

2013 F-Secure Corporation

CORPORATE GOVERNANCE STATEMENT

General principles

F-Secure Corporation applies principles of corporate governance and follows high ethical standards in all its operations. F-Secure's corporate governance practices comply with Finnish laws and regulations, F-Secure's Articles of Association, the rules of the Helsinki Stock Exchange and the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010. The code is publicly available at www.cgfinland.com.

The key elements of the Corporate Governance practices of F-Secure Corporation are described here in brief. The descriptions also include the most essential tasks and responsibilities of the Board of Directors, Board Committees and other main governing bodies in 2013. This statement also describes the main features of internal control and risk management pertaining to the financial reporting process. Further information on the corporate governance practices of the company is available on the F-Secure Corporation website.

Annual General Meeting of Shareholders (AGM)

The highest governing body of the corporation is the General Meeting of Shareholders. The AGM's tasks are defined in detail by the Finnish Companies Act and the Articles of Association of F-Secure Corporation. The AGM shall decide on the number of members of the Board of Directors, confirm remunerations to the Board members and auditors, appoint Board members, approve financial statements, determine dividends, select auditors, and determine other issues defined by the Articles of Association and the Finnish Companies Act. The AGM shall be held after the end of the financial year within a period determined by the Board of Directors and as defined by the Companies Act. F-Secure Corporation has only one class of shares and thus all shares have equal voting power at the General Meetings of Shareholders.

In 2013, the Annual General Meeting was held in Helsinki, at HTC Ruoholahti on April 3. The decisions made by the AGM 2013 are presented in detail in the Board of Directors' report for 2013.

The main tasks of the Board of Directors

The objective of the Board of Directors is to direct the company with the aim of achieving the best possible return on invested capital for shareholders in the long term. The Board of Directors represents all shareholders and shall always aim to achieve the best advantage for the company and all of its shareholders.

The Board of Directors is responsible for making sure that supervision of the company's accounting and financial management is duly organized. The meetings of the Board shall regularly discuss reports presented by the CEO of the company on the financial status and operations of the company. Furthermore, it is the duty of the Board to prepare the matters to be handled by the shareholders'

meeting, to decide on the convening of the shareholders' meeting, and to make sure that the decisions made at the shareholders' meeting are executed.

Any matters that are significant or of long-term impact from the company's point of view shall be dealt with by the Board. These include strategic outlines, approval of budgets and operating plans and supervision of how these are put into effect, acquisitions and corporate structure, any major investments with regard to the operation of the company, organization of the supervision of accounting and financial management, internal control systems and risk management as well as personnel policies and reward systems.

The duties and responsibilities of the Board are defined by the Articles of Association of the company, the Finnish Companies Act, and other applicable laws and regulations. The Articles of Association and the charter of the Board, including a more detailed list of its main duties and tasks and its committees, are presented on the company's website.

According to the Articles of Association, the Board shall have a minimum of three and a maximum of seven ordinary members, whose term ends at the end of the next AGM following the election of the members. The Annual General Meeting of Shareholders shall decide the number of Board members according to the Articles of Association, and elect the Board members. The Board shall elect the Chairman of the Board from among its members. The Board shall also elect a secretary, who may be a non-member of the Board. The term of each Board member is one year. The majority of the Board members shall be independent of the company. More detailed information about other terms of Board membership can be found in the Articles of Association.

The Board of Directors shall convene at least five times during its term. The Board shall conduct an annual self-assessment of its operations.

Board of Directors in 2013

According to the decision of the Annual General Meeting 2013, the Board had seven (7) members. The re-elected members of the Board were **Risto Siilasmaa, Jussi Arovaara, Sari Baldauf, Pertti Ervi, Juho Malmberg** and **Anu Nissinen**. **Matti Heikkonen** was elected to the Board of Directors as a new member. The board elected Risto Siilasmaa as the Chairman of the Board.

The aforementioned members of F-Secure Corporation's Board of Directors, with the exception of Risto Siilasmaa, have no dependence either on the company or its significant shareholders. The Chairman of the Board, Risto Siilasmaa, is a major shareholder of the company.

In 2013 the Board of Directors held nine meetings with an attendance rate of close to 100%. The Board of Directors focused, in addition to their ongoing duties, on the preparation and approval of the Company's revised strategy. According to the strategy, F-Secure will focus on producing cloud-based solutions to protect people and devices in a fast-evolving digital world. The main objectives during the strategy period 2014-2016 are to expand the user base by tens of millions of people and to drive accelerating revenue growth. The strategy is described in more detail in the Board of Director's report for 2013.

Other significant tasks and responsibilities of the Board comprised a general overview of the company's financials, budget approval, setting performance targets for the executive level, and deciding on the incentive program for the Leadership team and other key employees.

