



GOVERNANCE
2014

Index

GOVERNANCE

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Corporate Governance Statement

DNA Ltd (“DNA” or “company”) presents this Corporate Governance Statement separately from the Board of Directors’ Report in accordance with the Securities Market Act and recommendation 54 of the Finnish Corporate Governance Code issued by the Securities Market Association.

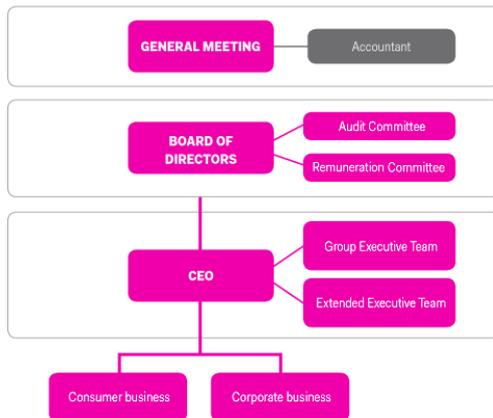
DNA Ltd is a Finnish limited company. Parent company DNA Ltd and its subsidiaries form the DNA Group. The company is domiciled in Helsinki, Finland. DNA Ltd aims at open, transparent and responsible governance and management.

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, except for maintaining 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.

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

[Corporate Governance Statement \(pdf\) >>](#)



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.

The company has one share series and all shares have an equal voting right at the AGM.

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 (2) months and no later than nine (9) 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 (8) business days before the meeting. The notice includes the agenda for the meeting.

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 so that it can be included in the notice of the AGM.

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.

Annual General Meeting 2014

DNA Ltd's Annual General Meeting was held on 20 March 2014. According to the proposal by the Board of Directors, the AGM agreed to pay a dividend of EUR 3.54 per share, at a total of EUR 30,014,003.28, to DNA's shareholders. No dividend will be paid for treasury shares held by the company itself. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2013.

Board members, committees and remuneration

DNA Ltd's Board of Directors had the following members 1 January to 20 March 2014: Jarmo Leino (Chairman), Juha Ala-Mursula, Hannu Isotalo, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. The AGM elected three new members to DNA's Board of Directors on 20 March 2014: Tero Ojanperä, Kirsi Sormunen and Anu Nissinen. Re-elected members of the Board include Jarmo Leino, Jukka Ottela and Anssi Soila.

At the constitutive meeting of the Board of Directors held subsequent to the AGM, Jarmo Leino was re-elected Chairman. The Board elected Kirsi Sormunen as the chair and Anu Nissinen and Jukka Ottela as members of the Audit Committee.

The members and chairs of other committees were elected in the Board meeting of 24 April 2014. The Board decided to discontinue the Remuneration and Nomination Committee in its present form, and introduced a separate Remuneration Committee responsible for the preparation of decisions related to the remuneration of DNA's management, key employees and personnel. The Board elected Jarmo Leino as the chair and Kirsi Sormunen, Anu Nissinen and Jukka Ottela as members of the new Remuneration Committee.

DNA's major shareholders established a separate Nomination Committee responsible for the election, nomination and remuneration of Members of the Board of Directors. In 2014, the members of the committee were Esa Haavisto (Finda Oy), Seppo Vikström (PHP Holding Oy) and Esko Torstila (Ilmarinen Mutual Pension Insurance Company).

The AGM decided on the following annual remuneration: EUR 144,000 for the Chairman of the Board and EUR 48,000 for the members of the Board. Each member of the Board of Directors decides on an annual basis whether their annual remuneration shall be paid entirely in cash or 40 per cent in shares and 60 per cent in cash. The AGM also decided on the following payments per meeting: for each member of the Board and Committee Chairmen, EUR 1,050 per person and for each committee member, EUR 525 per person.

The Board's share purchase authorisation

The AGM authorised the Board of Directors to decide on the repurchase of treasury shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 treasury shares. This is equal to approximately 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 will be effective until 30 June 2015. This authorisation cancelled the previous authorisation.

