

CORPORATE  
GOVERNANCE  
STATEMENT



# CORPORATE GOVERNANCE STATEMENT

DNA Plc (“DNA” or the “company”) is a Finnish telecommunications Group providing voice, data, and TV services to private customers and corporations. The parent company, DNA Plc, and its subsidiaries form the DNA Group. The company is listed on the Helsinki Stock Exchange and it is domiciled in Helsinki.

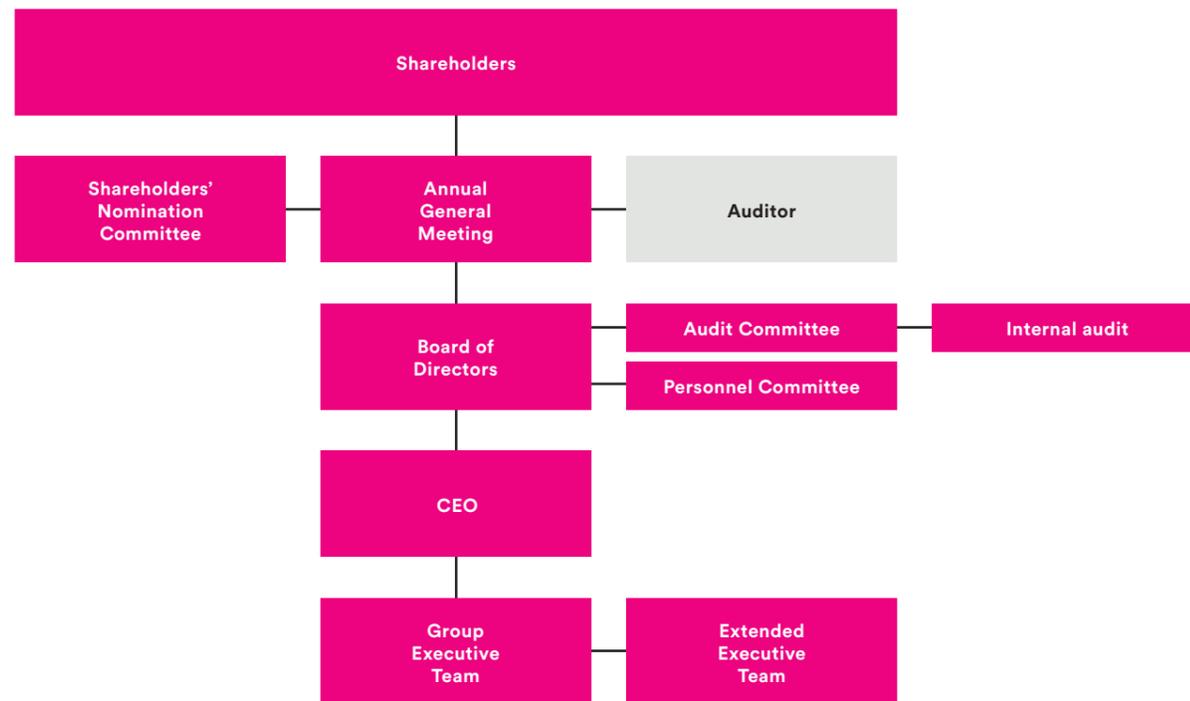
DNA complies with its Articles of Association, the rules of procedure of DNA’s Board of Directors and its committees, the Finnish Limited Liability Companies Act, Accounting Act and Securities Markets Act, and the rules, regulations and instructions issued by Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority, as well as other applicable regulations in Finland. DNA also complies with the Finnish Corporate Governance Code for Listed Companies 2015 (the “Corporate Governance Code”), published by the Securities Market Association, and it does not deviate from the

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

DNA’s Audit Committee has audited this Corporate Governance Statement. This report is published separately from the Board of Directors’ annual report. DNA provides up-to-date information on matters related to corporate governance on its website at <https://corporate.dna.fi/dna-plc>.

## DNA’s governing bodies

DNA’s governing bodies comprise the General Meeting, the Board of Directors and the CEO. DNA’s highest decision-making power is exercised by the shareholders at the General Meeting. The Board of Directors and the CEO are responsible for management. The Executive Team assists the CEO.



## GENERAL MEETING

The General Meeting is DNA’s highest decision-making body. The Annual General Meeting 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 Annual General Meeting. Extraordinary General Meetings can be organised as required. General Meetings are held 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 means the consolidated financial statements
- Deciding on the distribution of the profit shown on the balance sheet
- Discharging the members of the Board of Directors and the CEO from liability
- Deciding on the number of members of the Board of Directors
- Electing the members of the Board of Directors and deciding on their remuneration
- Electing the auditor and deciding on the auditor’s remuneration

The General Meeting may also make decisions on other matters falling within its competence according to the Finnish Limited Liability Companies Act, such as amending the Articles of Association, issuing new shares and option rights, and buying back the company’s own shares.

In addition to the Annual General Meeting, Extraordinary General Meetings are convened by the Board of Directors as necessary. The Board of Directors is also obliged to call a General Meeting if an auditor or shareholders with a total of 10 per cent of all DNA shares so request in writing in order to discuss a specific matter.

According to the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting considered by the General Meeting if the shareholder presents the Board of Directors with a written demand for this far enough in advance of the meeting that the matter can be included in the notice of the meeting. By the end of the financial period preceding the Annual General Meeting, DNA posts an announcement on its website stating the deadline for shareholders to submit requests for a matter to be discussed at the Annual General Meeting.

## NOTICE AND AGENDA OF THE GENERAL MEETING

The notice of the General Meeting is delivered to shareholders by publishing it as a stock exchange release and on the company’s website no earlier than three months and no later than three weeks before the General Meeting, but the company must always publish the notice nine days before the record date of the General Meeting. Financial statement documents, including the auditor’s report, are published upon their completion. To be entitled to attend the General Meeting, a shareholder must notify the company by the date mentioned in the notice, which may not be more than ten 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. Each share entitles the holder 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 amending the Articles of Association and deciding on directed share issues, require a decision by a qualified majority – as specified in the act – of the votes cast and the shares represented at the meeting.

## GENERAL MEETING 2018

DNA Plc’s Annual General Meeting was held on 22 March 2018. The General Meeting was attended in person or by proxy by 411 shareholders representing 79.5 per cent of the company’s votes. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the 2017 financial period.

Minutes of the General Meeting and other related documentation are available on the DNA website at: [www.dna.fi/investors](http://www.dna.fi/investors).

## Shareholders’ Nomination Committee

DNA’s General Meeting has established the Shareholders’ Nomination Committee and approved its rules of procedure. The Nomination Committee was established to operate until further notice by the Annual General Meeting. The Nomination Committee is tasked with preparing proposals for the Annual General Meeting regarding the election and remuneration of Board members.