Board committees

The Board has two committees; Audit Committee and Executive Committee (nomination and remuneration issues). The Chairman of the Audit Committee is **Pertti Ervi** and the members are **Jussi Arovaara**, **Matti Heikkonen**, and **Juho Malmberg**. The Chairman of the Executive Committee is **Risto Siilasmaa** and the members are **Sari Baldauf** and **Anu Nissinen**.

The charters of both Committees are available on the Company's website under About F-Secure > Investors > Governance.

Audit Committee

The Audit Committee prepares, instructs and evaluates the Corporation's risk management, internal control systems, IT strategy and practices, external and internal auditing of the accounts, and financial reporting. In 2013 the Audit Committee held five meetings with an attendance rate of close to 100%.

In 2013, the Audit Committee focused on several aspects of internal and external IT (hosting), as outlined in the Committee's charter. The Committee also assessed the efficiency of internal control systems and risk management processes and practices, including financial and legal risks. The Committee also reviewed the interim reports before their publication.

Executive Committee

The Executive Committee prepares material and provides instructions on issues related to the composition and compensation of the Board of Directors and the remuneration of executive management. The Executive Committee held four meetings in 2013 with an attendance rate of 100%.

In 2013, the Executive Committee focused especially on remuneration issues, including both long-term and short-term incentive programs for the top management and other key personnel, as well as on succession planning and identifying key experts. The Committee also prepared proposals for the Board composition and remuneration for the Annual General Meeting of Shareholders.

President and CEO

The President and CEO is responsible for the day-to-day management of the company. The CEO's duties include managing the business according to the instructions issued by the Board of Directors, presenting the matters to be handled in the Board of Directors' meetings, implementing the decisions made by the Board of Directors, and other duties determined in the Companies Act. The Board of Directors shall appoint the CEO and decide upon his/her remuneration and other benefits.

The President and CEO of the company is **Christian Fredrikson**.

Leadership Team

The Leadership Team supports the CEO in the daily operative management and development of the company. The CEO appoints the Leadership Team members and decides upon the terms and

conditions of their employment. The Board of Directors approves the compensation for the Leadership Team. Bonuses and stock options are granted on the basis of individual performance and the performance of the company. The Leadership Team meets regularly once a month and holds additional meetings as needed.

The composition of the Leadership Team at the beginning of 2014 is as follows: **Christian Fredrikson** (President and CEO), **Samu Konttinen** (Executive Vice President, Consumer Security, interim for Customer and Market Operations), **Timo Laaksonen** (Vice President, Content Cloud), **Johanna Orjatsalo** (Vice President, Human Resources & Office Services), **Pirkka Palomäki** (Chief Strategy Officer), **Jari Still** (Vice President, Research & Development), **Pekka Usva** (Vice President, Corporate Security), and **Taneli Virtanen** (Chief Financial Officer). **Ari Alakiuttu** (Vice President, Human Resources & Office Services in 2013) and **Maria Nordgren** (Vice President, Consumer Security in 2013) assumed new roles in the sales organization and left the Leadership Team at the beginning of 2014.

Remuneration

The remuneration paid to the Board of Directors and the Leadership Team as well as their holdings of F-Secure shares and options are described in notes 25 and 26 of the financial statements. The general principles of remuneration for the President and CEO are described in note 25 of the financial statements. More details on the remuneration and option programs are also available in the Remuneration Statement from 2013 published on the Company's investor web pages under Corporate Governance.

The CEO and Leadership Team are presented later as part of this report.

Auditors

The auditor is elected by the Annual General Meeting for one year's term of service. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting. The auditor will report to the Board of Directors or the Audit Committee at least once a year.

For 2013, F-Secure Corporation's auditor was Ernst & Young Oy, an auditing company of Authorized Public Accountants authorized by the Central Chamber of Commerce. APA Erkkä Talvinko acts as the responsible partner for the direction and coordination of the audit work. In 2013 the Company paid a total of EUR 157 518 (2012: EUR 144 917) for auditing services and EUR 109 954 (2012: EUR 15 477) for other services. Ernst & Young Oy has been F-Secure Corporation's auditor since 1999.

Description of the main features of internal control and risk management pertaining to the financial reporting process

Internal Control

The purpose of Internal Control is to ensure that operations are effective and aligned with the strategy, and that financial reporting and management information is reliable and in compliance with applicable regulations and operating principles.

Internal control consists of all the guidelines, policies, processes, practices and relevant information about organizational structure that help ensure that the business conduct is in compliance with all applicable regulations, and that all financial reporting is correct. The purpose of guidelines and instructions is to ensure that accounting and financial information provides a true and accurate reflection of the activities and financial situation of the company. Actual performance is monitored against sales and cost targets by operative reporting systems on a daily, weekly, or monthly basis.

The company constantly monitors its cost efficiency and profitability as well as incoming and outgoing payment transactions. If any inconsistencies appear, the issues are handled without delay. The company's controlling function works in close cooperation with the CFO and business units, providing relevant data for business planning purposes and sales estimates. Estimates and revenue recognition are constantly monitored through various follow-up methods. The company's controlling team is responsible for the consistency and reliability of internal control methods. The controlling team meets with business management and key personnel in order to assess the reliability of estimates on a continuous basis.