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 the development phase of the company 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 approximately 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 in 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.

The Board of Directors elects the committee Chairs and members from among its members at its annual constitutive meeting. The Board of Directors has confirmed a written charter on the duties of the committees. The committees regularly report to the Board of Directors on the matters discussed and actions required at the next Board meeting following the committee meeting.

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 of Directors, 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 2014

The Board convened 15 times in 2014. The participation rate of the Board of Directors in the meetings was 99 per cent. In addition to its regular duties, the Board focused on strengthening DNA's corporate business with the acquisition of TDC's Finnish operations, as well as the on the cooperation agreement signed with Sonera on the construction of a joint mobile communications network.

Members of the Board of Directors





Jarmo Leino

Chairman of the Board

b. 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

Omnitele Ltd, Chairman of the Board since 2011

Member of DNA's Board of Directors since 2006, Chairman since 2010. Chairman of the Remuneration Committee (RC), previously the Remuneration and Nomination Committee (RNC), since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by Finda Oy, which is DNA's largest shareholder.



Jukka Ottela

Member of DNA's Board of Directors

b. 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

Mutual Pension Insurance Company Ilmarinen, member
of the Supervisory Board since 2013

Sanomalehtien liitto, Member of the Board since 2010

PHP Liiketoiminta Oyj, Chairman of the Board since 2009

Member of DNA's Board of Directors since 2010. Member
of DNA's Audit Committee since 2011. Member of DNA's
Remuneration Committee since 2014. Independent of the
company, not independent of major shareholders.

Nominated to the Board by PHP Holding Oy, which is
DNA's second largest shareholder.



Anssi Soila

Member of DNA's Board of Directors

b. 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

Hitachi Consulting, Senior Advisor since 2004

IK Investment Partners, Senior Advisor since 2010

Member of DNA's Board of Directors since 2008.

Independent of the company and major shareholders.



Kirsi Sormunen

Member of DNA's Board of Directors

b. 1957

M.Sc. (Econ)

Main previous experience

Nokia Oyj, various management positions in financial administration and corporate responsibility in Finland and abroad 1993–2013

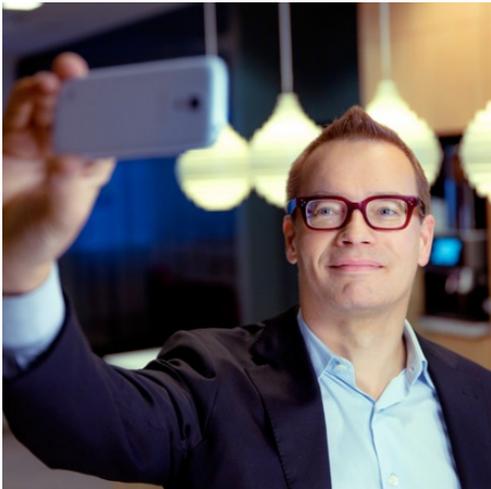
Nokia Oyj, various specialist and managerial roles in corporate treasury since 1982

Main positions of trust

Neste Oil Oyj, Member of the Board and Member of the Audit Committee since 2013

Sitra, Member of the Board since 2013

Member of DNA's Board of Directors since 2014. Chair of DNA's Audit Committee and Member of DNA's Remuneration Committee since 2014. Independent of the company and major shareholders.



Tero Ojanperä

Member of DNA's Board of Directors

b. 1966

PhD, Electrical Engineering

Vision+, Managing Partner and Co-Founder

Main previous experience

Nokia Oyj, Chief Strategy Officer, Head of Nokia Research Center, CTO and other management positions in 1990–2011, member of the Group Executive Board 1990–2011

Main positions of trust

Tampere University of Technology, Chairman of the Board of Directors since 2012

Veikkaus Oy, Member of the Board since 2013

Kiosked Oy, Member of the Board since 2013

Tailorframe Oy, Chairman of the Board of Directors since 2013

Member of DNA's Board of Directors since 2014.

