

2011 F-Secure Corporation

CORPORATE GOVERNANCE STATEMENT

General principles

F-Secure Corporation applies principles of corporate governance and follows high ethical standards, complying with the Finnish Companies Act, Securities Market Act, the rules and regulation of NASDAQ OMX Helsinki Ltd, and other regulations on the administration of public companies issued by the authorities.

The company complies with the Corporate Governance Code for listed companies, updated in June 2011, as explained below and on the web pages of F-Secure Corporation. The code has been published by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce, and NASDAQ OMX Helsinki Ltd. The code is publicly available at www.cgfinland.com.

The key elements of the Corporate Governance practices of F-Secure Corporation are described briefly below. In addition to this, the most essential tasks and responsibilities of the Board of Directors, Board Committees and the other main governing bodies are described. This statement also includes the description of the main features of internal control and risk management pertaining to the financial reporting process. More information on governance practices of the company is available on F-Secure Corporation's website.

Tasks and responsibilities of governing bodies

The tasks of the Board of Directors are governed by the Finnish Companies Act, the Articles of Association of the Company, decisions of the General Meetings of Shareholders, legislation regarding accounting rules and IFRS as well as the Securities Market, and the rules of the NASDAQ OMX Helsinki Ltd., and other regulations.

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, Articles of Association of F-Secure Corporation and other regulations. 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, determines dividends and select auditor and other duties 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 2011, the Annual General Meeting was held in Helsinki, HTC Ruoholahti on March 30, 2011. The decisions made by the AGM 2011 are presented in detail in the Board of Directors' report for 2011.

Board of Directors

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. The Board of Directors shall always work to the best advantage of 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 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 far-reaching 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 monitoring systems and risk management as well as personnel policies and reward systems.

The duties and responsibilities of the Board are more thoroughly defined in 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 complete list of its main duties and tasks and its committees, are presented in detail on the company's Investor web pages.

According to the Articles of Association, the Board shall have a minimum of three and maximum of seven ordinary members, whose term ends at the end of the next AGM following the election of members. The Annual General Meeting of Shareholders shall decide the number of Board members 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 e.g. 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 2011

According to the decision of the Annual General Meeting 2011, the Board has six (6) members. The members of the Board are **Risto Siilasmaa (Chairman)**, **Jussi Arovaara**, **Sari Baldauf**, **Pertti Ervi**, **Juho Malmberg** and **Anu Nissinen**. All members were re-elected. Risto Siilasmaa continued as a Chairman of the Board.

The majority of F-Secure Corporation's Board of Directors, Pertti Ervi, Sari Baldauf, Juho Malmberg, Anu Nissinen and Jussi Arovaara, have no dependence neither on the company nor the significant shareholders. The Chairman of the Board, Mr. Siilasmaa, is a major shareholder of the company.

During 2011, the Board held 11 meetings and the attendance was close to 100%. The members of the Board of Directors are presented later in this report.

During 2011, the Board of Directors focused, besides their ongoing duties, especially on approval of the Company's renewed growth strategy and recruiting process for new CEO. According to the strategy, F-Secure's first priority is to drive growth and market expansion by continuing to create new innovative offerings to augment traditional security services, especially in the content cloud space. Operators, including Internet service providers, mobile operators and cable operators, are the main channel for F-Secure services. The Company's strategy is described in more detail in the Board of Director's report for 2011.

Another focus area of the Board for 2011 was the recruiting process for a new CEO. The Board commenced an extensive recruiting process already in the summer, immediately after being informed about the former CEO Kimmo Alkio's resignation as of October 30, 2011. The Board also established a dedicated team in order to drive the process. The team included Risto Siilasmaa, Sari Baldauf and Pertti Ervi. The Board nominated CTO Pirkka Palomäki as interim CEO as of November 1, 2011. After the extensive recruiting process, the Board appointed Christian Fredrikson as President and CEO as of January 16, 2012. In the process, the Board valued strong experience in the operator business and leadership experience in international business.