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The committee consists of the three largest shareholders or representatives appointed by the said shareholders. In addition, the Chair of the company's Board of Directors participates in committee's work. The three shareholders whose portion of the votes conferred by all the shares in the company according to the shareholders' register, maintained by Euroclear Finland Ltd or elsewhere, is the greatest on 1 September of the year preceding the Annual General Meeting shall be entitled to appoint the committee members in the manner specified in the committee charter.

The company publishes the committee membership by issuing a press release when the members have been appointed. The term of office of the committee expires each year when a new committee is appointed. The committee has a quorum when more than half of its members are present. The committee shall not make a decision unless all committee members have had the opportunity to participate in the discussion of the matter and be present at the meeting.

### The duties of the committee include the following:

- Preparing and presenting a proposal for the General Meeting regarding the remuneration of Board members
- 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
- Identifying successors for Board members

The committee shall submit the proposals prepared for the Annual General Meeting to the company's Board of Directors no later than 1 February prior to the Annual General Meeting. The proposals will be published in a press release and included in the notice of the General Meeting.

### Shareholders' Nomination Committee 2018

Members of the Shareholder's Nomination Committee in 2018 were

- **Tommi Aurejärvi**, Committee Chair since 24 October 2017, nominated by Finda Oy, and representative of Finda Telecoms Oy since 19 December 2017, born 1970, main occupation: CEO, Finda Oy
- **Seppo Vikström**, member, nominated by PHP Holding Oy, born 1956, M.Sc. (Econ. & Bus. Adm.), main occupation: Board chairperson

- **Esko Torsti**, member, nominated by Ilmarinen, born 1964, Lic.Sc. (Pol. Sci.), main occupation: director, unlisted investments, Ilmarinen

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

The Chairman of DNA's Board of Directors Pertti Korhonen took part in the committee's work.

The Nomination Committee convened on four occasions in 2018. The Committee members and the Chairman of the Board (of Directors) Pertti Korhonen attended each of the meetings.

### DNA'S BOARD OF DIRECTORS

#### Operations of the Board of Directors

According to DNA's Articles of Association, the Board of Directors comprises five to nine ordinary members elected by the General Meeting. The Board of Directors' proposal for the Annual General Meeting regarding Board members is prepared by the shareholders' Nomination Committee. When members are elected to the Board of Directors, the requirements set 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 devote a sufficient amount of time to attending to Board duties. The membership of the Board of Directors 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 expires at the end of the first Annual General Meeting following the election. If a place on the Board falls vacant in the middle of a term of office, a new member will be 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. Minutes are taken at each meeting. The Chair of the Board of Directors convenes the Board of Directors and is responsible for Board work. Each member of the Board of Directors has the right to propose matters for inclusion on the Board's agenda. The Board of Directors has a quorum when more than half of its members are present. Decisions taken by the Board of Directors are majority decisions, and in the event of a tie, the Chair of the Board shall cast the deciding vote. If a tie occurs in the 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 involving 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 such a 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 annually confirm the information required for evaluating their independence, and commit themselves to informing the company, without delay, of any changes taking place during the term of office.

In 2018, all seven members of the Board were deemed to be independent of the company. Jukka Ottela, a member of the Board, was regarded as not independent of major shareholders. He was nominated to the Board by PHP Holding Oy, which is one of DNA's major shareholders. 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 the members of the Board of Directors to be highly competent and sufficiently diverse. The Shareholders' Nomination Committee also considers the composition of the

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Board from the perspective of diversity. According to the Nomination Committee's rules of procedure, the composition of the Board of Directors must satisfy the principles of diversity as defined by the company, as well as legislation, applicable guidelines 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 competences, education and experience in different industries and sectors, management and businesses in different development phases. The members' personal qualities are also important. The diversity of the Board of Directors is also supported by the members' complementary competences, education and experience in different industries and sectors, management and businesses in different development phases, as well as their personal qualities in a way that facilitates the company's present and future business development. The aim is for the Board of Directors to consist of people of different ages representing both genders in a balanced way, such that there are at least two members of each gender. Experience in strategically important consumer and corporate markets, experience and capability in a digital operating environment, and customer understanding also contribute to the diversity of the Board of Directors.

### Diversity of the Board of Directors in 2018

In 2018, the gender distribution of the Board of Directors was 2 women and 4 men. Members of the Board of Directors possess a wide range of expertise in different industries, and their expertise and experience in different business areas complement each other.

### Duties of the Board

The Board of Director has a duty to promote the interests of the company and all its shareholders. The Board of Directors has confirmed a written charter on the duties of the Board of Directors, matters to be addressed, meeting practices and the decision-making process. According to the charter, the Board of Directors discusses and decides on matters of significance to the Group's finances, business or principles. The company's Senior Vice President, Legal Affairs serves as secretary to the Board of Directors.

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

- Attending to the administration of the company and the appropriate organisation of its operations (general competence)
- Arranging the control of the company's accounts and asset management in an appropriate manner
- Electing a chairperson from among its members for each term of office

- Appointing and dismissing the company's CEO
- If necessary, appointing the deputy CEO and members of the company's Executive Team based on the CEO's proposal
- Deciding on the salaries and remuneration of the aforementioned people and their incentive scheme
- Deciding on the strategy of the company and its business units
- Monitoring the implementation of the strategic objectives and business plans of the company 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 must 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; deciding on the personnel incentive and reward scheme
- Assuming responsibility for internal control, risk management and internal auditing

### Board of Directors in 2018

From 1 January 2018 to 22 March 2018, the Board of Directors consisted of Pertti Korhonen as the Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults, Kirsi Sormunen and Heikki Mäkijärvi as members.

DNA's General Meeting on 22 March 2018 nominated six members to the Board of Directors: Pertti Korhonen as the Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen.

The Board convened 13 times in 2018. The members attended meetings as follows:

- Pertti Korhonen, Chair 13/13
- Anu Nissinen 13/13
- Tero Ojanperä 12/13
- Jukka Ottela 13/13
- Margus Schults 13/13
- Kirsi Sormunen 13/13
- Heikki Mäkijärvi 2/2

## MEMBERS OF THE BOARD OF DIRECTORS IN 2018



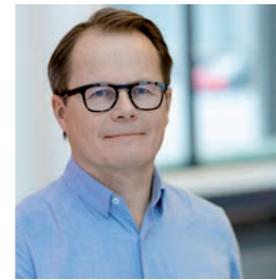
### Pertti Korhonen

Born 1961

Education: M.Sc. (Tech.)

Main occupation: Various positions of trust

Member of DNA's Board of Directors since 25 October 2016, and Chair of the Board since 1 December 2016. Chair of the Personnel Committee (formerly the Remuneration Committee) since December 2016. Independent of the company and its major shareholders.



