

**CORPORATE GOVERNANCE STATEMENT**



# CORPORATE GOVERNANCE STATEMENT

DNA Plc (“DNA” or “company”) is a Finnish public limited liability company providing high-quality voice, data, and TV services to private customers and corporations. Parent company DNA Plc and its subsidiaries form the DNA Group. The company is listed in the Helsinki Stock Exchange and domiciled in Helsinki, Finland.

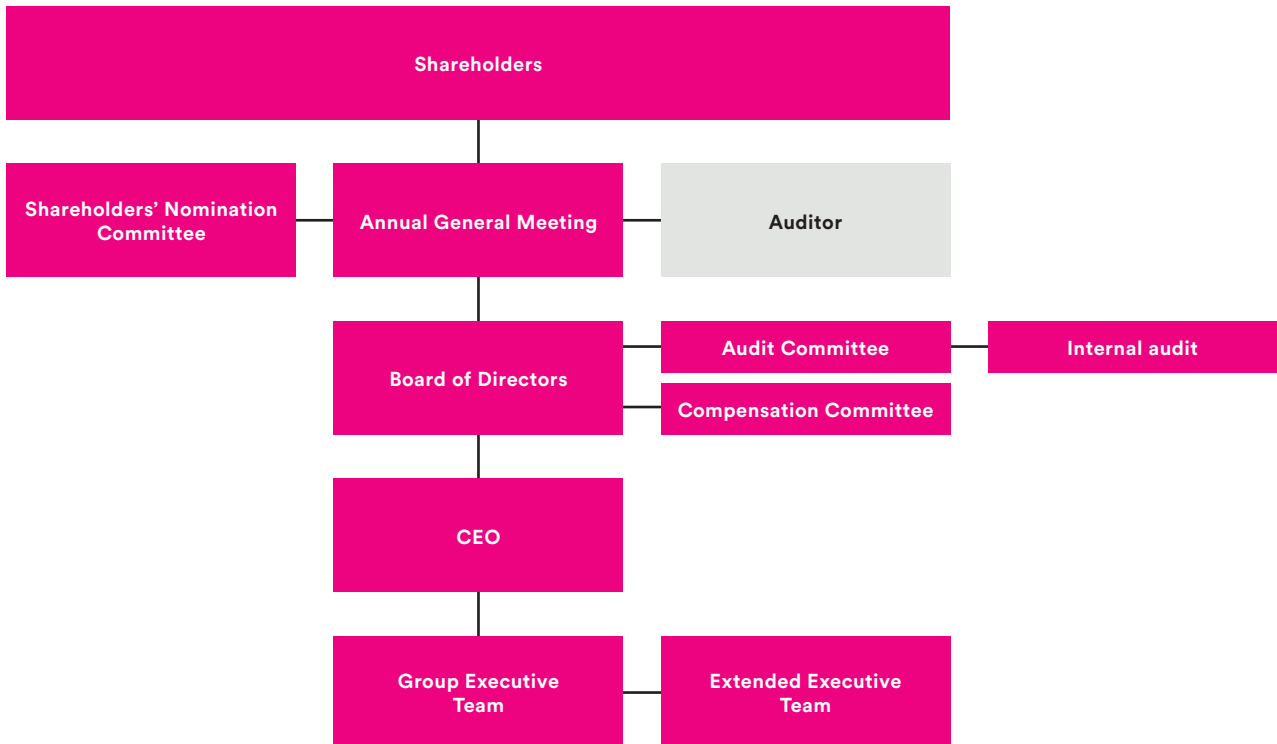
DNA operates in accordance to its Articles of Association, the charters of DNA’s Board of Directors and its committees as well as the applicable rules and regulations of the Finnish Limited Liability Companies Act, Accounting Act and Securities Market Act, Nasdaq Helsinki Ltd and the Financial Supervisory Authority and other legislation in force in Finland. DNA also complies with the recommendations of the Finnish Corporate Governance Code 2015 issued by the Securities Market Association without departing from it.

The Finnish Corporate Governance Code is available at [www.cgfinland.fi](http://www.cgfinland.fi).

DNA’s Audit Committee has audited this corporate governance statement. This statement is published separately from the Board of Director’s report. DNA also provides up-to-date information on corporate governance at [www.dna.fi](http://www.dna.fi).

## DNA’s governing bodies

DNA’s governing bodies comprise the General Meeting, the Board of Directors and the CEO. The General Meeting of shareholders is the highest decision-making body of DNA. Management is the responsibility of the Board of Directors and CEO. The Executive Team assists the CEO in the management of the company and Group.



## General Meeting

The General Meeting is the highest decision-making body of DNA. The Annual General Meeting (AGM) is held once a year within six months of the end of the financial period, at a time specified by the Board of Directors. The meeting discusses matters that fall within the scope of its responsibility under the Articles of Association and any other proposals to the AGM. Extraordinary General Meetings can be held as required. General Meetings take place in Helsinki. General Meetings are convened by the Board of Directors.

According to DNA's Articles of Association, the responsibilities of the General Meeting include:

- Adopting the financial statements, which in the parent company also involves the adoption of the consolidated financial statements;
- Deciding on the use of the profit shown on the balance sheet;
- Discharging the members of the Board of Directors and the CEO from liability;
- Deciding the number of members in the Board of Directors;
- Electing the members of the Board of Directors and deciding on their compensation;
- Electing the auditor and deciding on the auditor's compensation.

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

In addition to the AGM, Extraordinary General Meetings are convened by the Board of Directors as necessary. The Board of Directors is also obliged to convene a General Meeting when requested by an auditor or by shareholders representing at least 10% of all DNA shares in writing in order that a specific matter could be discussed.

According to the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be included in the notice. By the end of the financial period preceding the AGM, DNA announces a date on its website by which the shareholder shall submit any requests on a matter to be discussed at the AGM to the Board of Directors.

## Notice and Agenda of the General Meeting

The notice convening a General Meeting shall be delivered to the shareholders by publishing it on the company's website no earlier than three (3) months and no later than three (3) weeks before the General Meeting, however, never later than nine (9) days before the record date of the General Meeting. To be entitled to attend the General Meeting, shareholders must register with the company by the date specified in the notice, which shall be no earlier than ten (10) days before the General Meeting. Each shareholder may attend the General Meeting in person or through an authorised representative.

## Voting

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

## Shareholders' Nomination Committee

DNA's General Meeting has established the Shareholders' Nomination Committee and approved its charter. The committee has been established until further notice by the AGM. The Shareholders' Nomination Committee is tasked with the preparation of proposals for the General Meeting regarding Board members' election and compensation.

The committee consists of the three largest shareholders or representatives appointed by the said shareholders. In addition, the Chairman of the company's Board of Directors participates in the committee work in the capacity of specialist. The three shareholders whose portion of the votes produced by all the shares in the company according to the shareholders' register, maintained by Euroclear Finland Ltd or other, is the greatest on 1 September of the year preceding the AGM shall have the right to appoint the committee members in the manner specified in the committee charter.