Other significant tasks and responsibilities of the Board comprised a general overview of the company's financials, budget approval, setting the target levels for executive level, deciding on the incentive program for the Executive team and deciding on the continuation of the share buy-back program according to the authorization of the AGM 2011.

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** and **Juho Malmberg**. The Chairman of the Executive Committee is **Sari Baldauf** and the members are **Risto Siilasmaa** and **Anu Nissinen**.

The charters of the both Committees are available on the Company's web pages under Investors, Governance.

Audit Committee

The Audit Committee prepares, instructs and evaluates the Corporation's risk management, internal supervision systems, IT strategy and practices, financial reporting, external auditing of the accounts and internal control. During 2011, the Audit Committee held 5 meetings and the attendance was close to 100%.

In 2011, the Audit Committee focused mainly on general supervision of company's financials. The Audit Committee discussed i.e. project revenue models, handled the IT Review and IT Hosting services and investments of the Company's liquid funds. Furthermore, the Committee assessed

efficiency of internal control systems and risk management process and practices including financial and juridical risks. The Committee also reviewed the interim reports and all other relevant stock exchange releases 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 remuneration of the other members of the executive management. The Executive Committee held 7 meetings in 2011 and the attendance was close to 100%.

In 2011, the Executive Committee focused especially on the recruiting process for a new CEO. Other tasks comprised e.g. long and short-term incentive programs for the top management and other key personnel, discussion on employee satisfaction surveys, and follow-up of improvement actions. 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 in charge of 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 dealt with in the Board of Directors' meeting, implementing the matters resolved by the Board of Directors and other issues 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 was **Kimmo Alkio** until October 31, 2011. Interim CEO was Pirkka Palomäki during November 1-January 15, 2012. **Christian Fredrikson** started as President and CEO as of January 16, 2012.

Executive Team

The Executive Team supports the CEO in daily operative management and development of the Company. The CEO appoints the Executive Team members and decides upon the terms and conditions of their employment. The Board of Directors approves the compensation for the Executive Team. The bonuses and granting of stock options are based on the performance of the Company and the individual. The Executive Team assembles regularly once a month and separately as needed.

The Executive Team currently consists of the following persons: **Christian Fredrikson** (President and CEO), **Ari Alakiuttu** (Vice President, Human Resources), **Tuomas Hyyryläinen** (Vice President, Strategy and M&A), **Samu Konttinen** (Vice President, Sales and Geographical Operations), **Maria Nordgren** (Vice President, Channels), **Pirkka Palomäki** (Chief Technology Officer), **Kari Penttilä** (Vice President, R&D), **Patrik Sallner** (Vice President, Professional Services) and **Taneli Virtanen** (Chief Financial Officer).

Remuneration

The remuneration paid to the Board of Directors and the Executive Team as well as their holdings of F-Secure shares and options are described in notes 25 and 26 to the financial statements. The general principles of remuneration of the President and CEO are described in note 25 to the financial

statements. More details on the remuneration and option programs are also available in the Remuneration Statement published on the Company's investor web pages under Corporate Governance.

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 at least once a year.

For 2011, F-Secure Corporation's auditor was Ernst & Young Oy, an auditing firm of Authorized Public Accountant authorized by the Central Chamber of Commerce. APA Erkkä Talvinko acts as responsible partner for the direction and coordination of the audit work. During 2011, the Company paid a total of EUR 130 810 for auditing services (2010: EUR 94 281) and EUR 133 956 (2010: EUR 32 927) for other services. Ernst & Young 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 Executive Team of F-Secure, Financial Management and Risk Management are responsible for internal control and risk management. Regular audits will be performed in the business units as well as in the subsidiaries. The purpose is to ensure compliance with consistent administration, accounting practices and information security in the company.