### Heikki Mäkijärvi

Born 1959

Education: M.Sc. (Tech.)

Main occupation: Advisor, WingsCapital, San Francisco, CA, USA, since August 2016

Member of DNA's Board of Directors since 22 March 2017 until 22 March 2018. Member of DNA's Audit Committee since 22 March 2017 until 22 March 2018. Independent of the company and major shareholders.



### Anu Nissinen

Born 1963

Education: M.Sc. (Econ.)

Main occupation: Digma Design Oy, CEO since 2016

Member of DNA's Board of Directors since 2014. Member of the Personnel Committee since 2017. Independent of the company and major shareholders.



### Tero Ojanperä

Born 1966

Education: PhD, Electrical Engineering

Main occupation: Silo.AI Oy, CEO and member of the Board

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

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### MEMBERS OF THE BOARD OF DIRECTORS IN 2018



**Jukka Ottela**

Born 1953  
Education: M.Sc. (Econ.), LL.M.  
Main occupation: Various positions of trust

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



**Margus Schults**

Born 1966  
Education: PhD, Electrical Engineering  
Main occupation: Tallink Silja Oy, CEO since 2009

Member of DNA's Board of Directors since 2015. Member of the Audit Committee since March 2018. Member of the Personnel Committee since March 2017. Independent of the company and major shareholders.



**Kirsi Sormunen**

Born 1957  
Education: M.Sc. (Econ.)  
Main occupation: Various positions of trust

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

The CVs of the members of the Board of Directors as presented herein are summaries. The CVs of the members are available in full on DNA's website at [www.dna.fi/board](http://www.dna.fi/board)

### HOLDINGS OF DNA SHARES BY MEMBERS OF DNA'S BOARD OF DIRECTORS

|   | Shares,<br>31 December 2018 |
|---|-----------------------------|
| Pertti Korhonen   | 11,001                      |
| Heikki Mäkijärvi (member of the Board of Directors until 22 March 2018) | 50                          |
| Anu Nissinen  | 15,917                      |
| Tero Ojanperä   | 3,440                       |
| Jukka Ottela  | 16,241                      |
| Margus Schults  | 6,875                       |
| Kirsi Sormunen  | 3,000                       |

On 31 December 2018, companies controlled by members of DNA's Board of Directors did not hold any shares in DNA.

#### Board committees

The Board of Directors may establish Board committees from among its members in support of 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 Remuneration Committee and, whenever necessary, other committees at its annual constitutive meeting that takes place after the Annual General Meeting.

#### Audit Committee

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

The Audit Committee is comprised of a chair and at least two members elected annually by the Board of Directors from among the members who are appropriately qualified to work in the committee's field of duties. The majority of the Audit Committee's members must be independent of the company, and at least one of them must be independent of major shareholders.

The committee meets at least four times a year.

According to its charter, the Audit Committee has the following duties:

- Monitoring the company's financial position, financing status and taxation position
- Monitoring the reporting process related to the financial statements
- Monitoring, supervising and evaluating the financial reporting system and process and the risk management process
- Discussing internal audit plans and reports to 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 taken to control them
- Discussing significant financial risks and managerial actions in order to monitor, control and report on the said risks
- Reviewing significant findings by the auditors, and the related management responses
- Evaluating significant trials and other legal matters with the Senior Vice President, Legal Affairs, as required
- Monitoring business transactions by the company management and related parties, and possibly 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 auditing firm, particularly the provision of non-audit services to the audited company
- Preparing a proposal on the election of the auditor
- Monitoring the 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
- Discussing and monitoring special issues – allocated by the Board of Directors – relevant to the Audit Committee's sphere of duties

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

### Audit Committee in 2018

The Audit Committee included the following members:

- 1 January-22 March 2018, Kirsi Sormunen (Chair), Jukka Ottela and Heikki Mäkijärvi
- From 22 March 2018, Kirsi Sormunen (Chair), Jukka Ottela and Margus Schults.

The Audit Committee convened on five occasions. The members attended meetings as follows:

- Kirsi Sormunen, Chair 5/5
- Jukka Ottela 5/5
- Margus Schults 4/5
- Heikki Mäkijärvi 1/1
- in addition, Pertti Korhonen, Chair of DNA's Board of Directors, attended 5/5 of meetings

### PERSONNEL COMMITTEE

The Personnel Committee assists the Board in matters relating to the development of the Group's personnel and remuneration strategy and the corporate culture. The Personnel Committee prepares proposals for the nomination of key employees and for pay and remuneration schemes. Other matters to be prepared by the Committee include ensuring the competence required by the strategy, identifying key capabilities, and planning successors for the executive management and key employees.

The Personnel Committee comprises a Chair and at least two members elected annually by the Board of Directors from among its members. The majority of the members must be independent of the company. Neither the CEO nor any other member of the company's management can be members of the Nomination Committee. The committee meets at least twice a year.

According to its charter, the Corporate Governance Code and applicable laws and regulations, the Board's Personnel Committee assists DNA's Board of Directors in preparing matters related to the remuneration of the CEO and other company executives, as well as preparing the personnel incentive schemes.

The main duties of the Personnel Committee include preparing the following matters for consideration by the Board of Directors:

- The salaries, pension terms and other benefits, other key terms of agreement and any exceptional agreement terms of the CEO and the Group Executive Team
- The short- and long-term incentive schemes for company management and personnel, and ensuring that they are appropriate
- Planning successors for the CEO and other senior executives

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

- Appointment of the CEO and senior executives
- Principles by which the management participates in the work of subsidiary and third-party Boards
- Principles and practices related to personnel incentives
- Material organisational changes
- Review of the remuneration and salary statement required by the annual Corporate Governance Code, and answering related questions at the General Meeting

### Personnel Committee in 2018

Members of the Personnel Committee in 2018:

Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Margus Schults.

The Personnel Committee convened four times with full attendance.

## THE CEO AND THE EXECUTIVE TEAM

The CEO is nominated and overseen 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 determined in accordance with the Limited Liability Companies Act.

DNA's Executive Team is comprised of the CEO, Senior Vice Presidents for the Group's business segments, the CFO, Senior Vice Presidents for Technology, Legal Affairs, Human Resources and Strategy, and the CIO. The CEO is the Chair 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 company's accounts comply 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 goals 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
- Exercising the owner's right to speak and vote within subsidiaries
- Chairing the DNA Executive Team and the 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.

### CEO'S SHAREHOLDING IN DNA

|                | Shares, 31 December 2018 |
|----------------|--------------------------|
| Jukka Leinonen | 45,000                   |

As of 31 December 2017, companies controlled by the CEO did not hold any shares in DNA.