The company issues a stock exchange release to publish the committee members when the members have been appointed. The term of office of the committee expires annually when a new committee is appointed. A quorum is constituted by the presence of more than half of the members of the committee. The committee shall not make a decision unless all committee members have had the opportunity to participate in the discussion of the matter and to be present at the meeting.

## The duties of the committee include the following:

- Preparing and presenting a proposal for the General Meeting regarding Board members' compensation;
- Preparing and presenting a proposal for the General Meeting regarding the number of Board members;
- Preparing and presenting a proposal for the General Meeting regarding the election of Board members; and
- Finding successors for Board members.

### Members of the Nomination Committee in 2016:

- Esa Haavisto (appointed by Finda Oy), born 1949, M.Sc. (Econ.), main position: Board professional
- Seppo Vikström (appointed by PHP Holding Oy), born 1956, M.Sc. (Econ.), main position: Chairman of the Board
- Esko Torsti (appointed by Ilmarinen Mutual Pension Insurance Company), born 1964, Lic. SSc, main position: Director of Non-listed Investments at Ilmarinen.

The members of the Shareholders' Nomination Committee are independent of the company.

The committee shall submit the proposals prepared for the AGM to the company's Board of Directors not later than on 1 February prior to the AGM. The proposals will be published in a stock exchange release and included in the notice of the General Meeting.

## Nomination Committee in 2016

The Nomination Committee convened twice in 2016, with a participation rate of 100%.

## ANNUAL GENERAL MEETING 2016

DNA Ltd's Annual General Meeting was held on 31 March 2016. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2015.

## Board members, committees and compensation

The number of Board members was confirmed to be six. Re-elected members of the Board include Jarmo Leino, Jukka Ottela, Kirsi Sormunen, Tero Ojanperä, Anu Nissinen and Margus Schults. At the constitutive meeting of the Board of Directors held subsequent to the AGM, Jarmo Leino was re-elected Chairman.

Authorised Public Accountants PricewaterhouseCoopers Oy was re-elected auditor of the company, with APA Mika Kaarisalo acting as the auditor with the principal responsibility.

## Payment of dividends

According to the proposal by the Board of Directors, the AGM agreed to pay a dividend of EUR 4.72 per share, at a total of EUR 40,062,746.40, for the financial period 2015.

The AGM decided to pay dividends to shareholders who, on the dividend record date, were registered in the company's register of shareholders held by Euroclear Finland Ltd. The dividend record date was 4 April 2016 and the dividend was paid on 11 April 2016. No dividend was paid for treasury shares held by the company.

## The Board's share repurchase 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 960,000 treasury shares. This is equal to slightly less than 10% of all company shares. The shares can be repurchased only by using the company's unrestricted shareholders' equity. The repurchase can take place in one or several instalments.

The purchase price can range from EUR 70 to EUR 150 per share. Treasury shares can be repurchased to make acquisitions or other business related arrangements, to improve the capital structure, for use in the company's incentive schemes or to be otherwise disposed of or cancelled, provided that the acquisition is in the interest of the company and its shareholders.

The authorisation will be effective until 30 June 2017. This authorisation cancelled the previous authorisation.

## Decisions of DNA Ltd's Extraordinary General Meeting of 25 October 2016

The company's Extraordinary General Meeting held on 25 October 2016 elected Mr. Pertti Korhonen as a new member of the Board of Directors of DNA. The existing members of DNA's Board of Directors continued as board members. In addition, the Board of Directors decided, conditional upon consummation of the IPO and listing of DNA, to elect Mr. Pertti Korhonen as the Chairman of the Board of Directors. It was decided that the election would take effect on the day following the contemplated listing of the company. Pertti Korhonen is independent of the company and its major shareholders.



The company's Extraordinary General Meeting held on 25 October 2016 made decisions required by the contemplated IPO and listing. The company's Extraordinary General Meeting decided e.g. to change the company's form from a private limited liability company to public limited liability company and decided on other changes to the company's articles of association including changes required for the contemplated listing. The company's Extraordinary General Meeting decided to increase the number of the company's shares by way of a share split, in which new shares will be issued to the shareholders without payment in proportion to their holdings so that, for each share, shareholders will receive 14 new shares. After the share split, the total number of the company's shares was 127,325,850.

In addition, the Extraordinary General Meeting authorised the Board of Directors to decide on a share issue and the granting of options and other special rights entitling to shares referred to in Chapter 10, section 1 of the Companies Act. A maximum of 7,500,000 new shares or treasury shares held by the company can be issued under the authorisation. The maximum number under the authorisation corresponds to approximately 5.9% of the company's shares after the proposed share split has been completed. The authorisation allows the Board of Directors to decide upon a directed issue including the right to derogate from the shareholders' pre-emptive subscription right and upon the granting of special rights provided that the requirements set forth by law are met. The Board of Directors can act on this authorisation in connection with the share issue that is to be carried out in connection with the company's contemplated IPO and listing as well as in connection with the implementation of incentive schemes and possible payment of share rewards to the members of the Board of Directors.

## **DNA'S BOARD OF DIRECTORS**

### **Operation of the Board of Directors**

According to DNA's Articles of Association, the Board of Directors is composed of five to nine ordinary members elected by the General Meeting. The Shareholders' Nomination Committee prepares a proposal for the Annual General Meeting regarding Board members. When members are elected to the Board of Directors, the requirements laid down by the company's operations and development phase and valid legislation, such as the rules of Nasdaq Helsinki Ltd, other applicable rules, and the recommendations of the Corporate Governance Code must be considered. A person elected to the Board of Directors must have the competence required for the position and be able to use a sufficient amount of time to attend to Board duties. The Board of Directors must include representatives of both genders, and its composition must satisfy the principles of diversity.

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

The Board of Directors meets regularly approximately once per month, and as and when deemed necessary. A memo is written for each meeting. The Chairman of the Board of Directors calls the Board of Directors and is responsible for Board work. Each member of the Board of Directors has the right to propose matters to the Board's agenda. The Board of Directors of the company is quorate when more than one-half of its members are present. Decisions of the Board of Directors are majority decisions, and 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.

### **Independence of directors**

According to the Finnish Corporate Governance Code, the majority of the directors shall be independent of the company. In addition, at least two of the directors representing this majority shall be independent of the company's significant shareholders.

The Board of Directors evaluates the independence of its members. The members of the Board of Directors confirm in writing the information required for evaluating their independence at the annual constitutive meeting of the Board of Directors, and commit themselves to informing the company, without delay, of any changes taking place during the term of office.

