

WE HELP OUR CUSTOMERS FIGHT AGAINST CYBER THREATS

A FRONT RUNNER IN CYBER SECURITY

In the digital and connected world we currently live in, cyber attacks and malware have the ability to seriously damage global businesses, result in losses of hundreds of millions of euros, and even cause human suffering. For 30 years, F-Secure has been committed to helping people and businesses fight these cyber threats. Improving our customers' security, resilience, and the sustainability of their digital lives or businesses, is why we exist. We believe that through our core business and everyday actions we play a vital role in ensuring the functioning of modern society, and help to maintain trust between people and organizations. Internally, we emphasize the importance of a sense of fellowship among our employees, and we have always put a strong emphasis on shared core values.

2018:

There were several positive developments during the year. The number of employees increased significantly as a result of a major acquisition and continued active organic recruiting. The share of female managers increased, whereas the number of sick leaves decreased. From an environmental perspective, electricity consumption in both offices and IT servers decreased, as the Kuala Lumpur office was relocated to a more energy efficient building, and the on-going transition from co-location servers to the cloud continued. Emissions from air travel increased significantly, mostly as a result of the reporting scope being expanded to cover the acquired offices.

F-Secure is committed to sustainable practices in carrying out our business. Corporate responsibility is led by the CEO with the support of the Leadership Team, and with the Board of Directors approving the annual non-financial information review. To ensure that corporate responsibility is integrated into all business operations, governance and compliance processes have been established.

This statement lists key areas of responsibility that are considered most material in accordance with the Finnish Accounting Act. Corresponding aspects have been listed in the company's Code of Conduct, the summary of which is available on the company's website. Each employee of F-Secure is expected to know and comply with this code and report any suspected violations that they become aware of according to the applicable whistleblowing processes. F-Secure's subcontractors are also requested to act in compliance with this code or a corresponding code of their own.

F-SECURE'S BUSINESS MODEL AND VALUE CREATION

Every day, experts at F-Secure Labs analyze around 350,000 unique potential malware samples, equaling hundreds of potential new threats every minute. Our cyber security consultants help many of the world's leading companies to predict, prevent, detect and recover from the most advanced cyber attacks.

By combining sophisticated technology with machine learning and human expertise, F-Secure provides a comprehensive offering of security products and cyber security services for both corporate customers and consumers.

For businesses, we offer vulnerability scanning and management solutions, endpoint protection products, detection and response solutions, as well as comprehensive security and risk assessment services for top management, along with technical consulting. For consumers, we offer security and privacy solutions for all connected devices. Our products and services offer our customers best-in-class security as has been proven by several independent research institutions. For example, AV-TEST has given F-Secure the Best Protection

award for superior technology five times during the past seven years – no other company has achieved this.

We offer our products and services to defend thousands of companies and millions of people around the world through our network of around 200 telecommunications operators and thousands of IT service and retail partners. With our partner-led business model, trust has always been a cornerstone of all our operations.

F-Secure strives to cooperate with authorities and law enforcement to investigate online crime, and to bring criminals to justice. In fact, our security experts have participated in more European cybercrime investigations than any other company in the industry. That said, our products are always developed independent of governmental direction.

In our industry, it is critical that appropriate care is taken when handling customer information. Respecting customer privacy is an integral part of our company culture, and F-Secure has published its privacy principles on the company website. When protecting our customers against cyber threats, we strive to do so with minimum risks to their privacy. All F-Secure

employees commit to protecting the confidentiality of customer data.

2018:

F-Secure implemented processes to ensure compliance with General Data Protection Regulation (GDPR) when processing personal data.

Material aspects

While we view improved security of our customers as our key contribution to and impact upon society, this report concentrates on information regarding environmental matters, social and employee-related matters, respect for human rights as well as anti-corruption and anti-bribery matters. Risks, risk management, applicable policies and due diligence processes, outcomes of policies, and key performance indicators have been listed for each of these aspects.

Within each aspect, we have tried to identify topics most relevant for F-Secure. Unless otherwise stated, focus areas are material for the whole company.