### Jukka Leinonen

CEO

With DNA since 2010

Born 1962

Education: M.Sc. (Tech.)

Main work experience

DNA Plc, CEO since 2013

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

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

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

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### Duties of the Executive Team

DNA's Executive Team does not have any authority based on law or the Articles of Association. DNA's Executive Team is responsible for the entire Group's strategic policy, and it supports the CEO in the management of the company. The Executive Team's responsibilities include the following:

- Implementing long-term strategic objectives;
- Business development process
- Preparing and implementing the company's budget and operating plans
- Personnel, organisation and culture
- Brand management and development
- Confirming the process map, core processes and related owners to support the company's operations
- Executing business transactions and mergers
- Key collaboration and acquisition agreements, and selecting the most important partners and suppliers
- Corporate governance, Group-level instructions and practices
- Pricing and other decisions that can change the market or the company's tactics
- Off-budget investment decisions with a major/ long-term impact

- Procurement rights and rights to represent the company
- Policies related to lobbying and societal relations
- Potential matters affecting the share price
- Specifying risk management strategies, processes and emphases
- Internal control according to the principles approved by the Audit Committee and the Board of Directors

The Executive Team prepares matters for the Board of Directors to decide upon, including:

- The strategy and long-term objectives
- Business transactions and mergers
- Corporate Governance

The Executive Team monitors matters including:

- Needs for changes in strategy, competitive situation and market trends
- Implementation of the budget and operating plans, functionality of core processes

The Executive Team convenes regularly at least twice a month. Additional meetings are organised when necessary.

### Executive Team in 2018

In addition to the CEO, DNA's Executive Team comprised CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz, Senior Vice President, Human Resources Marko Rissanen, and CIO Janne Aalto. The Executive Team convened 36 times in 2018.

## MEMBERS OF THE EXECUTIVE TEAM IN 2018



### Timo Karppinen

Chief Financial Officer  
With DNA since 2012  
Born 1964

Education: M.Sc. (Pol. Sc.)

Main work experience

DNA Plc, Chief Financial Officer since 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



### Pekka Väisänen

Senior Vice President, Consumer Business

With DNA 2003–2006 and again since 2007

Born 1966

Education: M.Sc. (Econ.)

Main work experience

DNA Plc, 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 Oyj, various roles, 1996–2003



### Hannu Rokka

Senior Vice President, Corporate Business

With DNA from 2011 to 02/2019

Born 1965

Main work experience

DNA Plc, 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



### Tommy Olenius

Senior Vice President, Technology

With DNA since 2003

Born 1962

Education: engineer

Main work experience

DNA Plc, 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, CTO and other positions, 1998–2003

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

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

## GOVERNANCE

### MEMBERS OF THE EXECUTIVE TEAM



**Asta Rantanen**

Senior Vice President, Legal Affairs  
 With DNA since 2003  
 Born 1962  
 Education: LL.M.  
 Main work experience  
 DNA Plc, 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 ,  
 Sampo Insurance Company, Claims Manager, Product Development Manager, 1994–1999  
 Kansa Insurance Company, Legal Counsel, 1985–1994



**Christoffer von Schantz**

Senior Vice President, Strategy  
 With DNA since 2013  
 Born 1973  
 Education: M.Sc. (Tech.)  
 Main work experience  
 DNA Plc, 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



**Marko Rissanen**

Senior Vice President, Human Resources  
 With DNA since 2003  
 Born 1974  
 Education: vocational qualification in business administration  
 Main work experience  
 DNA Plc, 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



**Janne Aalto**

CIO  
 With DNA since 2014  
 Born 1965  
 Education: MBA, Business College Graduate, Information Technology  
 Main work experience  
 DNA Plc, 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

The CVs of the members of the Executive Team as presented herein are summaries. The CVs of the members are available in full on DNA's website at <https://corporate.dna.fi/about-dna#johtoryhma>

### HOLDINGS OF DNA SHARES BY MEMBERS OF DNA'S EXECUTIVE TEAM

|                         | Shares, 31 December 2018 |
|-------------------------|--------------------------|
| Timo Karppinen          | 17,000                   |
| Pekka Väisänen          | 11,503                   |
| Hannu Rokka             | 5,789                    |
| Tommy Olenius           | 23,531                   |
| Asta Rantanen           | 10,900                   |
| Marko Rissanen          | 5,000                    |
| Christoffer von Schantz | 18,000                   |
| Janne Aalto             | 20,000                   |

As of 31 December 2018, companies controlled by members of the Executive Team did not hold any shares in DNA.

#### 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 the position of personnel, business reviews, operative reviews, support unit reviews and personnel representatives' reviews.

#### Extended Executive Team in 2018

The personnel representatives in the Extended Executive Team in 2018 were Tarja Koivisto, representing office personnel, Pertti Määttä, representing professional and managerial personnel, Jorma Airaksinen, representing the employees, and Eero Utriainen, the labour protection delegate. The Extended Group Executive Team convened five times in 2018.

### RISK MANAGEMENT AND INTERNAL CONTROL

The purpose of internal control is to ensure that the company's operations comply with applicable laws and regulations, as well as the operating principles, and that financial and operational reporting is reliable.

DNA strives to ensure that its internal control and risk management systems are reliable and appropriate in relation to the scope and nature of its operations. The purpose of internal control and risk management procedures is to ensure the efficiency and effectiveness of the company's business, as well as the reliability of information, prevent malpractice and ensure compliance with all applicable laws, regulations and operating principles, as well as to identify, assess and monitor risks related to the business.

#### Key features of risk management and internal control related to the financial reporting process

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

Setting and monitoring financial targets forms an essential part of DNA's management. Near-term financial goals are specified during annual planning, and progress towards the goals is monitored on a monthly basis. The Group and business segments issue monthly financial reports on actual results compared with the most recent official 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. In 2018, DNA worked on 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 up-to-date, 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.

## GOVERNANCE

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 one of the responsibilities of the Group's financial management. The Group applies the International Financial Reporting Standards (IFRS).

### Monitoring and oversight

DNA earnings are monitored in monthly reporting, which is reviewed by the company's Executive Team and Board of Directors every month. Quarterly results are reviewed at meetings of the Executive Team, the Board of Directors' Audit Committee, and the Board of Directors.

### Purpose and objectives of risk management

The purpose of risk management is to help DNA's management to achieve the company's strategic objectives and provide the company's Board of Directors with up-to-date information on company risks and risk 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 targets or the operative targets derived from them. If they materialise, risk factors could affect the Group's ability to achieve its strategic and operational goals. Any risks that undermine DNA's strategically significant competitive strengths must be avoided if possible, and special attention should 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 achieves its operational 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 prepare for the consequences thereof
- The company's management and the Board of Directors are up to date on DNA's risks and the management of these risks

### Risk management processes

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.