In 2016, all seven members of the Board were deemed to be independent of the company. Chairman of the Board Jarmo Leino (Chairman from 1 January 2016 to 30 November 2016) was regarded as not independent of significant shareholders. He was nominated to the Board by Finda Oy, which is DNA's largest shareholder. Jukka Ottela is also not independent of significant shareholders. He has been nominated to the Board by PHP Holding Oy, which is DNA's significant shareholder. The other five members of the Board were deemed independent of major shareholders.

## Diversity of the Board of Directors

Competent and efficient Board work requires that the members of the Board of Directors are highly competent and sufficiently diverse. The Shareholders' Nomination Committee also considers the composition of the Board from the perspective of diversity. In accordance with the charter of the Shareholders' Nomination Committee, the composition of the Board shall adhere to the diversity principles specified by the company, as well as legislation and applicable rules and regulations and the Corporate Governance Code.

With regard to the composition of the Board of Directors, it is essential that the members of the Board have diverse and complementary competence, education and experience in different industries and sectors, management and businesses of different development phases. The members' personal qualities are also important. Experience in strategically important consumer and corporate markets, experience in the digital operating environment, customer understanding and a diverse age and gender structure also contribute to the diversity of the Board of Directors. Both genders shall be represented by two members in the Board.

The composition of the Board of Directors must be such that it enables the enhancement of the company's present and future business.

## Diversity of the Board of Directors in 2016

There were (2) were women and four (4) men in the Board until 24 October, and two (2) women and five men (5) as of 25 October. In connection with DNA's listing, Pertti Korhonen was elected to the Board of Directors to strengthen the Board's listed company expertise. Mr Korhonen has experience of both operative management and Board work in listed companies.

## Duties of the Board

The Board of Directors has a duty to promote the interests of the company and all its shareholders. 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. The company's Vice President, Legal Affairs acts as the Board secretary.

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 CEO;
- Appointing the deputy CEO and Members of the company's Executive Team based on the CEO's proposal;
- Deciding on the salaries and compensation 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 company's values and other general Group principles by means of operating instructions;
- Confirming the company's personnel strategy and annual personnel and training plans and deciding on the personnel incentive and reward scheme; and
- Seeing to internal control, risk management and internal audit.

## Board of Directors in 2016

The Board of Directors had the following members from 1 January to 31 December 2016: Jarmo Leino (Chairman from 1 January to 30 November 2016), Kirsi Sormunen, Anu Nissinen, Jukka Ottela, Tero Ojanperä and Margus Schults. Pertti Korhonen was nominated to the Board on 25 October 2016 and he became the Chairman of the Board on 1 December 2016.

The Board convened 20 times in 2016. The participation rate of the Board of Directors in the meetings was 100%. In addition to its regular duties, the Board focused on preparing for the listing the company, monitoring the preparations and making decisions in relation to them as well as monitoring strategic development programmes.

## MEMBERS OF THE BOARD OF DIRECTORS 2016

### Pertti Korhonen

Member of DNA's Board of Directors 25 October to 30 November 2016

Chairman of the Board from 1 December 2016

Born 1961

Education: M.Sc. (Tech)

Main position: Various positions of trust

Member of DNA's Board of Directors from 25 October and Chairman of the Board from 1 December 2016. Chair of the Compensation Committee since December 2016. Independent of the company and its major shareholders.

DNA shares held by the member of the Board on 31 December 2016: 11,001 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



### Jarmo Leino

Chairman of the Board until 30 November 2016

Member of the Board of Directors from 1 December 2016

Born 1951

Education: Master of Laws, Master of Laws with court training

Main position: Finda Oy, CEO since 2010

Member of DNA's Board of Directors since 2006, Chairman from 2010 until 30 November 2016. Member of the Compensation Committee since 2016 (Chairman of the Compensation Committee from 2011 until December 2016). Independent of the company, non-independent of major shareholders. Nominated to the Board by a major shareholder.

DNA shares held by the member of the Board on 31 December 2016: 26,450 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



### Jukka Ottela

Born 1953

Education: M.Sc. (Econ), Master of Laws

Main position: Various positions of trust

Member of DNA's Board of Directors since 2010. Member of DNA's Audit Committee since 2011. Member of DNA's Compensation Committee since 2014. Independent of the company, non-independent of major shareholders. Nominated to the Board by a major shareholder.

DNA shares held by the member of the Board and bodies controlled by the member 31 December 2016: 19,241 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



### Kirsi Sormunen

Born 1957

Education: M.Sc. (Econ)

Main position: Various positions of trust

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

DNA shares held by the member of the Board and bodies controlled by the member 31 December 2016: 2,000 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



## GOVERNANCE

### MEMBERS OF THE BOARD OF DIRECTORS 2016

#### **Tero Ojanperä**

Born 1966

Education: PhD,  
Electrical Engineering

Main position:

Visionplus Oyj, Managing  
Partner and Co-Founder



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

DNA shares held by the member of the Board on 31 December 2016: 10,440 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.

#### **Anu Nissinen**

Born 1963

Education:  
M.Sc. (Econ)

Main position:

Digma Design Oy,  
Partner and CEO  
since 2016



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

DNA shares held by the member of the Board on 31 December 2016: 15,917 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.

#### **Margus Schults**

Born 1966

Education: PhD,  
Electrical Engineering

Main position:

TallinkSilja Oy,  
CEO since 2009



Member of DNA's Board of Directors since 2015. Independent of the company and major shareholders.

DNA shares held by the member of the Board on 31 December 2016: 6,875 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.

The above is the concise version of the Board of Directors members' resumes. For more details, please see DNA's website at <https://corporate.dna.fi/en/board-of-directors1>.



## BOARD COMMITTEES

The Board of Directors may establish Board committees from among its members to support its work. The Board shall confirm the main duties and operating principles of the committees in a written charter. Committees report regularly to the Board.

The Board of Directors elects the Audit and Compensation Committee and, whenever necessary, other committees at its annual constitutive meeting that takes place after the AGM. The Board of Directors elects the committee Chairs and members from among its members at the constitutive meeting.

## AUDIT COMMITTEE (AC)

According to its charter, the Finnish Corporate Governance Code and applicable laws and regulations, DNA's Audit Committee assists the Board of Directors' duty of control in financial reporting and control, risk management, corporate responsibility and internal and external audit responsibilities.

The AC comprises a Chairman and at least two members elected annually by the Board of Directors from among its members who have the competence required for the committee duties. A majority of the AC members must be independent of the company, and at least one of them has to be independent of major shareholders.

The AC meets at least four times a year.