Internal control covers all the guidelines, policies, processes and organizational structure that help ensure that the business conduct is in compliance with all applicable regulations, and that all financial reporting is correct. The guidelines and instructions are made to ensure that accounting and financial information is a true and accurate reflection of the activities and financial situation of the company. Actual performance against sales and cost targets and comparison period is constantly followed up 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 CFO and business units, providing relevant data for business planning purposes and sales estimates. Estimates and revenue recognition are constantly monitored with follow-up methods. The Company's controlling team is responsible for consistency and reliability of internal control methods. The controlling team meets business management and key personnel in order to assess the reliability of estimates on continuous basis.

During 2011, the controlling team focused especially on the financial management of Professional Services function that has been growing strongly during the year. Another focus area was financial support for the storage business, because in the storage business, the management of large project deliveries, large proportion of hosting services and investments play a significant role. Furthermore,

other important focus areas were financial monitoring of market expansion to Latin America as well as capitalization and write-off occurrence of R&D projects.

Internal audit

The principles of internal audit are embedded in written guidelines and policies concerning accounting, risk management and controlling, and operations at all units in F-Secure are coordinated by the company's Finance department. The company guidelines cover accounting, reporting, documentation, authorization as well as other relevant issues. F-Secure has no separate internal audit function, and therefore this has been taken into account when defining the scope of external audit. The financial management team meets with the auditors several times a year.

Risk Management

The goal of risk management is to identify risks that may hinder the company from achieving its business objectives. A risk can be defined as any uncertainty that affects F-Secure's business objectives and the ability to reach its results.

The risks can be defined into strategic, operative and financial risks. Strategic risks comprise e.g. risks related to changes in industry, markets or competition, intellectual capital, operator or subcontracting agreements, or acquisitions. Operative risks include risks related to production, processes and quality. Financial risks include all risks concerning financial activities, such as currency risks.

According to the risk management policy the Company may take business risks that enable long-term increase in shareholder value, competitiveness and Company's profitable growth. The Company may not take business risks that could compromise the Company's business or may lead to violation of regulation.

The responsibility for the company's risk management lies with the CEO and the Executive Team. The Board of Directors is responsible for defining the company's overall level of risk tolerance. 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.

F-Secure's risk management team is regularly monitoring and coordinating the Company's risk profile and activities to mitigate threats. As part of the ongoing target planning and coordinating work twice a year, the Company-wide risk portfolio and risk-related management plans are updated. The most important risks detected in the risk management plans are reported to the Audit Committee once a year.

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.

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

During 2011, the most significant risks were related to, among other things, the 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, forming of the new business areas, continuous change in the storage and content cloud services markets, and potential security threats targeted to 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 Group's executive team, (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 trading of F-Secure shares and options of permanent public insiders is public.

Permanent public insiders and permanent company-specific insiders are not entitled to trade shares, options or other securities 21 days prior to publication of interim financial statements or company accounts. Up-to-date information on the holdings of F-Secure's permanent insiders with a duty to declare can be found on the company's website.

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 investors and other parties. The F-Secure web site contains all information made public according to the disclosure requirements for listed companies.

The members of the Board of Directors and the Executive Team are presented below.

Board of directors

[Risto Siilasmaa](#)

Chairman of the Board of Directors since 2006,
Board member since 1988

b. 1966, M.Sc. (Engineering)

- Main employment history: Founder of the F-Secure Corporation. Worked as a President and CEO of the company until November 2006 and since then held the position of Chairman of the Board.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Elisa and Fruugo Ltd. Member of the Board of Directors of Nokia Corporation, Blyk Ltd, Efecte Corporation, Mendor Oy and Federation of Finnish Technology Industries
- Holdings: number of shares 63.086.166, holding 39.83%

[Jussi Arovaara](#)