Risk management at DNA consists of identifying and assessing risks, developing risk management strategies, planning and implementing risk management methods, monitoring the results of risk management, and continuously improving risk management competence.

The annual risk management plan follows the annual plan of DNA's strategy process. The aim is to update DNA's risk map annually and draft 1 or 2 reports on the key risks and uncertainty factors, and these can be managed, for DNA's Executive Team, Audit Committee and Board of Directors.

DNA's Executive Team specifies DNA's key risks and assigns people responsible for them. These people document appropriate risk management methods and development measures for their area of responsibility 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 the management of the risk should be developed. Several people can share responsibility for a risk. The risk management processes and operating models for internal control are aligned.

More information about risks is presented in DNA's financial statement bulletin and the annual report of the Board of Directors for 2018.

### 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 goals and business. A further objective is to identify, analyse and monitor business-related risks. The 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 are responsible for DNA's internal control and for ensuring that it is appropriate in relation to operational risks.

The objective of internal control is to provide sufficient assurance that the company meets its goals in areas such as:

- the effectiveness and efficiency of operations
- the reliability and integrity of financial and operational information
- compliance with laws, regulations, agreements and 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)
- goal-setting
- risk identification and management
- control measures
- reliable information and communication (reporting)
- evaluation and monitoring of internal control
- systems and security
- monitoring of outsourced operations

### Internal audit

The Group's internal audit supports the CEO, the Board of Directors and the operative management in their control-related duties. 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 the 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 issues regular reports to the company's 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 at its own initiative or that of the Board of Directors. Internal audit communicates with DNA Group's Board of Directors and internal control to ensure the 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 targets are met in areas such as:

- the effectiveness and efficiency of operations
- ensuring effective management of the organisation and accountability
- the reliability of financial and operational reporting
- reporting risk and control information to appropriate units in the organisation
- safeguarding assets
- enhancing ethics and values within the organisation
- compliance with laws and agreements
- coordinating operations and communicating 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 the Institute of Internal Auditors (IIA) 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 auditors' reports and an annual summary of the audits performed.

## GOVERNANCE

### Insider management

DNA complies with the rules and instructions of Nasdaq Helsinki Ltd, 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 Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA). These are supplemented by the company's own insider guidelines, which aim to provide clear operational guidelines and rules on the management of insider issues, the publication of inside information, the maintenance of lists of insiders, and the transactions of the company's management and related parties.

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

With respect to the regulations on insider trading, within DNA a member of the management refers to member of the Board of Directors of DNA; the CEO; the Chief Financial Officer; the Senior Vice President, Corporate Business; and the Senior Vice President, Consumer Business in accordance with the market abuse regulation ((EU) No. 596/2014, "MAR"). In various connections, they are also referred to by the designation of 'MAR member of management'.

Each person who serves in a MAR management position at DNA must notify the company of all their closely associated persons, and of any changes in this information. DNA has defined and prepared a list of all MAR members of management and their closely associated persons. DNA's MAR members of management and their closely associated persons notify both DNA and the Finnish Financial Supervisory Authority of every transaction conducted on their own account relating to DNA's financial instruments. DNA, in turn, publishes these transactions as stock exchange releases. The notifications and public disclosures are made within the time limits set by legislation.

MAR members of management are not entitled to trade in DNA's financial instruments on their own account or on the account of a third party during a 30-day closed period preceding the publication, and including the date of publication, of the company's financial statements release or interim report. If the financial statements include key information that has not been previously published in a financial statements release, the close period also applies to the financial statements.

DNA specifies the personnel who are not in the aforementioned management positions and who regularly participate in preparing, drafting or communicating interim reports, financial statements releases and the annual financial statements, and personnel who receive information about the forthcoming content of these documents while they are being prepared or drafted and before they are published. Trading restrictions also apply to these personnel.

The person responsible for the company's insider issues is the Senior Vice President, Legal Affairs. Her responsibilities include internal communication and training on insider issues, drafting and updating lists of insiders, and monitoring insider issues and related regulatory amendments.

The person responsible for insider issues ensures compliance with the trading restrictions and the duty of disclosure applying to transactions undertaken by the management and related parties, and takes responsibility for matters such as training on the trading restrictions and duty of disclosure, publishing transactions, monitoring trading restrictions and the duty of disclosure and related regulatory amendments, and keeping a list of MAR members of management and their closely associated persons.

### Related party transactions

DNA had no relevant related party transactions in deviation from ordinary business or ordinary market pricing during its 2018 financial period. In this text, related parties of the company refers to related parties defined for the financial statements in accordance with International Accounting Standard 24.



### AUDITING OF THE ACCOUNTS

The company's financial period is the calendar year. Under the Articles of Association, the company has one auditor, who is nominated by the Annual General Meeting. The auditor must be an audit firm, and the principal auditor must be an Authorised Public Accountant. The auditor is elected at the General Meeting for a term of one financial period covering the year of election. The auditor's mandate expires at the end of the following Annual General Meeting. The auditor shall present the company's shareholders with an auditors' report as part of the financial statements as required by law. 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 General Meeting.

The company must disclose the auditor's remuneration for the financial period. Any fees paid to the auditor for services unrelated to the auditing of the accounts must be stated separately. Companies belonging to the same Group or chain as the auditor firm, as well as companies controlled by the auditor, are considered equivalent 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 2018

In 2018, DNA's auditor was PricewaterhouseCoopers Oy, with Mika Kaarisalo, Authorised Public Accountant, acting as the principal auditor.

In 2018, the auditors' auditing fees amounted to EUR 278,757 (2017: EUR 265,429) and the fees for services unrelated to auditing amounted to EUR 100,378 (2017: EUR 210,596).

# DNA EXECUTIVE TEAM REMUNERATION POLICY REPORT

## DNA EXECUTIVE TEAM REMUNERATION POLICY REPORT

### Remuneration principles of the Executive Team

DNA's remuneration schemes are prepared with the aim of boosting the company's competitiveness and long term financial success, as well as promoting the positive development of shareholder value. DNA's remuneration schemes are based on predefined, measurable criteria based on performance and results. The remuneration schemes are drafted in writing, and the content is as clear as possible. Remuneration can be based on long- and short-term performance and results.

The Board of Directors decides on the remuneration of the CEO and the members of the Executive Team. Board of Directors has set up a Personnel Committee to prepare proposals on matters such as the remuneration of the CEO and the Executive Team. Short-term incentives comprise target and performance-based payments that are decided upon annually and are based on the annual targets specified by the Board of Directors. Share-based incentive schemes serve as long-term incentives. The authorisation to purchase and issue shares in relation to this is decided on by the Annual General Meeting.