Internal audit

The principles of the internal audit are embedded in written guidelines and policies concerning accounting, risk management, internal control and operations in all departments of the company. These guidelines and policies are coordinated by the company's Finance department. The company guidelines cover accounting, reporting, documentation, authorization, and other relevant issues. F-Secure has no separate internal audit function, and this has been taken into account when defining the scope of the external audit. The financial management team meets with the auditors several times a year. The company has taken into use a direct line for all employees to notify the Board of any unethical activity or abuse. The audit committee meets with auditors and head of legal counsel from time to time to discuss related matters of their areas of responsibility.

Risk management

Risk management is an integral part of F-Secure's governance and management. The purpose of risk management is to help the company reach its objectives and to support the continuity of the company's operations by ensuring that the company:

- has a comprehensive understanding of major risks, opportunities, and threats
- proactively manages opportunities and threats
- has systematic methods to identify, analyze, evaluate, and control risks
- has a clear understanding of roles and responsibilities regarding risk management
- has systematic methods to collect, analyze, and learn from occurred risks

The foundation for risk management is defined in the company's Risk Management Policy. It expresses the mandate and commitment for F-Secure Risk Management and the processes and practices that are in place to identify, communicate, and manage material risks across the company. The policy also ensures that Risk Management responsibilities have been assigned appropriately.

The Board of Directors is responsible for the approval of the Risk Management Policy and determines the company's overall attitude towards risks. The Board of Directors and its Audit Committee are

responsible for monitoring the company's top risks and related controls and the effective implementation of the policy. The Audit Committee annually conducts a top risk review and evaluates the effectiveness of the risk management system.

The CEO and Leadership Team are accountable to the Board for approving the company's risk management standards and ensuring that they are applied in a consistent manner across the organization.

The Corporate Risk Management function provides and maintains a process to identify, analyze, evaluate, and treat risks. Risk assessments are conducted twice a year as a part of the biannual company planning cycle. The Leadership Team conducts a company-level risk review as part of the biannual operational planning and approves the company-level risk profile. The Board of Directors and its committees approve and monitor the reporting procedures, as well as the adequacy, appropriateness, and effectiveness of the company's business and administrative processes.

Weekly and monthly financial reporting that covers the entire company is used to monitor how well financial targets are being met. The reports include actual figures, plans and up-to-date forecasts. The company has sought to manage the risks relating to its business operations by developing its operating processes and control systems. The Board has set certain appropriate authorization limits to the management, and if these limits are exceeded, the decisions shall be handled by the Board of Directors.

Invoicing is mainly handled in euros. In order to minimize the impact of fluctuation in exchange rates, the goal is to hedge the estimated cash flow of affected currencies. The company does not provide financing outside the industry's standard payment terms. The company's investment policy for cash reserves is conservative. Cash and cash equivalent are mainly invested in short-term funds and other low-risk investments.

The most significant risks for F-Secure are related to the following factors: instability in the economic climate, changes in the competitive environment and customer demand affecting the volume of business and price levels, competitiveness of F-Secure's product portfolio in the changing market situation, the ability to protect the intellectual property (IPR) in F-Secure's solutions, risk exposure from increasing contractual liability requirements, regional development in new growth markets, sustainability of partner relationships, development of new business areas, continuous change in the storage and content cloud services markets, and potential security threats targeted at these services.

Other governance issues

Management of insider issues

The company follows the insider regulations of the Nasdaq OMX Helsinki Ltd. Insiders are divided into three categories: (1) permanent public insiders including the members of the Board, the auditors, and the Leadership Team of the company, (2) permanent company-specific, non-public insiders, including persons who by virtue of their position or tasks learn inside information on a regular basis, and (3) project-based insiders. The company maintains its public insider registers in the Euroclear Finland Ltd's SIRE system. The trading of F-Secure shares and options of permanent public insiders is public.

Permanent public insiders and permanent company-specific insiders or their interest parties as defined in the Finnish Securities Markets Act are not entitled to trade shares, options, or other securities 21 days prior to the publication of interim financial statements or company accounts. Project-based insiders are not entitled to trade shares, options, or other securities until the termination of the project. Up-to-date information on the holdings of F-Secure's permanent insiders who have a duty to declare can be found on the company's website.

F-Secure's IR-function is in charge of the company's insider issues.

Silent period

The company observes a silent period of 21 days before each quarterly report announcement. During the silent period, the company will arrange neither meetings nor conference calls with the investor community.

Communications

The aim of the company's communications is to support the correct valuation of the company by providing the markets with sufficient information on F-Secure's financial position, strategy, and objectives. The Board of Directors has approved the disclosure policy that defines the guidelines in communications to financial markets and other parties. F-Secure's website contains all information that has been made public according to the disclosure requirements for listed companies.