Board member since 2010

b. 1966

- Main employment history: Currently works as a Vice President, Global Sales Operations in Corel Corporation (UK) and has served in several international sales, marketing and business development positions in Corel Corporation in the UK, Canada and Finland since 1996. In his earlier career before 1996 worked in several sales and marketing positions in computer wholesale.
- Holdings: number of shares 9.571

[Sari Baldauf](#)

Board member since 2005, Chairman of the Executive Committee
b. 1955, M.Sc. (Business Administration)

- Main employment history: Worked for more than twenty years at Nokia Corporation. During the years served as Executive Vice President and General Manager of Nokia Networks 1998-2005 and a member of the Group Executive Board 1994-2005. Prior to 1998 served as Executive Vice President of Nokia APAC and President of Nokia Telecommunications, Cellular Systems.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Fortum Corporation, Member of the Board of Directors of Hewlett-Packard Company. Member of Supervisory Board of Daimler AG. Chairman of the Board of Directors of Savonlinna Opera Festival. Serves also on Boards of Finnish Business and Policy Forum EVA and John Nurminen Foundation.
- Holdings: number of shares 99.601

[Pertti Ervi](#)

Board member since 2003, Chairman of The Audit Committee
b. 1957, B.Sc. (Electronics)

- Main employment history: Currently works as an independent management consultant. Co-founder of the Computer 2000 Finland Oy in which served as an MD until 1995. After that worked until 2000 as a Co-President for Computer 2000 AG international headquarters in Germany. Has worked with international management level with major IT vendors such as Cisco, IBM, Intel, HP and Microsoft.

- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Inventure Oy, Nevtor Oy and Efecte Corporation. Chairman of the Board of Directors of Ixonos Plc and Member of the Board of Directors of Teleste Corporation.
- Holdings: number of shares 35.601

Juho Malmberg

Board member since 2008

b. 1962, M.Sc. (Computer Science)

- Main employment history: Member of Executive Board of KONE Corporation since 2006.
- Currently, since November 2010, serves as an Executive Vice President, Customer Experience and prior to his current position worked as an Executive Vice President for Global Development. Prior to KONE Corporation worked in Accenture as Managing Director of Accenture Finland 2002-2005, Director of Nordic Outsourcing Business in 2005, Deputy Managing Director 1999-2002 and Technology Director 1992-1999. Member of the Board in Kuntien Tiera Oy.
- Holdings: number of shares 29.202

Anu Nissinen

Board member since 2010

b. 1963, M.Sc. (Economics)

- Main employment history: Currently serves as CEO of Sanoma Media Finland Oy and as Member of Executive Board of Sanoma Corporation. Prior to this position worked as President of Sanoma Entertainment Oy. President of SW Television Oy / Welho, Marketing Director of Helsinki Televisio Oy and Marketing Manager of Oy Sinebrychoff Ab.
- Main Board Memberships and public duties currently undertaken: Member of the Board of Directors of DNA Ltd.
- Holdings: number of shares 9.571

Executive team

Christian Fredrikson

President and CEO (as of January 16, 2012)

b. 1964, M.Sc. (Engineering)

- Main employment history: Joined F-Secure in 2012. Previously was responsible for global sales for Network Systems business unit at Nokia Siemens Networks. Furthermore, past positions include Head of Asia Pacific Region at Nokia Siemens Networks and Head of OBS Business Unit (Operations and Business Software), including R&D and sales. Joined Nokia in 1994, and has held several executive level positions in the company.
- Holdings: -

Pirkka Palomäki

Chief Technology Officer

Interim CEO (November 2011-January 2012)

b. 1970, M.Sc. (Engineering/Industrial Management)

- Main employment history: Joined F-Secure in 1997 and has previously headed Product Management, Marketing and

R&D in F-Secure. Prior to F-Secure worked for Telecom Finland (currently TeliaSonera) in the field of marketing, business development and development management for data communication services.

- Main Board Memberships and public duties currently undertaken: Member of the Board of Directors of Tivit Oy since 2010. Member of VTT Technical Research Centre of Finland's Advisory Board for "ICT and Electronics" since 2010.