The duties of the AC include the following:

- Monitoring the company's financial position, financing status and taxation position;
- Monitoring the reporting progress of financial statements;
- Monitoring, supervising and evaluating the financial reporting system and process and the risk management process;
- Discussing plans and reports of internal audit in the extent specified in the Internal Audit Charter;
- Monitoring and evaluating the operations and efficiency of the company's internal control, internal audit 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 significant financial, financing and taxation 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 related parties, and possible related conflicts of interest;
- Reviewing 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 audit firm, particularly the provision of other than audit services to the audited company;
- Preparing a proposal, for consideration, on the election of the auditor;
- Monitoring processes and risks related to IT security;
- Evaluating the company's disclosure policy and proposing changes, as required, to the Board of Directors;
- Evaluating the process of complying with laws and regulations; and
- Discussing and monitoring special issues – allocated by the Board of Directors – relevant to the Audit Committee's sphere of duties.

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

## Audit Committee (AC) in 2016

From 1 January to 31 December 2016, the Audit Committee members included Kirsi Sormunen (Chair), Anu Nissinen and Jukka Ottela. The Audit Committee convened six times in 2016, with a participation rate of 100%.

## COMPENSATION COMMITTEE (CC)

The CC comprises a Chair and at least two members elected annually by the Board of Directors from among its members. A majority of the members must be independent of the company. The CEO or any other member of the company management cannot be a member of the CC. The committee meets at least twice a year.

According to its charter, the Corporate Governance Code and applicable laws and regulations, DNA's Compensation Committee assists the Board of Directors in the preparation of issues related to the compensation of the CEO and other company management, as well as in the preparation of personnel incentive schemes.

The main duties of the CC 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 agreement terms of the CEO and the Group Executive Team;
- Establishing short and long-term incentive schemes for company management and personnel, and attending to their appropriateness;
- Planning successors for the CEO and the Group Executive Team.

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 members of the Group Executive Team;
- 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 compensation and salary statement required by the annual Corporate Governance Code, and answering related questions at the General Meeting.

### Compensation Committee (CC) in 2016

From 1 January to 31 March 2016, the Compensation Committee comprised Jarmo Leino (Chair), Kirsi Sorjonen, Anu Nissinen and Jukka Ottela. On 31 March 2016, DNA Board of Directors elected Jarmo Leino (Chair), Jukka Ottela and Margus Schults to the CC. As of 15 December 2016, Pertti Korhonen was appointed as an additional member to the CC and elected Chair. Jarmo Leino continued as a member of the CC. The CC convened three times, with a participation rate of 100%.

## THE CEO AND THE EXECUTIVE TEAM

The CEO is nominated and controlled by the Board of Directors. The terms of the CEO's employment are specified in a written CEO agreement, which is approved by the Board of Directors. The company discloses the CEO's personal information, shareholdings, duties and financial benefits.

The duties of DNA's CEO are as specified in the Limited Liabilities Company Act.

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.

## DUTIES OF THE CEO AND THE EXECUTIVE TEAM

### CEO

- 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 the strategic principles and objectives approved by the Board and the operational plans and general principles confirmed by the Board of Directors (general competence);
- 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 or nominating a person authorised to do so; and
- Chairing the DNA Executive Team and extended Executive Team.

Jukka Leinonen has been DNA's CEO since 2013. The CEO does not have an employment contract with the company, and the CEO is not the company's employee.

### Duties of the Executive Team

DNA's Executive Team does not have any duties specified in legislation or DNA's Articles of Association. DNA's Executive Team helps the CEO in the management of the Group and its duties include the following:

- Implementing the Group's long-term strategic objectives;
- Coordinating Group management;
- Preparing the Group business plans, budget and investment plan and monitoring the Group's financial development;
- Preparing significant investments as part of budget preparation and 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; and
- Internal control according to the principles approved by the Audit Committee and the Board of Directors.

The Executive Team meets regularly at least twice a month, and as and when deemed necessary.

## GOVERNANCE

### CEO

#### **Jukka Leinonen**

CEO

With DNA since 2010

Born 1962

Education: M.Sc. (Tech)

Main work experience

DNA Ltd, CEO since 2013

DNA Ltd, Senior Vice President, Corporate Business  
2010–2013

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

Sonera Solutions Oy (Yritysverkot Oy), President and CEO, 1996–1999

DNA shares held by the CEO on 31 December 2016:  
24,501 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



The above is the concise version of the CEO's and Executive Team members' resumes. For more details, please see DNA's website at <https://corporate.dna.fi/en/board-of-directors1>.

## MEMBERS OF THE EXECUTIVE TEAM

### Timo Karppinen

CFO

With DNA since 2012

Born 1964

Education: M SSc.

Main work experience

DNA Plc, CFO from 2012

Ponsse Plc, Executive 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 since 2014

DNA shares held by the member of the Executive team on 31 December 2016: 12,200 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



### Pekka Väisänen

Senior Vice President,  
Consumer Business

With DNA 2003–2006  
and again from 2007

Born 1966

Education: M.Sc. (Econ)

Main work experience

DNA Ltd, Senior Vice President, Consumer Business since 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

DNA shares held by the member of the Executive team on 31 December 2016: 10,000 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



### Hannu Rokka

Senior Vice President,  
Corporate Business

With DNA since 2011

Born 1965

Main work experience

DNA Ltd, Senior Vice President, Corporate Business since 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

DNA shares held by the member of the Executive team on 31 December 2016: 4,500 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



### Tommy Olenius

CTO

With DNA since 2003

Born 1962

Education: Engineer

Main work experience

DNA Ltd, Senior Vice President, Technology since 2009

DNA Finland Ltd, Senior Vice President, Technology 2005–2009

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

Telia Mobile Finland Oy, Deputy Director, CTO and other roles 1998–2003

Telsim Telekomunikasyon Hizmetleri AS, Turkey, Director O&M, 1995–1997

Telecom Finland International Ltd; Turkcell & Libancell, O&M manager, 1993–1995

DNA shares held by the member of the Executive team on 31 December 2016: 8,900 shares

No shares held in related parties or by bodies controlled by the member on 31 December 2016.





## GOVERNANCE

### MEMBERS OF THE EXECUTIVE TEAM

#### Asta Rantanen

Senior Vice President,  
Legal Affairs

With DNA since 2003

Born 1962

Education: Master of Laws

Main work experience

DNA Ltd, Senior Vice President, Legal Affairs since 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

DNA shares held by the member of the Executive team on 31 December 2016: 5,576

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



#### Christoffer von Schantz

Senior Vice President,  
Strategy

With DNA since 2013

Born 1973

Education: M.Sc. (Tech)

Main work experience

DNA Ltd, Senior Vice President, Strategy since 2013  
Nokia, Director, Strategy and Business Development 2006–2012

Omnitele, Vice President, Consulting, Member of the Executive Team 2000–2006

DNA shares held by the member of the Executive team on 31 December 2016: 5,375

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



#### Marko Rissanen

Senior Vice President,  
Human Resources

With DNA since 2003

Born 1974

Education: Vocational Qualification  
in Business and Administration

Main work experience

DNA Ltd, Senior Vice President, Human Resources since 2007

DNA Finland Ltd, HR Manager 2005–2006

Finnet Networks Ltd, HR Manager 2004–2005

Telia Product Oy, HR Manager 2001–2003

DNA shares held by the member of the Executive team on 31 December 2016: 3,375

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



#### Janne Aalto

CIO

With DNA since 2014

Born 1965

Education: MBA,  
Business College  
Graduate, Information Technology

Main work experience

DNA Ltd, CIO since 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

DNA shares held by the member of the Executive team on 31 December 2016: 6,700

No shares held in related parties or by bodies controlled by the member on 31 December 2016.



