

2012 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, rules of Helsinki stock exchange as well as with 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 briefly below. In addition, in 2012 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 corporate governance practices of the company is available on F-Secure Corporation's 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, 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, determine dividends and select auditor 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 2012, the Annual General Meeting was held in Helsinki, HTC Ruoholahti on April, 3. The decisions made by the AGM 2012 are presented in detail in the Board of Directors' report for 2012.

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 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 2012

According to the decision of the Annual General Meeting 2012, 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 2012, the Board of Directors held 10 meetings and the attendance was close to 100%. The Board of Directors focused, besides their ongoing duties, especially on the execution of the Company's growth strategy, introduction of the new CEO, restructuring of the organization, new leadership nominations and product creation capabilities. 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. The Company has three channels for its products, while Operators are currently the biggest channel. The Company's strategy is described in more detail in the Board of Director's report for 2012.

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

The charters of both Committees are available on the Company's web pages under About F-Secure > 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 2012, the Audit Committee held 5 meetings and the attendance was close to 100%.

In 2012, the Audit Committee covered topics widely within the charter focusing on internal and external IT (hosting). Furthermore, the Committee assessed efficiency of internal control systems and risk management process and practices including financial and legal 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 5 meetings in 2012 and the attendance was close to 100%.

In 2012, the Executive Committee focused especially on the re-organization of the Company and new leadership nominations. Other tasks comprised of 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 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 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 Interim CEO of the Company was Pirkka Palomäki during November 1, 2011 - January 15, 2012. **Christian Fredrikson** started as President and CEO as of January 16, 2012.

Leadership Team

The Leadership Team supports the CEO in 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. The bonuses and granting of stock options are based on the performance of the Company and the individual. The Leadership Team meets regularly once a month and separately as needed.

The Leadership Team currently consists of the following persons: **Christian Fredrikson** (President and CEO), **Pirkka Palomäki** (Chief Strategy Officer), **Ari Alakiuttu** (Vice President, Human Resources), **Taneli Virtanen** (Chief Financial Officer), **Pekka Usva** (Vice President, Corporate Security), **Samu Konttinen** (Executive Vice President, Customer and Market Operations), **Jari Still** (Vice President, Research & Development), **Maria Nordgren** (Vice President, Consumer Security) and **Timo Laaksonen** (Vice President, Content Cloud).

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 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.

CEO and the Leadership Team are presented later as a 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 at least once a year.

For 2012, F-Secure Corporation's auditor was Ernst & Young Oy, an auditing company 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 2012, the Company paid for auditing services a total of EUR 144 917 (2011: EUR 148 493) and EUR 101 896 (2011: EUR 144 946) 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, financial reporting and that management information is reliable and in compliance with applicable regulations and operating principles.

Internal control consists of all the guidelines, policies, processes, practices 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 various 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 2012, the controlling team focused especially on the financial management of the new organization structure. Another focus area continued to be financial support for the Content Cloud business and its restructuring. Furthermore, other important focus areas were financial monitoring of market expansion to Latin America as well as activation 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. These guidelines and policies 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

Risk management is an integrated part of F-Secure's governance and management. The goal is to support the achievement of the Company's objectives and continuity of the operations by ensuring that the Company:

- has comprehensive understanding of major risks, both opportunities and threats
- takes proactive action to manage opportunities and threats
- has systematic means to identify, analyze, evaluate and control risks
- has clear understanding of roles and responsibilities regarding risk management
- has systematic means 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 responsibilities have been appropriately delegated for Risk Management.

The Board of Directors is responsible for approval of the Risk Management Policy and determines the company's overall risk attitude. 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 the Leadership Team are accountable to the Board for approving the Company's risk management standards and ensuring they are applied in a constant manner across the organization.

Corporate Risk Management function provides and maintains a process to identify, analyze, evaluate and treat of risks. Risk assessments are conducted twice a year as part of the biannual company planning cycle. Company level risk profile is approved by the Leadership Team. Leadership Team conducts a company level risk review biannually in sync with the operational planning. 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.

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. 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.

During 2012, the most significant risks relate to 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 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 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 defined in the Finnish Securities Markets Act are not entitled to trade shares, options or other securities 21 days prior to 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 with a duty to declare can be found on the company's website.

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

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. F-Secure's web site contains all information made public according to the disclosure requirements for listed companies.