	Focus area	Key aspects	Policies	Key performance indicator	
CEO and the Leadership Team	SOCIAL AND EMPLOYEES: We value our employees	<ul style="list-style-type: none"> – Securing the right competencies – Ensuring equality, equal opportunity and diversity – Ensuring the wellbeing of employees 	Code of Conduct	<ul style="list-style-type: none"> – Recruitment Policy – Development and training guidelines – Co-operation review policy – Harassment prevention policy – Equality plan 	Employee NPS score
	ANTI-CORRUPTION AND HUMAN RIGHTS: We operate responsibly	<ul style="list-style-type: none"> – Fighting corruption and bribery – Being responsible in procurement 		<ul style="list-style-type: none"> – Supplier Code of Conduct – Purchase order process – Anti-corruption policy 	Number of reported violations
	ENVIRONMENT: We respect the planet	<ul style="list-style-type: none"> – Reducing energy consumption and waste in our offices – Reducing energy consumption from IT operations – Travelling sensibly 		<ul style="list-style-type: none"> – Office Environmental policy – Travel policy 	Total electricity consumption (kWh) in offices Electricity consumption (kWh), co-location servers

EMPLOYEE AND SOCIAL MATTERS:

WE VALUE OUR EMPLOYEES

F-Secure employs over 1,600 security experts, product developers, sales people and other employees globally. F-Secure's HR practices emphasize the importance of fellowship, and the company has always put an emphasis on shared values.

As a whole, the cyber security industry is facing increasing competition and there is structural undersupply of suitable experts. Due to this, the most significant risk related to employee and social matters is the company's ability to identify, attract, retain and develop talent to support the company's growth. Additionally, in a rapidly evolving industry, the company must also be able to ensure employees constantly update their competences according to market needs. Other important employee-related issues include employee well-being, a healthy work-life balance, and ensuring equality and equal opportunities.

F-Secure strives to:

- attract and retain the right competencies and enable people to develop themselves
- ensure everyone has an equal opportunity to achieve their maximum potential
- ensure the wellbeing of each employee, and that everyone is valued and treated with respect

To measure success, the company conducts an Employee Net Promoter Score (eNPS) survey among staff to measure employee loyalty biannually.

Human Resources is responsible for developing people management processes, tools, and ways of working. The company's Leadership Team is responsible for following up on the results of the eNPS survey and ensuring corrective action plans are developed.

Securing the right competencies and constant development

Successful recruitment is crucial for F-Secure's business success. Our aim is to ensure that we hire professionals with competencies that are in line with F-Secure's business objectives, culture and values. An internal global recruiting policy gives guidance to managers to ensure consistency and equal treatment of candidates, as well as to provide candidates a positive experience with the company.

After recruitment, the responsibility for competence development lies both with the individual employee and his or her manager, as well as with the company. An internal development and training guideline addresses the roles and responsibilities as well as practices related to learning and personal development.

F-Secure has a number of development programs and training available for both managers and employees including:

- Leadership development programs
- Network mentoring programs
- Cyber security competence development
- On-site coaching for employees working at headquarters

2018:

The number of employees continued to increase especially due to the acquisition of MWR Infosecurity, which grew the number of employees by about 400. Besides this, F-Secure continued to recruit sales persons, product developers, cyber security consultants and other experts to support the company's growth. In total, the company saw a net addition of 562 employees throughout 2018.

The company decided to implement a rolling objective setting where individual goals are set on a quarterly basis from 2019 onwards. Furthermore individual competence development will be discussed at least twice a year in Growth Discussions. The aim of the renewal is to concentrate on constant development, growth and feedback. An internal cooperation review policy addresses the responsibilities and practicalities of this process.

Ensure equality, equal opportunities and diversity

F-Secure is a very diverse workplace. In 2018, we employed 65 different nationalities by the end of 2018, a large part of which are also represented at the company headquarters. Our commitment to equality of opportunity is clearly explained in our Code of Conduct.

Employment is based solely upon individual merit and qualifications related to professional competence. We treat all of our employees, candidates, customers and business partners fairly and equally, without regard to sexual orientation, gender, race, religion and age, according to applicable laws and practices. We prohibit discrimination or harassment of any kind. An internal Harassment Prevention Policy gives instructions on how to manage potential violations.

Violations of any of the aforementioned policies are closely monitored. Violations may be reported either to the HR team, Compliance Team or to the Board of Directors according to instructions given. The Compliance Team reviews all reported cases and decides on further actions. Third-party experts are

consulted if necessary. Decisions by the Compliance Team are presented to the Leadership Team or the Board of Directors for review. Violations are reported as part of non-financial reporting where such third-party expert needs to be consulted.