## SUMMARY OF THE REMUNERATION POLICY FOR THE DNA EXECUTIVE TEAM

The remuneration policy for the CEO and the other members of the Executive Team consists of the following key elements:

| Remuneration element | Purpose and link to strategy   | Description and principles   |
|----------------------|--|--|
| FIXED SALARY         | To provide a core level of reward for the role.                                  | Fixed salary including taxable benefits (a car and a phone benefit). The fixed salary of the CEO was EUR 36,024 per month in 1 January – 31 December 2018.   |
| BENEFITS             | To provide competitive benefits in line with local market practices.             | The members of the Executive Team are entitled to a car and a phone benefit.   |
| INSURANCES           | To protect the Executive Team members on their duties.                           | The CEO and the other members of the Executive Team have the same statutory insurances and additional free-time accident insurance as the entire personnel. In addition, the CEO and the other members of the Executive Team have a management and administration liability insurance.   |
| ADDITIONAL PENSION   | To provide a competitive retirement benefit in line with local market practices. | The CEO and the CFO are entitled to retire at the age of 60. Supplementary pension rights are assessed based on payments. The supplementary pension contribution for the CEO and the CFO is 20% of the fixed annual salary. The CEO and the CFO are entitled to a paid-up pension vesting in full within 6 years of the date they join the supplementary pension scheme. The other members of the Executive Team are entitled to retire at the age of 62. The supplementary pensions of the members of DNA's Executive Team are payment-based. The supplementary pension contribution for the Executive Team member is 8% of the fixed annual salary. The members of the Executive Team are entitled to a paid-up pension vesting in full within 6 years of the date they join the supplementary pension scheme. |

|   |  |  |
|---|--|--|
| SHORT-TERM INCENTIVES                         | To support the delivery of DNA's strategy and financial performance.                           | The short-term incentive scheme for the CEO and the Executive Team is based on company-level targets related to cash flow development, growth in net sales to end customers and customer satisfaction. In addition, a profit-based multiplier is applied for the CEO and the members of the Executive Team as well as the other personnel. Fulfilment of the criteria is monitored annually.<br><br>Relation to the fixed annual salary: The CEO's annual performance-related bonus may be up to nine times/75% of the fixed annual salary. The annual performance-related bonus for the members of the Executive Team may be up to seven times/58% of the fixed annual salary.  |
| LONG-TERM INCENTIVES                          | To drive long-term sustainable growth and align the interests of executives with shareholders. | DNA applies four long-term incentive plans: Performance Share Plan (PSP), Bridge Plan (BP), Restricted Share Plan (RSP), and from 2019 onwards a matching shares plan for the entire personnel (MSP). The Board of Directors of DNA decides annually on the launch of new earning and saving periods as well as the terms and conditions.<br><br>The PSP consists of separate share-based plans, that begin annually and have a three-year earning period. In PSP 2019-2021, the performance criteria are based on total shareholder return (TSR) of DNA compared to a peer group and the development of DNA's EBITDA and in PSP 2018-2020 on TSR of DNA compared to a peer group and the development of DNA's cumulative cash flow.<br><br>The Bridge Plan consists of two three-year share-based plans which each have a one-year earning period and a two-year restriction period. The plans begun in 2017 and 2018. Shares received as a reward cannot be sold during the two-year restriction period. The performance criteria applying to both bridge plans are based on DNA's key strategic objectives during the earning periods.<br><br>The CEO and the members of the Executive Team are entitled to participate in the matching shares plan for the personnel.<br><br>Relation to the fixed annual salary: The maximum amount of reward payable under the share-based incentive schemes is limited in such a way that each participant's annual share reward may be a maximum of three times their annual fixed gross salary. |
| CLAW BACK                                     | To ensure pay for performance.   | Claw back provisions apply to long- and short-term incentive scheme awards in exceptional circumstances such as misconduct or misstatement of financial results.   |
| SHARE OWNERSHIP RECOMMENDATION                | To encourage executives to build a meaningful shareholding in DNA.                             | DNA adheres to a shareholding recommendation for the CEO and the members of the Executive Team. According to the recommendation, the CEO and the members of the Executive Team should hold a stake in the company corresponding to his/her annual fixed gross salary. In order to achieve the recommended ownership, the members of the Executive Team must retain ownership of at least 50 per cent of the shares they have received through the aforementioned share-based incentive schemes (calculated based on the net number of shares remaining after deduction of the applicable withholding tax), until the person's share in DNA is in line with the recommendation.   |
| SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS | To ensure clear contractual terms are followed.  | The CEO's period of notice is six months, for both the company and the CEO. If the contract is terminated by DNA, the CEO is entitled to severance pay that equals the CEO's salary for no more than eight months, in addition to the salary paid during the six-month notice period. The members of the Executive Team have notice periods of six or three months applying to both parties. If DNA terminates an employment contract, the Executive Team member is entitled to severance pay corresponding to six months' salary in addition to the salary paid during the notice period.   |

## GOVERNANCE

### Supplementary information

#### Benchmarking approach

The Personnel Committee reviews market benchmark data from Finnish and, where necessary, international telecom companies of a similar size to DNA when setting total remuneration packages for the CEO and the members of the Executive Team. This is used more as a guide than a direct determinant of pay levels. Other factors considered include each individual's role and experience, as well as company and individual performance.

#### 2014 share-based remuneration scheme (2014 LTI)

In 2014, DNA's Board of Directors decided on a long-term share-based remuneration scheme for DNA's Executive Team, other senior managers and specified key personnel. The performance criteria was based on share value increase of DNA. The people covered by the scheme were offered the opportunity to receive a reward in the form of shares or cash, as decided by the company, if the company was listed on the stock exchange or in cash if divestments were made by the largest shareholders. Of the possible outcomes of the scheme, the listing of the company on the stock exchange materialised. The rewards earned from the long-term incentive scheme were paid in December 2017.

#### Restricted Share Plan (RSP)

The RSP can be used as a supplementary tool to ensure the commitment of employees in specific situations, such as in acquisitions and in recruitments. The possible reward is subject to continuation of the employment. The RSP typically covers only a few persons each year, and it consists of share-based plans that begin annually. Each plan has a three-year restriction period, after which the shares allocated at the beginning

of each respective plan are paid to the participants, provided that they are still employed by DNA until the payment of the reward. The launch of each new plan requires a separate decision by the Board of Directors.

### DNA EXECUTIVE TEAM REMUNERATION POLICY REPORT

#### The year in review

We measure the success of our Executive Team by how well DNA achieves its strategic and financial targets. Year 2018 was the best in DNA's history. We succeeded well in executing our strategic targets – customer satisfaction developed positively, our net sales and profitability were at the highest level of all time in DNA's history and our employees were even more satisfied with DNA as an employer.