Independent of the company and major shareholders.



Anu Nissinen

b. 1963

M.Sc. (Econ)

Era Content Oy, Partner and CEO since 2014

Main previous experience

Sanoma Media Finland, CEO 2011–2013

Sanoma Entertainment Finland, President 2008–2011

Helsinki Television/Welho, Managing Director 2004–2008

Main positions of trust

F-Secure Oyj, Member of the Board since 2010

Siili Solutions Oyj, Member of the Board since 2014

Member of DNA's Board of Directors 2010–2011 and again from 2014. Member of DNA's Audit Committee and Remuneration Committee since 2014. 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 committee reports regularly to the Board of Directors.

The duties of the AC include the following:

- Monitoring the reporting process 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 Senior 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 2014

From 1 January to 20 March 2014, Audit Committee members included Tuija Soanjärvi (Chair) and Jukka Ottela. From 20 March 2014 to 31 December 2014, the Audit Committee comprised Kirsi Sormunen (Chair), Jukka Ottela and Anu Nissinen. The AC convened six times in 2014, with a participation rate of 100 per cent.

In 2014, 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 financing, IT architecture development and risk management.

Remuneration Committee (RC)

The RC comprises a chairman and at least two members elected annually by the Board of Directors from among Board members. The majority 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 RC in the RC charter. According to its charter, DNA's Remuneration Committee assists the Board of Directors in the preparation of issues related to the remuneration of DNA's management, key employees and personnel. The committee reports regularly to the Board of Directors.

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

- Deciding on salaries, pensions terms and other benefits, other key terms of agreement and any exceptional terms of agreement 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 Committee (RC) in 2014

On 24 April 2014, the Board decided to discontinue the Remuneration and Nomination Committee in its present form, and introduced a separate Remuneration Committee. From 1 January to 24 April 2014, the Remuneration and Nomination Committee comprised Jarmo Leino (Chair) and, until 20 March 2014, Hannu Isotalo and Juha Ala-Mursula. From 24 April to 31 December 2014, the Remuneration Committee comprised Jarmo Leino (Chair), Kirsi Sormunen, Anu Nissinen and Jukka Ottela. The remuneration committee (RC) (previously known as the remuneration and nomination committee) convened four times, with a participation rate of 100 per cent.

In 2014, the RC prepared the incentive and performance-based payment scheme and its numeric objectives for 2015 for the Board of Directors. The committee also prepared a new share-based reward plan to Group key personnel, based on earning and accumulating company shares.

Shareholders' Nomination Committee

DNA's major shareholders established a separate Nomination Committee responsible for the election, nomination and remuneration of Members of the Board of Directors.

In 2014, the members of the committee were Esa Haavisto (Finda Oy), Seppo Vikström (PHP Holding Oy) and Esko Torstila (Ilmarinen Mutual Pension Insurance Company).

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.

Jukka Leinonen has been DNA's CEO since 2013.

Group Executive Team

The Group Executive Team comprises the CEO, Senior Vice Presidents of the Group's business segments, the CFO, Senior Vice President, Technology, Senior Vice President, Legal Affairs, Senior Vice President, Human Resources, Senior Vice President, Strategy and the CIO. 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 approximately four times a month. Additional meetings are organised when necessary.