Holdings: number of shares 28.918, 2005 D options 60.000

[Ari Alakiuttu](#)

[Vice President, Human Resources](#)

[b. 1967, M.Sc. \(Engineering\)](#)

- Main employment history: Joined F-Secure in 2000 and served as Vice President, Products & Services and held positions in Product Management, Product Marketing and Channel Development until 2008. Prior joining F-Secure worked for Tellabs and for Nokia in the fields of product management and product development.

Holdings: number of shares 16.954, 2005 D options 40.000

[Tuomas Hyryläinen](#)

[Vice President, Strategy and M&A](#)

[b. 1977, M.Sc. \(Economics\)](#)

- Main employment history: Prior joining F-Secure 2010, headed strategy for Nokia Devices at Nokia Corporation. In his earlier career, worked for Nokia Mobile Phones as Head of Strategy Development and has held various strategy and business development related positions at Nokia Technology Platforms and VDSL Systems, a Finnish technology start-up company.

Holdings: 2005 D options 100.000

[Samu Kontinen](#)

[Vice President, Sales and Marketing](#)

[b. 1973](#)

- Main employment history: joined the company in 2005 and has held several sales and channel management roles, including a position of Director of Regional Operations, covering F-Secure operations in +20 countries in EMEA. Prior to his current position worked as a Vice President of Mobile Business Unit. Before joining F-Secure he held a Vice President position at Valimo Wireless Ltd 2001-2005.

- Main Board Memberships taken: Member of the Board in Ixonos Plc.

Holdings: number of shares 16.954, 2005 D options 20.000

[Maria Nordgren](#)

[Vice President, Channels](#)

[b. 1964, M.Sc.](#)

- Main employment history: Executive Team since 2010. Joined F-Secure in 2005 and has held several international sales and channel management roles, as well as well as the position of Vice President of the Corporate Business Unit.

Prior joining F-Secure she has held management positions in smaller Finnish software companies such as DeskArtes, which she co-founded and later headed.

Holdings: number of shares 8.476

Kari Penttilä
Vice President, Research & Development
b. 1963

- Main employment history: Before joining F-Secure in 2010, worked as a Development Director at FreeDropInnovations Oy. Earlier on in his career he has been working in business, technology and product development management positions in Internet and telecom business areas for Iobox Oy, Oplayo Oy, Tecnomen Oy and Blyk Ltd.

Holdings: -

Antti Reijonen
Vice President, Portfolio & Solution Management (until January 31, 2012)
b. 1974, M.Sc. (Engineering), MBA

- Main employment history: Joined F-Secure in 2007 and before his current position served as a VP for Strategy and VP, Consumer Business and Marketing. Previously worked for Nokia Networks Services as Director of Strategy and Portfolio in Consulting & Integration service business. Prior to Nokia served as Engagement Manager with McKinsey & Company.

Holdings: number of shares 51.954

Patrik Sallner
Vice President, Professional Services
b. 1970, M.Sc. (Technology Management), MBA,
M.A. (International Studies)

- Main employment history: Joined F-Secure in January 2010 and was prior to his current position Vice President, Mobile and Storage business units. Before joining F-Secure, he built up and led the Hosting Line of Business in Nokia Siemens Networks. Worked for several years at Nokia in various management positions in mobile phone product development and strategy and innovation, including running a cross-functional Corporate Strategy unit called Insight & Foresight. Previous experience in management consulting at McKinsey & Company in France and Finland.

Holdings: -

Taneli Virtanen
Chief Financial Officer
b. 1965, M.Sc. (Economics)

- Main employment history: Prior to joining F-Secure in 1999, Mr. Virtanen worked for Santasalo-JOT Group as Group Controller.

Holdings: number of shares 31.954, 2005 D options 15.000

Kimmo Alkio was President and CEO of F-Secure until October 31, 2011.