#### SHORT-TERM INCENTIVE SCHEME

##### Short term incentives for 2017 (paid in 2018)

The short-term incentive scheme 2017 was based on the following company level targets:

- cash flow development
- growth in net sales to end customers
- customer satisfaction.

DNA's first year as a listed company was excellent in light of how strategic and financial targets were achieved. Operative free cash flow increased by 26 per cent compared to 2016. Net sales to end customers in 2017 grew by 3.6 per cent. Free cash flow to equity was at a good level. Satisfaction of our customers improved further, i.a. in the Consumer business the product level NPS improved in the main product groups, in the Corporate business NPS remained at the same healthy level as in the previous year, and in the DNA stores the customer satisfaction was at a record high level.

Details of the short-term incentive scheme award for the CEO for 2017 are set out below:

#### CEO 2017 SHORT-TERM INCENTIVES (PAID IN 2018)

| Weighting | Measures                             | Level of achievement 2017<br>(maximum is 100%) |
|-----------|--------------------------------------|--|
| 60%       | Cash flow development                | 100%   |
| 20%       | Growth in net sales to end customers | 100%   |
| 20%       | Customer satisfaction                | 50%  |
|           | <b>Total</b>                         | <b>Total achievement 90%</b>                   |



#### Short term incentives for 2018 (to be paid in 2019)

The short-term incentive scheme 2018 was based on the following company level targets:

- cash flow development (weighting 60 %)
- growth in net sales to end customers (weighting 20 %)
- customer satisfaction (weighting 20 %).

## GOVERNANCE

### LONG-TERM INCENTIVE SCHEMES

Details of the long-term incentive scheme awards:

| Earning period  | 2014 LTI           |   | 2017 PSP  |   | 2017 Bridge plan         |                          | 2017 RSP   |  |  |
|---|--------------------|---|---|---|--------------------------|--------------------------|--|--|--|
|   | 2014-2017          | 2017-2019   | 2018-2020   | 2019-2021                                       | 2017-2019                | 2018-2020                | 2017-2019  | 2018-2020  | 2019-2021  |
| Number of participants at the delivery or grant   | 35                 | 51  | 51  | 69  | 51                       | 51                       | 0  | 0  | 0  |
| <b>Maximum gross number of shares to be delivered at grant (before tax withholding)</b> |                    |   |   |   |                          |                          |  |  |  |
| To CEO  | 216,000            | 53,500  | 45,000  | 39,129  | 17,800                   | 15,000                   |  |  |  |
| To other Executive Team members   | 522,000            | 151,500   | 106,400   | 92,332  | 50,600                   | 35,200                   |  |  |  |
| To other participants   | 1,182,000          | 266,000   | 198,000   | 250,697   | 88,900                   | 65,700                   |  |  |  |
| <b>Total</b>  | <b>1,920,000</b>   | <b>471,000</b>                                    | <b>349,400</b>                                    | <b>382,158</b>                                  | <b>157,300</b>           | <b>115,900</b>           |  |  |  |
| Performance measures (weighting)  | Share value (100%) | Relative TSR (40%) and cumulative cash flow (60%) | Relative TSR (40%) and cumulative cash flow (60%) | Relative TSR (40%) and EBITDA development (60%) | Strategic targets (100%) | Strategic targets (100%) | Continuation of employment and financial criterion | Continuation of employment and financial criterion | Continuation of employment and financial criterion |
| Level of achievement of performance measures  | 91.25%             |   |   |   | 100% (2017)              | 90.59% (2018)            |  |  |  |
| <b>Number of gross shares to be delivered (before tax withholding)</b>                  |                    |   |   |   |                          |                          |  |  |  |
| To CEO  | 195,206            |   |   |   | 17,800                   |                          |  |  |  |
| To other Executive Team members   | 471,748            |   |   |   | 50,600                   |                          |  |  |  |
| To other participants   | 764,556            |   |   |   | 82,100                   |                          |  |  |  |
| <b>Total</b>  | <b>1,431,510</b>   |   |   |   | <b>150,500</b>           |                          |  |  |  |
| Delivery year   | 2017               | 2020  | 2021  | 2022  | 2018                     | 2019                     | 2020   | 2021   | 2022   |
| Lock-up period on vested shares   |                    |   |   |   | 2 years                  | 2 years                  |  |  |  |

Remuneration paid to the CEO and Executive Team members in 2018:

| 2018 (EUR)                          | Cash salary | STI based on the performance in the previous year | Benefits | Share reward* | Additional pension | Total            |
|-------------------------------------|-------------|---|----------|---------------|--------------------|------------------|
| CEO                                 | 428,749     | 338,482   | 13,620   | 310,403       | 97,057             | <b>1,188,311</b> |
| Other members of the Executive Team | 1,389,230   | 841,091   | 26,955   | 882,013       | 159,436            | <b>3,298,725</b> |

\* Based on delivery date 1 March 2018 share price.

Remuneration paid to the CEO and Executive Team members in 2017:

| 2017 (EUR)                          | Cash salary | STI based on the performance in the previous year | Benefits | Share reward** | Additional pension | Total            |
|-------------------------------------|-------------|---|----------|----------------|--------------------|------------------|
| CEO                                 | 530,108     | 263,135   | 37,354   | 3,008,550      | 95,749             | <b>3,934,896</b> |
| Other members of the Executive Team | 1,665,704   | 776,538   | 86,564   | 7,267,118      | 157,355            | <b>9,953,279</b> |

\*\* Based on delivery date 4 December 2017 share price.

### SHAREHOLDINGS OF THE EXECUTIVE TEAM

| Name                    | Position                                  | Executive Team member since | 31 December 2018 | 31 December 2017 |
|-------------------------|---|-----------------------------|------------------|------------------|
| Jukka Leinonen          | CEO                                       | 2010                        | 45,000           | 125,032          |
| Timo Karppinen          | CFO                                       | 2012                        | 17,000           | 44,083           |
| Asta Rantanen           | Senior Vice President, Legal Affairs      | 2007                        | 10,900           | 29,488           |
| Pekka Väisänen          | Senior Vice President, Consumer Business  | 2009                        | 11,503           | 42,209           |
| Hannu Rokka             | Senior Vice President, Corporate Business | 2014                        | 5,789            | 34,431           |
| Tommy Olenius           | Senior Vice President, Technology         | 2009                        | 23,531           | 39,807           |
| Janne Aalto             | CIO                                       | 2014                        | 20,000           | 37,933           |
| Christoffer von Schantz | Senior Vice President, Strategy           | 2013                        | 18,000           | 30,263           |
| Marko Rissanen          | Senior Vice President, Human Resources    | 2007                        | 5,000            | 26,555           |



## Remuneration of personnel

### Short-term incentives

DNA wants to ensure that all of its employees can share in the success of the company and good performance of its personnel. All employees of DNA are covered by a short-term incentive scheme. Reward are paid based on achievement of set targets. In spring 2018 DNA paid EUR 5.7 million (EUR 5.5 million) performance-based short-term incentives to managers and employees (the sum includes pension and social security payments). The main short-term incentive scheme of the company is based on the requirement of the position, and the annual earning opportunity is 1–3 months fixed salary. Rewards are defined based on the financial situation of the company. No rewards are paid unless the company's EBIT exceeds a threshold level.