## Extended Executive Team

Employee 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, support unit reviews and employee representatives' reviews.

## Extended Executive Team in 2016

In 2016, the employees were represented by Tarja Koivisto (administrative personnel), Pertti Määttä (managerial personnel), Jorma Airaksinen (service and production personnel) and Eero Utriainen (labour protection representative) at the Extended Executive Team meetings. The Extended Group Executive Team convened six times in 2016.

## RISK MANAGEMENT AND INTERNAL CONTROL

Internal control is in place to ensure that the company operates in compliance with laws and regulations and the company's own operating principles and provides reliable financial and operational information.

DNA aims to make sure that its internal control and risk management systems are proportionate and appropriate to the scope and nature of its operations. Internal control and risk management procedures are designed to ensure that the company's business is effective and efficient, information is reliable, irregularities are prevented and the company operates in compliance with laws, regulations and operating principles and can identify, assess and monitor business-related risks.

### Control and risk management of the financial reporting process

DNA's business segments are Consumer and Corporate Business. The Group's financial reporting is based on the financial information produced by each unit on the profitability of their respective business, which is combined with segment and Group-level information.

Setting and monitoring of financial objectives 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. Group and 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. At the end of 2016, DNA had significant development initiatives for its information systems to improve the efficiency of processes such as the financial reporting process.

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. The entire Group applies the International Financial Reporting Standards (IFRS).

### Monitoring and follow-up

DNA's financial results are followed up in the monthly reporting and reviewed monthly by the Executive Team and Board of Directors. Quarterly results are reviewed in meetings of the Executive Team, the Board of Directors' Audit Committee and Board of Directors.

### Purpose and objectives of risk management

The purpose of risk management is to help DNA's management achieve the company's strategic objectives and provide the company's Board of Directors with up-to-date information on company risks and their management.

In addition, risk management is used to protect DNA's critical success factors.

Risk refers to events or circumstances which, if they materialise, could affect DNA's ability to achieve its strategic objectives or the operative objectives derived from them. Any risks that undermine DNA's strategically significant competitive strengths must be avoided if possible, and special attention must be paid to managing such risks. The identification and management of risk factors takes into account the special characteristics of DNA's business and operational environment.

Systematic risk management is in place to ensure that:

- DNA reaches its business 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; and
- Company management and the Board of Directors are up to date on DNA's risks and their management.

## Risk management process

The Board of Directors decides on the objectives and principles of risk management and confirms the company's risk management policy. The Board monitors the implementation of risk management. The Board of Directors has established an Audit Committee. Its risk management duties are defined in the Audit Committee Charter, which is confirmed by the Board of Directors.

The CEO is responsible for the practical organisation of risk management and maintenance of the risk management policy.

The risk management process provides reports on risks and risk management methods to the DNA Executive Team, Audit Committee and Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team and Audit Committee monitor the implementation of these plans.

At DNA, risk management consists of identification and assessment of risks, development of risk management strategies, planning and implementation of risk management methods, monitoring of risk management results as well as continuous improvement of risk management competence.

The annual risk management plan is aligned with the annual plan of DNA's strategy process. The ambition is to update DNA's risk map annually and to draft 1 or 2 reports on the key risks and uncertainties and their management for DNA's Executive Team, Audit Committee and Board of Directors.

DNA's Executive Team selects the key risks and assigns persons to be 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. 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 a responsibility for a risk. Risk management processes are aligned with internal control methods.

You can read more about DNA's risks in the Board of Directors' Report 2016. Significant risks and uncertainties are also described in DNA's annual and interim reports.

## Main principles of internal control

Internal control is a process, approved by DNA's Board of Directors, to enhance risk management in DNA Group regarding risks that threaten the company's objectives and business. Another objective is to identify, analyse and monitor business related risks. DNA's Board of Directors has confirmed the principles of internal control, which are based on recognised international principles of good internal control.

The CEO and the Board of Directors have responsibility for ensuring that internal control works and is proportionate to operational risks.

The objective of internal control is to ensure, to a sufficient extent, that the company meets its goals in areas such as:

- effectiveness and efficiency of operations;
- reliability and integrity of financial and operational information;
- compliance with laws, regulations and agreements, and with the company's own operating principles.

The company has a separate compliance programme related to competition law.

The areas of internal control comprise the following:

- internal operating environment (control environment);
- objective-setting;
- risk identification and management;
- control measures;
- reliable information and communication (reporting);
- evaluation and monitoring of internal control;
- systems and security; and
- monitoring of outsourced operations.

## Internal audit

The Group's internal audit supports the CEO, the Board of Directors and the operative management in their controlling duty. Internal audit has been established by the Board of Directors, and the functions and principles of the company's internal audit have been defined in the Internal Audit Charter confirmed by the Board of Directors. Internal audit's sphere of duties covers the DNA Group.

Internal audit is independent of the Group companies and their management. Governance of internal audit is the responsibility of Senior Vice President, Legal Affairs, who is a member of the Executive Team. Internal audit has direct and unlimited access to the senior management and Board of Directors of the company, and it issues regular reports to the company Audit Committee and, when necessary, to the Board. Internal audit carries out its duties in accordance with an operational plan approved by the Board of Directors. When required, internal audit performs additional checks as proposed by the function itself or by the Board of Directors. Internal audit communicates with DNA Group's Board of Directors and external control to ensure efficient coordination of auditing activities.

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

The objective of internal audit is to ensure that the company's objectives are met in areas such as:

- effectiveness and efficiency of operations;
- ensuring effective management of the organisation and accountability;
- reliability of financial and operational reporting;
- reporting risk and control information to appropriate units in the organisation;
- safeguarding of assets;
- enhancing ethics and values within the organisation;
- compliance with laws, regulations and agreements;
- coordination of operations and transmission of information between the Board of Directors, external and internal audit and the company management.

Internal audit complies with the international standards for the professional practice of internal auditing and the ethical principles and practical instructions of IIA (The Institute of Internal Auditors Inc.) in its work.

The guidelines, annual operational plan and budget of internal audit are discussed and approved by the Board of Directors. The Audit Committee and the Board of Directors receive all the auditors' reports and an annual summary of the audits performed.

### **Internal audit in 2016**

In 2016, the main focus areas of internal audit included reviewing the main development initiatives of the company, as well as auditing the efficiency of the company's controls and processes in selected areas. 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.