DNA Executive Team assists 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

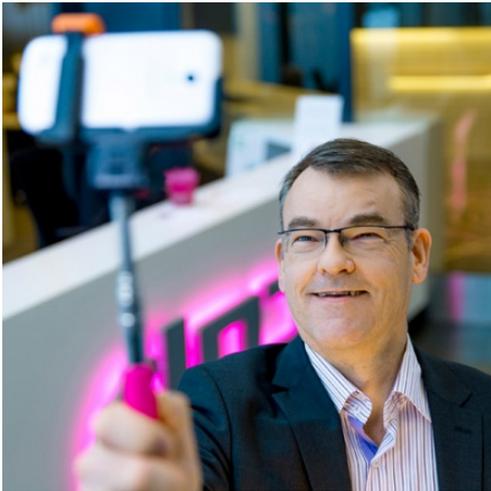
Personnel representatives attend meetings of the Extended Executive Team, which meets at least once per quarter. The Extended Executive Team decides on important matters pertaining to DNA's business, finances and personnel and reviews business reviews, operative reviews and personnel representatives'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

Extended Executive Team in 2014

In 2014, the personnel were 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 2014.

Members of the Executive Team





Jukka Leinonen

With DNA since 2010

b. 1962

M.Sc. (Tech)

CEO

Main previous experience

DNA Ltd, CEO 2013–

DNA Ltd, Vice President, Corporate Business 2010–2013

TeliaSonera Ltd, various management positions in corporate business marketing and product management 2002–2009

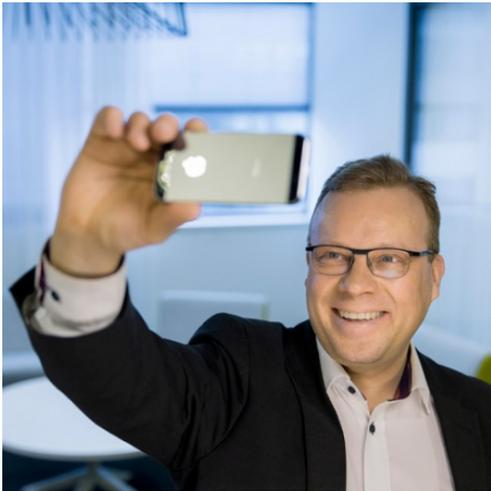
Yritysverkot Sonera Solutions, President and CEO 1996–1999

Main positions of trust

Finnish Federation for Communications and

Teleinformatics (FiCom ry), Member of the Board 2013–

Service Sector Employers PALTA, Member of the Board 2014–



Pekka Väisänen

with DNA from 2003–2006 and again 2007–
b. 1966

M.Sc. (Econ)

Senior Vice President, Consumer Business

Main previous experience

DNA Ltd, Senior Vice President, Consumer Business
2009–

DNA Services Ltd, Sales and Marketing Director 2007–
2009

Oulun Puhelin Oyj, Business Development Director 2006–
2007

Finnet Oy and DNA Finland Ltd, Sales and Marketing
Director 2003–2006

Oulun Puhelin Plc, various roles 1996–2003

No main positions of trust



Hannu Rokka

with DNA since 2011

b. 1965

Senior Vice President, Corporate Business

Main previous experience

DNA Ltd, Senior Vice President, Corporate Business
2014–

Forte Netservices Oy, CEO 2012–2014

DNA Ltd, Director, Product Management in corporate
business 2013–2014

Forte Netservices Oy, Co-founder and CTO 2000–2012

WM-data Faci Oy, Senior Consultant 1995–2000

Digital Equipment Corp., Customer Service Engineer
1990–1995

No main positions of trust



Timo Karppinen

with DNA since 2012

b. 1964

M. SSc.

CFO

Main previous experience

DNA Ltd, CFO 2012–

Ponsse PLC, Director, Corporate Development and Strategy 2010–2012

Nokia North America, CFO 2008–2010

Nokia Asia-Pacific, CFO 2006–2008

Nokia China, CFO 2000–2006

Main positions of trust

Gummerus Oy, Member of the Board 2014–



Tommy Olenius

with DNA since 2003

b. 1962

Engineer

Senior Vice President, Technology

Main previous experience

DNA Ltd, Senior Vice President, Technology 2009–

DNA Finland Ltd, CTO 2005–2009

Suomen 2G Oy / Finnet Verkot Oy (DNA Networks), CTO
2003–2005

Telia Mobile Finland Oy, Deputy Director, CTO 2001–
2003

Main positions of trust

Suomen Yhteisverkot Oy, Member of the Board 2014–



Asta Rantanen

with DNA since 2003

b. 1962

Master of Laws

Senior Vice President, Legal Affairs

Main previous experience

DNA Ltd, Senior Vice President, Legal Affairs 2007–
Finnet Ltd and DNA Finland Ltd, Vice President, Legal
Affairs 2003–2007