2018:

The share of female managers increased, and the share of female employees was almost at the previous year's level.

No violations passing the reporting threshold were reported to the Compliance Team or Board of Directors during 2018.

Ensure the wellbeing of employees

In ensuring the wellbeing of employees, F-Secure emphasizes the importance of good leadership in addition to a preventative approach to health care.

Every employee globally is entitled to basic health care services, but practices vary locally. In certain regions, employees are provided with additional sports benefits, and extended health care services according to local practices. Also, in some locations there are additional benefits such as the possibility to arrange a caretaker for a sick child. The company allows for flexible working hours and the possibility of working remotely. F-Secure offers voluntary wellbeing lectures and training for both employees and managers.

F-Secure closely monitors employee sick leaves. In case of longer sick leaves, the company supports employees, and assists them in returning back to work.

2018:

The number of sick leaves continued to decrease.

ANTI-CORRUPTION AND HUMAN RIGHTS:

WE OPERATE RESPONSIBLY

F-Secure transacts with approximately 4,000 suppliers every year. While the majority of F-Secure's business is considered to be in low-risk regions in terms of human rights violations, we acknowledge the need to stay alert for possible violations, and evaluate all new partnerships critically. Bribery and corruption are risks for all companies, and have a detrimental impact on business by undermining good governance and distorting free markets.

We are committed to applying the highest standards of ethical conduct and integrity in our business activities. Similarly, we strive to minimize risks associated with our suppliers.

F-Secure respects human dignity and promotes human rights, and requires respect for the same principles from every F-Secure employee, including freedom of association, freedom of thought, conscience and religion and freedom of opinion and expression. Also, we do not tolerate working conditions that are in conflict with international conventions or practices, and support Conventions of the International Labor Organization (ILO). This is clearly explained in our Code of Conduct.

Preventing corruption and bribery

Every employee and individual acting on F-Secure's behalf is responsible for conducting company business honestly and professionally. We do not tolerate any form of bribery by, or of, our employees or any persons or companies acting for it or on our behalf.

The Code of Conduct explains F-Secure's general commitment to ethical conduct. We have also issued a specific Anti-Bribery Policy that applies to all employees. It defines the rules to be applied related to gifts, hospitality, travelling and accommodation, specific terms concerning governmental officials, as well as the process for escalation as needed. The company expects suppliers, subcontractors and partners to comply with the policy or a policy of their own – of a similar or higher standard. Ethical practices are emphasized in contracts and the company engages in continuing dialogue with relevant stakeholders.

To evaluate success, F-Secure closely follows all reports of potential violations. Any suspected breaches must be reported, and each alleged violation is investigated in an appropriate and fair manner. Any breach will be dealt with according to relevant policies and laws.

Anti-corruption processes are managed by F-Secure's legal team.

2018:

No violations of Anti-Bribery Policy were reported in 2018.

Responsible supplier management

The majority of F-Secure's suppliers are considered to be low-risk. In terms of spending, the majority of suppliers provide operating services and marketing services, which represent over 50% of the total supplier spend. Operating services include outsourced sales and product development services, as well as royalties for third-party technology providers. Marketing services include local advertising, as well as search engine and social media advertising. Other significant suppliers include providers of production services, office space rental costs, management consulting, auditing, HR services, and IT equipment and licenses.

F-Secure has a Supplier Code of Conduct, which is a part of the F-Secure agreement template and sets the standard compliance requirements for new agreements. The Supplier Code of Conduct covers both anti-corruption and bribery as well as human rights issues.

When considering new suppliers, each function evaluates the need for supplier auditing together with F-Secure's procurement function. F-Secure offers training to employees who select suppliers and are involved with preparing requests for proposals (RFP) or drafting agreements to enable them to assess the possible risks and take appropriate precautions.

If deemed necessary, the supplier will be issued with a detailed survey focusing on key issues, including responsible business procedures. The supplier must have a process in place to verify compliance with the Supplier Code of Conduct and must participate in a self-assessment process organized by F-Secure if requested. F-Secure has the right to audit how suppliers and sub-contractors fulfill the Supplier Code of Conduct or corresponding requirements. For any identified non-compliances with the Code of Conduct, the supplier must provide a corrective action plan to be approved by F-Secure.

2018:

No violations of the Supplier Code of Conduct were reported in 2018.