### **Insider administration**

DNA complies with the rules and instructions of Nasdaq Helsinki Oy, such as its insider guidelines, the Market Abuse Regulation ((EU) No. 596/2014, MAR), the Level 2 Regulations issued under it, the provisions of the Securities Market Act and the Penal Code, and the rules and guidelines of the Financial Supervisory Authority and ESMA (the European Securities and Markets Authority). These are supplemented by the company's own guidelines for insiders, the aim of which is to provide clear operational guidelines and rules on the management of insider issues, disclosure of inside information, maintenance of lists of insiders and the transactions of the company's management and their closely associated persons.

DNA discloses all inside information directly related to the company as soon as possible. DNA may delay the disclosure of inside information if all conditions under applicable regulations for delaying the disclosure of inside information are met. The company publishes all disclosed inside information on its website and keeps it there for at least five years. DNA maintains project-specific insider registers in situations required under applicable regulations. The company does not maintain a permanent, company-specific register.

Each person who serves in a management position at DNA must notify the company of all persons closely associated to them, and of any changes in this information. DNA will draw up a list of members of the management and their closely associated persons. DNA's management and their closely associated persons notify both DNA and the Financial Supervisory Authority of all transactions conducted on their own account relating to DNA's financial instruments. DNA, in turn, publishes these transactions through a stock exchange release. Notifications and disclosures are carried out within the time limits set by legislation.

A member of the management is not entitled to conduct transactions on their own account or on the account of a third party with DNA's financial instruments during a 30-day closed period preceding the publication and including the date of publication of the company's financial statements bulletin or interim report (trading restriction). If the financial statements contain essential information that has not been previously disclosed in the financial statements bulletin, the closed period also applies to the financial statements.

DNA lists persons outside DNA's management who regularly participate in the preparation, drawing up and disclosure of interim reports, financial statements bulletins or annual financial statements or other persons who receive information about DNA's result during its preparation or drawing up before disclosure. These

persons are also subject to the trading restriction.

The person responsible for the company's insider issues is the Senior Vice President of Legal Affairs. Her responsibilities include internal communications about insider issues, training related to insider issues, drawing up and maintaining lists of insiders and monitoring of regulatory changes related to insider issues.

The person responsible for the company's insider issues ensures that insiders do not violate the trading restriction and that transactions of managers and their closely associated persons are notified and published. She will also organise training on trading restrictions and notification requirements, prepare and maintain a list of managers and their closely associated persons, publish their transactions, monitor the trading restriction and notification requirements and monitor regulations related to these.

### **Transactions made with DNA's shares and securities by management and their closely associated persons**

Persons who serve in a management position at DNA must notify the company of all persons closely associated to them, and of any changes in this information. DNA will draw up a list of members of the management and their closely associated persons. DNA's management and their closely associated persons notify both DNA and the Financial Supervisory Authority of all transactions conducted on their own account relating to DNA's financial instruments. DNA, in turn, publishes these transactions through a stock exchange release. Notifications and disclosures are carried out within the time limits set by legislation.

No insider transactions took place in the financial period 2016 that were essential to DNA's operations in that they would have deviated from usual business or market conditions.

### **AUDITING OF THE ACCOUNTS**

The company's financial period is one calendar year. Under the Articles of Association, the company has one auditor, elected by the Annual General Meeting. The auditor must be a public accountant authorised by the Central Chamber of Commerce, and the principal auditor must be an Authorised Public Accountant. The term of office of the auditor is the financial period, and the auditor's duty shall expire at the end of the first Annual General Meeting following the election. 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 Audit Committee and the Board of Directors.

The Audit Committee's proposal for the auditor is included in the notice of the Annual General Meeting.

The company shall publish the auditor's compensation for the financial period. Any fees paid to the auditor for services not related to the auditing of the accounts shall be stated separately. 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 2016**

DNA's auditor was PricewaterhouseCoopers Oy, with Authorised Public Accountant Mika Kaarisalo as the principal auditor.

In 2016, the auditors' audit fees were EUR 260,000 (EUR 222,000 in 2015) and other fees EUR 1,586,000 (EUR 279,000 in 2015). Increase in the expenses of other than auditor's audit fees was mainly due to listing of the company.

## **SALARY AND COMPENSATION REPORT**

### **Compensation**

Compensation 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's compensation systems are based on pre-defined and measurable criteria related to results and performance. Compensation systems are written as clearly as possible. Compensation can be based on short and long-term results and performance.

### **Decision-making**

DNA's Annual General Meeting decides on the compensation of the members of the Board of Directors and its committees for one term of office at a time. The Board of Directors decides on the salary and other benefits paid to the CEO. The Compensation Committee prepares matters pertaining to the compensation of the CEO and other executives. The Shareholders' Nomination Committee reviews the Board members' compensation and compensation methods. By virtue of the Limited Liability Companies Act, the General Meeting, or the Board of Directors authorised by the General Meeting, decides on the issue of shares or option rights.

### **The Board of Directors' compensation**

DNA's Annual General Meeting decides on the compensation of the members of the Board of Directors based on the proposal from the Shareholders' Nomination Committee.



The Board members' compensation consists of a monthly salary, meeting fees and possible share-based rewards. No pension payments relate to the compensation paid to the Board of Directors.

Travel expenses will be reimbursed in accordance with the Decision of the Tax Administration on tax-exempt allowances for travel expenses in force.

### **Compensation of the CEO and the Executive Team**

The Board of Directors decides on the CEO's and Executive Team's compensation. The Board of Directors has established a Compensation Committee to prepare, among other things, matters relating to the compensation of the CEO and members of the Executive Team. Short-term incentives comprise performance-based payments in accordance with the annual target and performance-based payments that are based on the annual targets specified by the Board of Directors of the Company. Share-based reward systems serve as long-term incentives. The General Meeting decides on share purchase authorisations and share issue authorisations.

The compensation of the CEO and the Executive Team of DNA is based on a monthly salary, performance-based payment according to DNA's incentive and performance-based payment scheme and a share-based reward system.

### **Pensions and terms related to the end of service relationship**

The CEO's period of notice is six months for both the company and the CEO. If the contract is terminated due to a reason attributable to DNA, the CEO is entitled to severance pay that equals the CEO's total salary for eight months in addition to the six months' salary paid during the notice period.

The CEO has the right to retire at the age of 60. Supplementary pension rights are payment-based. The premium share of the CEO's and his deputy's supplementary pension is 20% of their fixed annual salary. The CEO's pension includes vested rights, which are fully vested in six years after joining the supplementary pension scheme.

Members of the Executive Team have the right to retire at the age of 62. Supplementary pensions of the members of DNA's Executive Team are payment-based. The premium share of the members of DNA's Executive Team is 8% of their fixed annual salary. The Executive Team members' pensions include vested rights, which are fully vested in six years of participating in the supplementary pension scheme.