Telia Finland Oy, Legal Counsel 1999–2003

Vakuutusyhtiö Sampo, Claims Manager, Product
Development Manager 1994–1999

Vakuutusyhtiö Kansa, Legal Counsel 1985–1994

No main positions of trust



Marko Rissanen

with DNA since 2003

b. 1974

Vocational Qualification in Business and Administration

Senior Vice President, Human Resources

Main previous experience

DNA Ltd, Senior Vice President, Human Resources 2007–

DNA Finland Ltd, HR Manager 2005–2006

Finnet Networks Ltd, HR Manager 2004–2005

Telia Product Oy, HR Manager 2001–2003

Main positions of trust

Service Sector Employers PALTA, member of the Labour
Market committee 2011–2014



Christoffer von Schantz

With DNA since 2013

b. 1973

M.Sc. (Tech)

Senior Vice President, Strategy

Main previous experience

DNA Ltd, Senior Vice President, Strategy 2013–

Nokia, Director, Strategy and Business Development

2006–2012

Omnitele, Vice President, Consulting, Member of the

Executive Team 2000–2006

No main positions of trust



Janne Aalto

with DNA since 2014

b. 1965

MBA, Business College Graduate, Information Technology
CIO

Main previous experience

DNA Ltd, CIO 2014–

Kiosked, Head of Demand Side Platform 2014

CEM4Mobile Solutions, CEO & Co-Founder 2004–2013

Sonera Zed, Vice President, Development 2000–2004

Fujitsu Finland, Director, Head of Professional Services

1997–2000

Fujitsu UK and Ireland, Senior Project Manager 1994–

1997

No main positions of trust

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 control supports the CEO, the Board of Directors and the operating management in their controlling duty. 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 Senior Vice President, Legal Affairs, who is a member of the Executive Team. Internal control has direct and unlimited access to the 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, 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 confirms the effectiveness of risk management, monitoring and 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 contact 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 2014

In 2014, the main focus areas of internal auditing included monitoring the challenges and status of the company's business, auditing the main system provider's sales and invoicing processes in relation to an operative system for the company's key business and auditing the overall controls of the company's IT system. As part of its normal audit operations, internal audit has audited special 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 company, 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 2014

The AGM elected PricewaterhouseCoopers as the company's auditor in March 2014, with Authorised Public Accountant Johan Kronberg as the principal auditor. In 2014, the auditors' audit fees came to EUR 256,689.67 (EUR 254,183.37 in 2013) and other fees to EUR 198,226.54 (EUR 1,217,624.14 in 2013).

Risks and risk management

At DNA, risk refers to events or circumstances which, if they materialise, could affect the company'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 basic principle is to manage the Group's overall risk position, not just individual risks. The risk management process is part of DNA's management 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.

The nature and probability of risks is regularly monitored and reported on. The risk management process provides reports on risks and their control methods to DNA's executive management and Board of Directors. Each DNA business unit provides a quarterly update of the main risks and uncertainties related to their operation, assessing their business impact and probability. DNA's management reviews the business units' risk overviews quarterly.

DNA's Executive Team specifies DNA's key risks and assigns persons responsible for them. These persons document appropriate risk management methods and development measures for their responsibility area and submit them to the CEO for approval. Members of the Executive Team assign the persons responsible for risks other than key risks. These persons document appropriate risk management methods and development measures for their responsibility area and submit them to the Executive Team member for approval. The responsibility for a risk is assigned to a person who, based on their role in the company, is best qualified to understand the risk and determine how its management should be developed. Several persons can share the responsibility for a risk.