During 2018 F-Secure initiated a process to ensure that the newly acquired MWR Infosecurity follows F-Secure processes and guidelines in future agreements. Significant existing agreements will also be reviewed for possible actions.

ENVIRONMENTAL MATTERS:

RESPECT FOR THE PLANET

The majority of F-Secure's business activities involve the development, production and delivery of software and professional services. Due to this, the company's direct environmental impact is limited, and associated risks to the environment are not considered significant. The company's environmental footprint derives primarily from the use of electricity for office activities – including heating and cooling – as well as the use of electricity from IT operations. Additionally CO₂-emissions are created by business travel, and a limited amount of waste is generated by office activities.

F-Secure acknowledges climate change and other environmental impacts are both global as well as local concerns, and the company strives to minimize its impact. F-Secure has a precautionary approach to environmental challenges, as stated in our Code of Conduct. We seek to ensure compliance with local legislation, and aim to continuously increase the energy efficiency of our operations and reduce the amount of waste. Where possible and practical, we give preference to ecologically sound suppliers' products and services. Only a very limited amount F-Secure's sales involve physical products, and when they do, packages are made from recycled materials.

To evaluate our success in limiting our environmental impact, F-Secure conducts an annual energy review to estimate our total direct consumption of electricity at company level.

Reducing energy consumption and waste in our offices

F-Secure has offices in 29 locations globally. The majority of operations are concentrated in Helsinki and Oulu in Finland, London in the UK, Kuala Lumpur in Malaysia, Johannesburg in South Africa, Poznan in Poland as well as a number of smaller offices throughout Europe, Asia and the Americas.

The company rents office facilities from local real estate providers. Typically a lease agreement includes service charges for electricity and heating, as well as handling of a limited amount of waste generated by office activities. Paper, bio and energy waste are primarily recycled according to local practices. Hazardous waste consists solely of batteries, which are disposed of at suitable recycling points. Electronic

waste is recycled carefully and, as appropriate, with careful attention to ensuring that confidential waste is specifically managed. Confidential paper waste is also managed with special care.

The company has an Office Environmental Policy, which sets out the principles of the company's approach to protecting the environment. The policy also sets out the steps the company and all employees should take to comply with the rule in detail, and improve the environmental efficiency of our operations.

Office processes are managed by F-Secure's HR & Office Services team.

2018:

F-Secure expanded the scope of the energy review to cover the acquired offices.

The company implemented a new Office Environmental Policy, created during the previous year.

Office services initiated a discussion at each company office about environmental best practices, with the aim of developing improvement plans. We continued to challenge our premises' owners to provide electricity from renewable sources. For example, in Malaysia, the company moved to a more energy efficient office, resulting in a significant decrease in electricity consumption.

During 2019, F-Secure will continue to roll out an environmental impact improvement program at each location to monitor and measure concrete steps taken.

Reducing the energy consumption of IT operations

F-Secure uses both private servers and third-party cloud platforms to develop and run its services.

Currently, approximately 40% of the computing capacity is in co-location facilities (2017: 70%), where F-Secure also operates the infrastructure. With third-party cloud platforms, F-Secure mainly partners with Amazon Web Services (AWS) as well as Microsoft Azure.

In co-location facilities, F-Secure is able to directly measure electricity consumption on a monthly basis. F-Secure utilizes server hardware with good energy efficiency (Energy Star), and in Finland the company's main data center vendor is 100% powered by wind energy.

For third-party providers, electricity consumption data is not available, as electricity costs are part of the overall service contract. That said, AWS, the main service partner, has publicly announced a goal of being 100% powered by renewable energy, and in January 2018 they reached 50%. Microsoft has also committed to reducing their carbon footprint by 75% by 2030 against a 2013 baseline.

Going forward, F-Secure plans to increase the use of third-party providers and decrease the amount of privately operated co-location servers. The transition is expected to increase the company's overall energy efficiency and lower total consumption, as third-party providers are running the more energy-efficient servers.

All computing capacity is centrally-managed by the Production & IT unit.

2018:

F-Secure continued to increasingly outsource the company's server activity. The transition is expected to increase the company's overall energy efficiency.

Travelling sensibly

As F-Secure's business grows and expands geographically, more travelling to customer premises is often required.

F-Secure has a Travel policy, which aims to reduce the environmental impact of travelling, minimizing energy consumption and emissions by choosing environmentally friendly means of travelling. The policy requires a pre-approval of employee travels, and the policy also encourages employees to use online conferencing tools when collaborating with our internal and external stakeholders. When travelling, the

company recommends using public transport when feasible and train instead of flights.