The notice period of the employment relationships of the Executive Team members is six or three months for both parties. If DNA terminates the agreement, the Executive Team member is entitled to a termination compensation corresponding to six months' salary of an Executive Team member in addition to the pay for the period of notice.

### **Short- and long-term incentive schemes Share-Based Compensation Plan (2014)**

In 2014, the Board of Directors of DNA resolved to implement a long-term share-based compensation plan for the top management and other selected key employees of DNA, based on the development of company share value. In total, 35 people are participants in the plan. Participants were given the opportunity to receive a reward in the form of the company's shares or as cash in connection with a stock exchange listing according to the decision of the company, and as cash in connection with an exit by the largest shareholders. Listing is the option that actualised.

The compensation to be paid in the system consists of two elements: fixed amount of shares per each subscribed share (base matching shares) and a reward based on the listing or sale price (performance share). The fixed share reward consisted of two shares per each subscribed share (base component). Additionally, it was possible for participants in the share-based compensation plan to obtain a reward based on the market capitalisation of DNA in connection with the listing, entitling each participant to up to 14 shares per each share already held (performance-based component) according to the terms of the share-based compensation plan. Based on the final offer price and the dividends paid in 2015 and 2016, the additional reward came to 12.46 shares per each share subscribed to in the system. This refers to the gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares.

After the performance-based component actualised as mentioned above, the Board of Directors confirmed on 5 December 2016 the maximum amount of awarded shares to be 1,458,622 shares. This refers to the gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares.

The net reward will be paid in December 2017. There are no restrictions on the ownership or transfer of shares acquired from the system once they have been paid.

Receiving of the reward from the share-based compensation plan is tied to the continuance of the participant's employment or service at DNA upon the reward payment.

## New long-term incentive schemes

The new system mainly consists of a Performance Share Plan (PSP), which the Board of Directors decided to complement with a separate share-based Bridge Plan to facilitate the transition period from the long-term share-based incentive system introduced in 2014 to the new long-term incentive system that will begin in 2017. In addition, DNA has a Restricted Share Plan (RSP).

### Performance Share Plan (PSP)

The PSP consists of separate, share-based reward programmes that begin annually. Each programme has a three-year vesting period. The start of each new programme requires a separate decision by the Board of Directors. The first programme (PSP 2017) starts at the beginning of 2017. Any share-based rewards earned through it will be paid in the spring of 2020, if the performance targets set by the Board of Directors are reached.

The first programme will be built on the following performance targets: DNA's total shareholder return (TSR) compared to a peer group over the period 2017-2019, and DNA's cumulative cash flow in 2017-2019. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 471,000 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

### Bridge Plan

The Bridge Plan for the transition period consists of two, three-year-long share-based reward programmes. These programmes have a year-long vesting period and a two-year restriction period. The programmes will begin in 2017 and 2018. Any share-based rewards based on the 2017 programme will be handed out in the spring of 2018, if the performance targets set by the Board of Directors are reached. Shares received as a reward cannot be transferred during a two-year restriction period after the vesting period.

The performance targets applicable to the share-based reward system during the transition period are based on DNA's key strategic objectives for the vesting periods in question. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 157,300 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

DNA's Board of Directors will later decide, separately, on the persons who will be selected for the Bridge Plan starting in 2018, its performance targets and the maximum number of shares that may be handed out.

## Restricted Share Plan (RSP)

The restricted share-based reward system can be used as a complementary tool for committing employees in specific situations, such as during acquisitions and recruitment. The Restricted Share Plan consists of share-based incentive programmes that begin every year. Each programme consists of a three-year restriction period, after which the shares allocated in the beginning of each respective programme are paid to the participants, provided that their employment at DNA continues until the payment of the rewards. The start of each new programme requires a separate decision by the Board of Directors.

The first program (RSP 2017) will begin in early 2017, and the rewards earned will be handed out in the spring of 2020. The RSP typically applies to only a few individuals per year. The maximum number of shares to be handed out under the first programme (RSP 2017) will be 45,000 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

### Other terms and conditions

DNA adheres to the recommendation on the shareholdings of the Group Executive Team. According to the recommendation, each Executive Team member should own a share in the company, which corresponds to his or her annual fixed gross salary. In order to achieve the recommended ownership, the Executive Team members must retain ownership of at least 50% of the shares they have received through the above-mentioned, share-based incentive systems (calculated based on the net amount of shares left after deduction of the applicable withholding tax), until the person's share in DNA is in line with the recommendation.

The maximum amount of rewards payable under the share-based incentive systems is limited in such a way that a participant's annual share reward may exceed their annual gross salary three times at a maximum.

The share-based incentive systems described above will not have a dilutive effect, because no new shares will be issued in connection with them.

The maximum number of shares to be handed out within the above mentioned three share-based incentive systems have been redefined due the change in calculation, from what was published originally on January 31, 2017.

## Short-term incentive schemes

The short-term incentive scheme of the CEO and Executive Team is based on company-level targets that are related to the development of cash flow, net sales and customer satisfaction. The targets support DNA's strategy and long-term realisation of DNA's financial success. Fulfilment of the criteria is monitored annually.

The maximum amount of the CEO's annual performance-based payment can be equal to nine months' fixed monetary salary. The maximum amount of the Executive Team members' annual performance-based payment can be equal to seven months' fixed monetary salary. The management's performance-based payments are based on company-level targets that are related to the development of cash flow, net sales and customer satisfaction. The targets support DNA's strategy and long-term realisation of DNA's financial success.

## Valid authorisations concerning compensation

The Annual General Meeting of 31 March 2016 authorised the Board of Directors to decide on a share issue. The shares to be issued based on the authorisation may be new shares or treasury shares. A maximum total of 960,000 shares can be issued based on the authorisation (the number of shares before the share split decision made at the company's Extraordinary General Meeting of 25 October 2016). The shares may be issued in one or several tranches. Based on the authorisation, the company may also decide to issue new treasury shares. The Board of Directors was authorised to decide on all terms and conditions of the share issue. The issuance may be carried out in deviation from the shareholders' pre-emptive rights (directed share issue) presuming that there are weighty financial reasons relative to the company, such as using shares in the company's incentive schemes, payments of share-based compensation for the Board of Directors, carrying out business arrangements or improving the capital structure of the company. The authorisation will be effective until 30 June 2018.

The Extraordinary General Meeting of 25 October 2016 authorised the Board of Directors to decide on a share issue and the granting of options and other special rights entitling to shares referred to in Chapter 10, section 1 of the Companies Act. A maximum of 7,500,000 new shares or treasury shares held by the company can be issued under the authorisation. The Board of Directors can act on this authorisation in one or several tranches. The authorisation allows the Board of Directors to decide upon a directed issue including the right to derogate from the shareholders' pre-emptive subscription right and upon the granting of special rights provided that the requirements set forth by law are met. The Board of Directors was authorised to decide on the other terms and conditions of the share issue and the granting of special rights. Under the authorisation, shares can also be issued and special rights granted without payment. The Board of Directors can act on this authorisation in connection with the share issue carried out in the occasion of the company's listing as well as in connection with the implementation of incentive schemes and possible payment of share compensation to the members of the Board of Directors. To allow for the creation of a long-term incentive scheme, the authorisation shall be effective for five years, i.e. until 25 October 2021.