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.

Systematic risk management is in place to ensure that:

- DNA reaches its operational and strategic goals;
- Risks are taken into account in operational decision-making;
- DNA takes the right risks in terms of its strategy;
- The company is aware of all significant risks related to its operations;
- All necessary measures are taken to prevent significant risks or to prepare for consequences thereof;
- The Executive Team and Board of Directors have sufficient information at their disposal on the risks related to DNA's operations and management thereof.

The company includes a description of significant risks and uncertainties, of which the Board of Directors is aware, in the Board of Directors' Report and interim reports.

Significant risks

DNA classifies as risk such events or circumstances which, if they materialise, could affect the Group's ability to achieve its strategic and operational goals. The identification and management of risk factors takes into account the special characteristics of DNA's business and operational environment.

Market and competitive situation

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators, and a high degree of penetration. The demand for fixed-network voice services is declining steadily. Due to the high degree of penetration, DNA has limited opportunities for growth in areas such as the number of mobile communications subscriptions.

DNA is increasing its emphasis on new business. Starting up new business operations always involves 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.

The overall economic situation remains challenging in Finland, which has a particular effect on the demand for value added services, such as pay-TV and entertainment services, as well as business services. General decline in purchasing power has a post-cyclical effect on the operator market.

Intensifying competition in entertainment business

The competitive environment has changed quickly, in particular for entertainment services, as strong international players have entered the market. DNA faces competition from many providers of TV services: cable and terrestrial TV service providers similar to DNA as well as service providers that use other distribution channels, such as satellite and over-the-top or OTT services (Apple TV, GoogleTV and Netflix). DNA monitors the entertainment service market closely and continuously enhances its service offering to anticipate changes in the market.

New communication methods and continuous technological development

Technological development and new types of mobile devices can create new communications methods alongside traditional ones. Customer behaviour can change rapidly if new services are reliable and easy to use. DNA's ability to retain its customers depends on the company's ability to provide innovative products and services and develop them continuously, achieve customer loyalty and maintain a high level of customer satisfaction. The telecommunications industry is characterised by dynamic changes in products and network technologies.

As new communications methods gain widespread popularity, they have an 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.

Risks related to business acquisitions

DNA has made several significant business acquisitions in the past few years: Welho (2010), Forte Netservices Oy (2011), part of GoExcellent's operations (2012), DigiTV Plus Oy (2013) and TDC's Finnish operations (2014). All business acquisitions involve certain risks. To manage these risks, DNA makes acquisitions based on specific criteria and follows effective integration processes.

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 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.

DNA's business is capital-intensive, and the company's success depends on the ability to continuously maintain and improve its network infrastructure. DNA makes continuous investments in its network infrastructure by, for example, expanding the 4G LTE networks. Expansion of DNA's network coverage depends on continuous maintenance of existing base stations and masts and construction of new ones.

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. DNA takes regulatory risks into account by monitoring the preparation of new legislation, providing statements on issues affecting DNA's business and participating in working groups.

Changes in the regulations in relation to the allocation of the 700-megahertz frequency band, now used for television broadcasts, to wireless broadband are currently being prepared. Political decisions on the method of distributing the frequencies are expected in 2015.

At the end of 2014, the Finnish parliament completed the processing of the Information Society Code containing the key provisions that apply to electronic communications. It came into force for the most part on 1 January 2015. The main changes affecting DNA's operations are related to frequency policy and the method of frequency distribution, market-based frequency compensation, consumer protection and the ability of the Finnish Communications Regulatory Authority to affect pricing responsibilities.

The European Parliament started to process the Commission's proposal on new legislation to promote the European single market for electronic communications in the spring of 2014. The Council of the European Union continued the process in the autumn of 2014 and is expected to continue it further in the spring of 2015. The main changes that will affect DNA's operations are related to frequency policy, harmonisation of frequency distribution methods, elimination of roaming charges, harmonisation of fixed-network retail products and regulation of net neutrality. Should the new legislation enter into force, it would have a major 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 ([link](#)).

