. 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 2013, the total payment to the members of the Executive Team, excluding the CEO, amounted to EUR 1,451,212.08, 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, including both CEOs, amounted to EUR 226,970.12. 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. These 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.



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