The Annual General Meeting of 31 March 2016 authorised the Board of Directors to decide on the repurchase of treasury shares. A maximum total of 960,000 treasury shares can be repurchased based on the authorisation (the number of shares before the share split decision made at the company's Extraordinary General Meeting of 25 October 2016). Treasury shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several instalments. The Board of Directors will decide on the manner of the repurchase. Treasury shares can be repurchased in deviation from the shareholders' ratio of ownership (directed acquisition). Own shares can be used for making acquisitions or other business related arrangements, to improve the capital structure or for use in the company's incentive schemes, provided that the acquisition is in the interest of the company and its shareholders. The authorisation will be effective until 30 June 2017.

# SALARY AND COMPENSATION REPORT 2016

## The Board of Directors' compensation in 2016

DNA's AGM of 31 March 2016 decided not to change the compensations paid to the members of the Board of Directors, which are the following:

- Annual compensation, Chairman of the Board of Directors: EUR 144,000
- Annual compensation, 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 Chair: EUR 1,050/meeting/person
- Meeting fee, Committee members: EUR 525/meeting/person

Based on the decision of the General Meeting, each member and the Chairman of the Board of Directors are entitled to receive 40% of their annual compensation in DNA shares. Such acquired shares are measured at fair value at acquisition date. Certain conditions apply to the transferability of shares. Annual compensations presented in the table below are paid compensations during the calendar year and can differ from the decisions of AGM due to timing of the payment.

## ANNUAL COMPENSATION AND MEETING FEES PAID IN 2016, EUR

Name	Annual compensation	Meeting fees	Total
Pertti Korhonen (member from 1 Dec 2016)	8,997	5,250	14,247
Jarmo Leino	110,276	25,725	136,001
Jukka Ottela	37,967	23,100	61,067
Kirsi Sormunen	48,240	26,775	75,015
Anu Nissinen	36,392	23,625	60,017
Tero Ojanperä	36,152	19,950	56,102
Margus Schults	36,152	21,000	57,152

## ANNUAL COMPENSATION AND MEETING FEES PAID IN 2015, EUR

Name	Annual compensation	Meeting fees	Total
Jarmo Leino	144,000	14,811	158,811
Jukka Ottela	48,000	14,722	62,722
Anssi Soila (member until 26 March 2015)	12,080	2,100	14,180
Kirsi Sormunen	48,240	18,900	67,140
Anu Nissinen	48,000	15,247	63,247
Tero Ojanperä	48,000	8,707	56,707
Margus Schults (member since 26 March 2015)	48,000	8,707	56,707

### SHARES ACQUIRED BY MEMBERS OF THE BOARD AS PART OF THEIR ANNUAL COMPENSATION IN 2015\*

Name	Shares
Jarmo Leino	603
Jukka Ottela	201
Kirsi Sormunen	0
Anu Nissinen	201
Tero Ojanperä	201
Margus Schults (member since 26 March 2015)	201

\*Share quantities before splitting of DNA's shares.

### SHARES ACQUIRED BY MEMBERS OF THE BOARD AS PART OF THEIR ANNUAL COMPENSATION IN 2016\*

Name	Shares
Pertti Korhonen (member since 25 Oct 2016)	-
Jarmo Leino	224
Jukka Ottela	74
Kirsi Sormunen	-
Anu Nissinen	74
Tero Ojanperä	74
Margus Schults	74

\*Share quantities before splitting of DNA's shares.

### Shareholders' Nomination Committee

Based on the decision of the General Meeting, the Chair of the Shareholders' Nomination Committee will be paid EUR 1,050 per meeting, and Committee members EUR 525 per meeting.

### THE CEO'S COMPENSATION IN 2016

The salary of the CEO consists of a total salary (which includes monetary salary and customary fringe benefits, such as a potential car benefit and mobile phone benefit) as well as long-term and short-term incentive schemes. The fixed annual salary of the CEO was EUR 361,110 in 2016 and the taxable annual fringe benefits EUR 12,930.

The CEO participates in the share-based compensation plan described above, which was established in 2014 and terminated upon DNA's listing, based on which the CEO will receive 195,206 shares in total. This refers to the gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares. The reward will be paid in December 2017.

The premium of the CEO's supplementary pension was EUR 79,416 in 2016.

The CEO's performance-based payments are based on company-level targets that are related to the development of cash flow, net sales and customer satisfaction. The targets support DNA's strategy and long-term realisation of DNA's financial success. The fulfilment of the criteria is monitored annually, and the maximum amount of the annual performance-based payment can be equal to nine months' fixed monetary salary.

The above-mentioned long-term incentive systems are effective from 1 January 2017.



**COMPENSATION OF OTHER MEMBERS OF DNA'S EXECUTIVE TEAM IN 2016**

The salary of the Executive Team consists of a total salary (which includes monetary salary and customary fringe benefits, such as a potential car benefit and mobile phone benefit) as well as long-term and short-term incentive schemes. The fixed annual salary of the Executive Team was EUR 1,405,940 in 2016 and the taxable annual fringe benefits were EUR 33,613 (excluding the CEO's salary and taxable annual fringe benefits).

The members of the Executive Team participate in the share-based compensation plan described above, which was established in 2014 and terminated upon DNA's listing, based on which the members of the Executive Team will receive 471,748 shares in total (excluding the CEO's shares). This refers to the gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares. The reward will be paid in December 2017.

The total payments for the Executive Team members' supplementary pensions were EUR 167,877 in 2016.

The Executive Team's performance-based payments are based on company-level targets that are related to the development of cash flow, net sales and customer satisfaction. The targets support DNA's strategy and long-term realisation of DNA's financial success. The fulfilment of the criteria is monitored annually, and the maximum amount of the annual performance-based payment for the members of DNA's Executive Team can be equal to seven months' fixed monetary salary.

The above-mentioned long-term incentive systems are effective from 1 January 2017.

**Compensation for the CEO and the Executive Team in 2016**

EUR	Wages and salaries		Performance-based payment for results		Fringe benefits		Share-based payment		Compensation in total	
	2016	2015	paid in 2016	paid in 2015	2016	2015	2016	2015	Total 2016	Total 2015
CEO	361,110	367,740	166,431	162,108	12,930	13,500	-	-	540,471 (salaries)	543,348
Other members of the Executive Team	1,405,940	1,383,699	492,324	438,349	33,613	34,158	-	-	1,931,878 (salaries)	1,856,206