### Matching shares plan for the personnel

In December 2018 the Board of Directors of DNA Plc has decided on the establishment of a matching shares plan for all DNA personnel. The purpose of the plan is to steer the activities of personnel towards the attainment of strategic objectives, as well as to improve the long-term commitment of personnel and offer incentives in the form of potential increase in share value.

Participation in the matching shares plan is voluntary. The first saving period in 2019–2020 begins in April 2019 and will run until March 2020. Each employee may participate in one saving period at a time, with the saved shares purchased quarterly at market value after the publication of financial results. Participants may purchase shares up to a value of EUR 500 per month. The matching shares issued for the saved shares will be paid in a single instalment at the end of the holding period, with DNA issuing each participant one matching share for two purchased shares. In addition, participants have the opportunity to receive additional matching shares based on a multiplier of 0.75 if the performance measure set for the plan is achieved. The Board of Directors of DNA will decide annually on possible new saving periods and their terms.

## DNA'S BOARD OF DIRECTORS REMUNERATION REVIEW

### Decision-making process regarding remuneration

DNA's General Meeting decides on the remuneration paid for the work of the Board of Directors and its Committees, along with the bases for determining the remuneration, for one term of office at a time. The shareholders' Nomination Committee prepares matters relating to the remuneration of the Board of Directors. By virtue of the Limited Liability Companies Act, the General Meeting, or the Board of Directors authorised by the General Meeting, decides on granting shares or options.

### Remuneration of the Board of Directors

The General Meeting decides on the remuneration payable to the Board of Directors based on the proposal by the shareholders' Nomination Committee.

The fees payable to the members of the Board of Directors consist of a fixed fee and a fee per meeting and may also include remuneration in the form of shares. No pension payments are associated with the fees payable to members of the Board of Directors.

Travel expenses are reimbursed according to the applicable decision of the Tax Administration on the reimbursement of tax-free travel expenses.

### Remuneration of the Board of Directors in 2018

DNA's Annual General Meeting, held on 22 March 2018, decided not to change the Remuneration paid to the Board of Directors. The remuneration is as follows:

- Annual remuneration, Chairman of the Board of Directors: 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 per meeting per person
- Meeting fee, Committee Chair: EUR 1,050 per meeting per person
- Meeting fee, Committee members: EUR 525 per meeting per person.

The Nomination Committee recommended that each member of the Board annually spend 40 per cent of their annual remuneration, net of withholding tax, on purchasing the company's shares until the value of their shareholding corresponds to their gross annual remuneration.

## GOVERNANCE

### ANNUAL REMUNERATION AND MEETING FEES 2018 (EUR)

| Name   | Annual remuneration* | Meeting fees | Total          |
|--|----------------------|--------------|----------------|
| Pertti Korhonen  | 144,240              | 24,150       | <b>168,390</b> |
| Anu Nissinen   | 48,240               | 16,800       | <b>65,040</b>  |
| Tero Ojanperä  | 48,240               | 13,650       | <b>61,890</b>  |
| Jukka Ottela   | 48,240               | 19,425       | <b>67,665</b>  |
| Margus Schults   | 48,000               | 18,375       | <b>66,375</b>  |
| Kirsi Sormunen   | 48,240               | 19,950       | <b>68,190</b>  |
| Heikki Mäkijärvi<br>(member of the Board of Directors until 22 March 2018) | 12,060               | 5,250        | <b>17,310</b>  |

\*The difference in the annual remuneration decided by the Annual General Meeting and actual annual remuneration is caused by the taxable value of the phone benefit.

### ANNUAL REMUNERATION AND MEETING FEES 2017 (EUR)

| Name                              | Annual remuneration | Meeting fees | Total           |
|-----------------------------------|---------------------|--------------|-----------------|
| Pertti Korhonen                   | 152,240             | 27,300       | <b>179,540*</b> |
| Jarmo Leino (until 22 March 2017) | 4,060               | 3,675        | <b>7,735</b>    |
| Heikki Mäkijärvi                  | 36,180              | 11,550       | <b>47,730</b>   |
| Anu Nissinen                      | 48,240              | 21,525       | <b>69,765</b>   |
| Tero Ojanperä                     | 48,023              | 17,850       | <b>65,873</b>   |
| Jukka Ottela                      | 48,240              | 20,475       | <b>68,715</b>   |
| Margus Schults                    | 48,000              | 21,000       | <b>69,000</b>   |
| Kirsi Sormunen                    | 48,240              | 24,150       | <b>72,390</b>   |

\*Including remuneration from 2016 (25 October 2016–31 December 2016).

### SHAREHOLDINGS OF THE BOARD OF DIRECTORS:

| Name  | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Pertti Korhonen   | 11,001           | <b>11,001</b>    |
| Anu Nissinen  | 15,917           | <b>15,917</b>    |
| Tero Ojanperä   | 3,440            | <b>10,440</b>    |
| Jukka Ottela  | 16,241           | <b>19,241</b>    |
| Margus Schults  | 6,875            | <b>6,875</b>     |
| Kirsi Sormunen  | 3,000            | <b>2,000</b>     |
| Heikki Mäkijärvi (member of the Board of Directors until 22 March 2018) | 50               | <b>0</b>         |

#### Valid authorisation concerning remuneration

On 22 March 2018, the Board was authorised to decide on a share issue, to dispose of own shares held by the company and an issue of special rights entitling to shares as referred to in Chapter 10, Section 1, of the Companies Act.

Under the authorisation, the Board of Directors may issue up to 10,000,000 new shares or own shares held by the company in one or several lots. The proposed maximum number corresponds with approximately 7.5 per cent of all of the company's current shares.

A share issue may also take place as a directed issue i.e. deviating of the pre-emptive subscription right of

the shareholders. The authorisation may be used to implement company arrangements, to improve the company's capital structure, for the company's incentive schemes, for the payment of any share-based rewards to the Board members and other purposes decided by the Board. The Board of Directors is authorised to decide on all other terms and conditions relating to a share issue and of the issue of special rights entitling to shares.

The authorisation will be effective until the end of the next Annual General Meeting. The authorisation cancels the authorisation granted to the Board of Directors by the Annual General Meeting of 22 March 2017 to decide on a share issue and an issue of special rights entitling to shares.



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