In order to have better management of the overall travel and travel management, F-Secure is consolidating the company's travel agency agreements from country-specific solutions to a centralized solution.

2018:

The company's travelling emissions increased significantly in 2018 due to the inclusion of the acquired MWR InfoSecurity (as of the second half of 2018). Emissions figures also increased because the scope of reported travelling-related emissions was expanded to cover more F-Secure offices. Currently European offices are included, covering a clear majority of the company's employees. The company aims to include data from more offices, as data become available.

Table section

EMPLOYEE AND SOCIAL

Key performance indicator	2018	Change	2017	Description
Employee Net Promoter Score ¹⁾	H1: 23 H2: 21 ²⁾	+256% +161%	H1: 9 H2: 13	Key performance indicator of overall employee wellbeing.

¹⁾ The Net Promoter Score measures employee satisfaction by asking people how likely it is that they would recommend F-Secure as an employer. The score is derived by deducting the share of employees giving low scores (0 to 6, “detractors”) from the share of employees giving high scores (9 to 10, “promoters”). Scores from 7 to 8 are considered neutral.

²⁾ H2 also includes the employees of the acquired company.

2018:

During the year, F-Secure’s overall Employee Net Promoter Score developed positively compared to the previous year.

Other metrics	2018	Change	2017
Number of employees	1,666	+51%	1,104
Share of women, of total employees	22.5%	-1%	22.7%
Share of women, of managers ³⁾	19.5%	+22%	15.9%
Sick leaves, % ⁴⁾	1.9%	-39%	3.11%

³⁾ Includes line managers

⁴⁾ Sick leave percentage is the average amount of sick days per employee. The figure includes personnel in Finland only, which represents 37% of total employees.

2018:

The number of employees increased significantly especially due to the acquisition in July, but also organically. During the year, F-Secure continued efforts to recruit more female managers in particular. The share of female managers increased significantly, and the share of female employees was almost at the previous year’s level. That said, the industry continues to face a common challenge in the low availability of female experts in cyber security which originates from the skewed gender distribution among students in technology. The number of sick leaves continued to decline during 2018.

ENVIRONMENTAL

Key performance indicator	2018	Change	2017	Description
Electricity consumption, co-location servers, MWh ¹⁾	1,081MWh	-31%	1,564 MWh	Key performance indicator for the transition to more efficient computing.
Electricity consumption, offices, MWh ²⁾	1,236 MWh	-7%	1,322MWh	Key performance indicator for increasing energy efficiency in offices.

Other metrics	2018	Change	2017
Travelling emission, CO ₂ , 1,000 kg ³⁾	897.5	+60%	559.5

2018:

The emissions from travelling increased mainly due to the inclusion of the acquired MWR InfoSecurity’s operations in the reporting, but also because the scope of reported emissions was expanded to cover more offices. Currently European offices are included, covering a clear majority of the company’s employees. The company aims to include data from more offices, as the data become available.

The decreasing electricity consumption by offices was a result of the Kuala Lumpur office relocating itself into KL Eco City, resulting in significant electricity usage savings.

The decreasing electricity consumption by co-location servers was the results of closing down one of the data centers, as its operations were moved to a third-party cloud platform. The increasing cloudification is expected to increase the energy efficiency of IT operations.

¹⁾ For 2017, the electricity consumption of co-location servers includes two server facilities at undisclosed locations. In September 2018, one of the server facilities was discontinued.

²⁾ The electricity consumption of offices includes approximately 90% of F-Secure’s offices, as a percentage of total employees. Excluded offices are Oulu (Finland), Paris (France), St. Petersburg (Russia), Stockholm (Sweden), New Jersey (US), San Jose (US), Trieste (Italy), Berlin (Germany) and Utrecht (Netherlands).

³⁾ The CO₂ emissions from travelling include air travel only and are based on calculations provided by the company’s travel agency. Reported emissions include flights of European based staff, which represents a clear majority of the company’s staff.

Helsinki, 13 February 2019
F-Secure Corporation

Board of Directors

Risto Siilasmaa
Christine Bejerasco
Pertti Ervi
Matti Heikkonen
Bruce Oreck
Päivi Rekonen

President and CEO

Samu Konttinen