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. DNA adheres to the remuneration principles approved by the Board of Directors.

DNA's Annual General Meeting decides on the remuneration of the Board of Directors. The Remuneration Committee reviews the Board members' remuneration and remuneration methods annually and submits proposals to the AGM.

The committee also performs an annual review of the salary and remuneration of the CEO and other members of the Executive Team. The committee submits a proposal on their remuneration to the Board of Directors. In 2014, DNA also used the services of external consultants in the preparation of remuneration.

Board of Directors' remuneration

DNA's Annual General Meeting decides on the Board of Directors' remuneration for the period until the next Annual General Meeting. DNA's AGM of 20 March 2014 decided on the following payments to the members of the Board of Directors:

- Annual remuneration, Chairman of the Board (half-time role): EUR 144,000
- Annual remuneration, members of the Board of Directors: EUR 48,000
- Meeting fee, members of the Board of Directors: EUR 1,050/meeting/person
- Meeting fee, Committee Chairman: EUR 1,050/meeting/person
- Meeting fee, Committee members: EUR 525/meeting/person

Each member of the Board of Directors may elect to receive 40 per cent of their annual remuneration as DNA's shares instead of cash. The share value used in the conversion to shares is EUR 95.51 per share. Each member of the Board of Directors decides independently whether their annual remuneration shall be paid entirely in cash or partly in shares and partly in cash. The recommendation of DNA's Remuneration Committee is that the value of shares owned by the members of the Board would equal one year's remuneration in three years time. Certain conditions apply to the transferability of shares.

On the basis of the authorisation of the Annual General Meeting of 20 March 2014, the Board of Directors decided on a directed rights issue for the members of the Board of Directors. There is a right to derogate from the pre-emptive right of the shareholders according to a weighty financial reason specified in Section 9(4) of the Limited Liability Companies Act, because the rights issue is based on the decision of the Annual General Meeting to pay the annual remuneration of each member of the Board of Directors partly in shares as specified by the AGM. In the first lot, members of the Board of Directors subscribed a total of 601 shares. The shares were registered in the trade register and the shareholders' register on 11 July 2014. In the second lot, members of the Board of Directors subscribed 605 shares which were registered in the trade register on 2 January 2015 and the shareholders' register on 8 January 2015.

The Board of Directors convened 15 times during the year.

Board of Directors' remuneration in 2014

Name	Annual remuneration in 2014	Meeting fees 2014	Total, 2014	Total, 2013
Jarmo Leino	178,650.00 €	19,950.00 €	198,600.00 €	162,750.00 €
Jukka Ottela	59,025.00 €	19,950.00 €	78,975.00 €	65,625.00 €
Anssi Soila	47,025.00 €	15,750.00 €	62,775.00 €	64,290.00 €
Kirsi Sormunen (member since 20 March 2014)	36,000.00 €	16,800.00 €	52,800.00 €	
Anu Nissinen (member since 20 March 2014)	48,000.00 €	14,700.00 €	62,700.00 €	
Tero Ojanperä (member since 20 March 2014)	48,000.00 €	10,500.00 €	58,500.00 €	
Tuija Soanjärvi (member 1 January to 20 March 2014)	11,025.00 €	6,300.00 €	17,325.00 €	69,300.00 €
Juha Ala-Mursula (member 1 January to 20 March 2014)	11,025.00 €	5,250.00 €	16,275.00 €	66,150.00 €
Hannu Isotalo (member 1 January to 20 March 2014)	11,025.00 €	5,250.00 €	16,275.00 €	66,150.00 €

Board of Directors' remuneration in shares

Name	Remuneration in shares*
Jarmo Leino	603
Jukka Ottela	201
Anssi Soila	-
Kirsi Sormunen (member since 20 March 2014)	-
Anu Nissinen (member since 20 March 2014)	201
Tero Ojanperä (member since 20 March 2014)	201
Tuija Soanjärvi (member 1 January to 20 March 2014)	-
Juha Ala-Mursula (member 1 January to 20 March 2014)	-
Hannu Isotalo (member 1 January to 20 March 2014)	-

*605 shares in total were entered into the Trade Register in 2015, on 2 January 2015

Remuneration of the CEO and the Executive Team

The Board of Directors decides on the CEO and Executive Team's salaries, remunerations and long-term incentive schemes based on the suggestions prepared by the Remuneration Committee. The remuneration of the CEO and the Executive Team is based on a fixed monthly salary, performance-based payment according to DNA's incentive and performance-based payment scheme and a share-based reward system.

Remuneration and employment of the CEO and the Executive Team

The CEO receives a phone and car benefit in addition to their monthly salary. The CEO's period of notice is six (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 salary for eight (8) months 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 CEO's pension includes vested rights.

The members of the Executive Team receive a total salary, which includes a fixed monthly salary, taxable phone benefit and in some cases, a car benefit. Pensions of the members of the Executive Team are payment-based. The Executive Team members' pensions include vested rights.

The payments for the CEO and Executive Team members' supplementary pensions amounted to EUR 234,113.46. The premium of the CEO's supplementary pension insurance was EUR 78,291.88 in 2014.

Principles for management's performance-based payments

The incentive and performance-based payment system has been designed to support the strategic, financial and operative development of DNA, to motivate the management personnel and to reward them for good financial results. Company-level targets are related to the positive development of EBITDA and service net sales as well as customer satisfaction. The system also sets targets at group-level, as well as personal targets.

Members of the Executive Team are entitled to receive incentives in the form of performance-based payments based on the annual performance targets set by the Board of Directors. Their performance-based payments are based on company-level targets. DNA's Board of Directors decides on the payment of incentives.

Share-based reward system

On 20 November 2014, the Board of Directors decided to introduce and implement a new long-term share-based reward system in the incentive and commitment scheme of the Group. The Board of Directors also resolved on the target group of the directed share issue against payment. Receiving of the shares is tied, among other things, to the continuance of a participant's employment or service in the Group or Group company upon payment of the reward. If a participant's employment or service ends before the payment of the reward, their right to subscribe shares is automatically cancelled. Another prerequisite for the subscription of shares is the signing of a separate shareholder agreement by the subscriber.

The Board of Directors approved the 33 subscriptions in its meeting of 18 December 2014. A total of 6,475 shares were subscribed. After payment, the subscribed and paid shares were registered in both the trade register and on the book-entry securities accounts of the subscribers on 15 January 2015.

The CEO subscribed 900 DNA shares. Other members of the Executive Team subscribed 2,175 DNA shares in total.

Remuneration of the CEO and the Executive Team in 2014

	Wages and salaries and benefit costs in 2014, EUR	Performance-based payment for the results in 2013, EUR	Total paid in 2014, EUR	Total paid in 2013, EUR
CEO, Jukka Leinonen	407,040.00	152,381.50	559,421.50	106.270,48 (from 1 Sept to 31 Dec 2013)
CEO, Riitta Tiuraniemi (1-3/2014)	293,355.00		293,355.00	702,303.40
Other members of the Executive Team	1,313,445.18	378,330.70	1,691,775.88	1,741,132.63

Personnel incentive scheme

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

The Board of Directors made a decision to renew the personnel reward schemes on 18 November 2014. The new scheme came into force as of the beginning of 2015. The main objectives of the new system include better alignment of personal results and the Group's strategic goals, fair and consistent rewards between units, improved motivation by the scheme and greater emphasis on the company's result as a basis for rewards. The incentive and performance-based payment scheme is complemented by one-time rewards. Consistent principles apply to one-time rewards.



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