



SSH COMMUNICATIONS SECURITY CORPORATION

CORPORATE GOVERNANCE STATEMENT

FEBRUARY 26th, 2015



CORPORATE GOVERNANCE STATEMENT 2015 OF SSH COMMUNICATION SECURITY

SSH Communications Security Group comprises of SSH Communications Security Corporation (“SSH”) and its subsidiaries. SSH is registered in Helsinki, Finland and is a publicly listed company in NASDAQ OMX (SSHV01). Its subsidiaries are SSH Communications Security, Inc. (USA), SSH Communications Security Limited (HK) that operates in Asia Pacific, SSH Solutions Ltd. (FIN) and SSH Operations Ltd. (FIN) which has a branch in Germany. In addition, SSH Government Solutions, Inc. (USA, 100% owned) and SSH ROKITT Services and Solutions Ltd. (England) were established in 2014. SSH owns 50% of the shares in SSH ROKITT Services and Solutions Ltd.

SSH abides by its Articles of Association as well as principles of sound corporate governance, and high ethical standards in its governance and decision-making. The company complies with the Finnish Companies Act and securities market legislation and Finnish Corporate Governance Code 2010 adopted by the Securities Market Association. The Code is available at www.cgfinland.fi. The Corporate Governance Statement of SSH can also be reviewed at SSH’s website www.ssh.com.

SSH COMMUNICATIONS SECURITY’S ADMINISTRATIVE BODIES

The General Meeting is where shareholders exercise their voting rights and is SSH Communications Security’s highest decision-making body. The Annual General Meeting (AGM) elects the Board of Directors, which in turn appoints the CEO. The Board of Directors and CEO are responsible for the management of the Group. The Executive Management Team and other management personnel assist the CEO in his duties. The Board of Directors decides on the Group’s administrative systems and ensures compliance with good governance principles.

ANNUAL GENERAL MEETING

The Annual General Meeting is held within six months of the completion of the company's fiscal year, at a time decided by the Board. The AGM decides on matters as required in the provisions of the Companies Act and Articles of Association, such as adoption of the year-end financial statements, profit distribution, and the granting of discharge from liability to the members of the Board of Directors and to the CEO. The AGM also elects the members of the Board of Directors and the auditors and decides on the fees that will be paid to them. Extra ordinary general meeting can be called as defined in Companies Act. Each SSH share conveys one vote at the shareholder’s meeting.



BOARD OF DIRECTORS

In accordance with the company's Articles of Association, the Annual General Meeting appoints three to eight members to the Board of Directors. Their term of office ends with the closing of the next Annual General Meeting following their appointment. The Board has a quorum when more than half of its members are present. The company's Articles of Association do not restrict the members' terms in office or present any specific selection criteria for the members. The Board elects a chairperson from among its members.

The Board of Directors handles the company's administration and the appropriate arrangement of its operations. The Board also ensures that the supervision of the bookkeeping and asset management is appropriate. The Board of Directors decides on matters of principle and on any issues that would have broad-ranging implications for the company. The Board's task is to steer the company's operations in a manner that will add the greatest possible value to the company's invested capital over the long term.

The Board appoints and dismisses CEO, supervises his or her actions, and decides on his or her remuneration and other terms and conditions of service. The Board also approves the Group's strategy, operating principles and guiding values, and ensures that they are up to-date and correctly implemented. The Board also ensures that the Group has a functional system of internal controls and that the Group's risk management principles have been defined. It also ensures that key business risks have been identified and are being systematically monitored. The Board approves the operational guidelines and annual plan for the internal audit, and also assesses its effectiveness.

SSH Board of Directors convened 16 times in 2014. The average attendance rate of Board members was 97,9 percent.

The Board evaluates its operations and processes to increase efficiency and quality. An internal self-evaluation is conducted once a year.

Due to the relatively small size of the company and number of Board Members currently, SSH Communications Security has no separate Committees of the Board.

BOARD OF DIRECTORS – MEMBERS

The Annual General Meeting held on 25 March 2014 elected Timo Syrjälä (chairman until October 2, 2014, board member after October 2, 2014), Tatu Ylönen (chairman from October 2, 2014) and Päivi Hautamäki as members of the Board of Directors.

Currently, a majority of the Board members are considered independent of the company. Päivi Hautamäki and Timo Syrjälä are deemed to be an independent Board member. Not independent



Board member is Tatu Ylönen. Tatu Ylönen is Chairman of the Board, Chief Innovation Officer and the largest shareholder who owns directly and through his holdings about 57.2 percent of SSH Communications Security shares. The company's CFO acts as secretary to the Board.

Tatu Ylönen, born 1968, Lic.Sc (Tech)

Chairman of the Board

Major shareholder, CEO until October 2, 2014, CIO from October 2nd, 2014.

While working as a researcher at Helsinki University of Technology, Tatu Ylönen began working on a solution to combat a password-sniffing attack that targeted the university's networks. What resulted was the development of the Secure Shell (SSH), a security technology that would quickly replace vulnerable rlogin, TELNET and rsh protocols as the gold-standard for data-in-transit security.

Tatu has been a key driver in the emergence of security technology including SSH & SFTP protocols and co-author of globally recognized IETF standards. He has been with SSH Communications Security since its inception in 1995 holding various roles including CEO, CTO and as a Board Member.

Currently Tatu acts as Chief Innovation Officer of SSH Communications Security, bringing his exceptional experience as a security innovator to the company's product line.

Tatu holds a Licentiate of Science degree from Aalto University.

Tatu Ylönen owns 17.727.698 SSH shares (holdings of interest parties included).

Timo Syrjälä, born 1958, M.Sc. (Economics)

Board member

Chairman of the Board Maijos Oy

Timo Syrjälä has more than 30 years of experience in capital markets and has spent the last 10 years as a private investor and a non-executive director in several firms. Prior to joining the Board of SSH Communications Security, he served on the Boards of several leading technology firms including Stonesoft and Efore. Earlier in his career, Timo held executive and managerial positions in management consulting, asset management and investment banking in Finland.

Timo has a Master of Science degree from Aalto University.

Timo Syrjälä owns 276.895 shares and 1.261.720 nominee reg. shares (holdings of interest parties included).



Päivi Hautamäki, born 1964, Master of Law, LL.M.
Board member
General Counsel at Eltel Group

Päivi Hautamäki has extensive experience of more than 15 years in energy, IT and industry field. She is the General Counsel at Eltel Group. Prior to joining the company in 2012, she was the General Counsel at F-Secure Corporation, an anti-virus and computer security and computer software company, the Legal Counsel at Fortum Oyj, a Finnish energy company, and the General Counsel at Winwind Ltd, a wind turbine manufacturer. She is also a member of the IPR committee of the Board of Central Chamber of Commerce in Finland and a Member of the Board of Finnish Industrial Lawyers.

Päivi has a Master of Law degree from Helsinki University.

Päivi Hautamäki does not own any SSH shares.

CEO AND EXECUTIVE MANAGEMENT TEAM

The SSH Communications Security Board of Directors appoints the CEO and decides the terms of his or her service contract. The CEO is in charge of the company's operative management in accordance with the Finnish Companies Act and the instructions and authority provided by the Board of Directors. The company's CEO is Harri Koponen. The CEO's retirement age and determination of pension comply with standard rules under the Employees' Pension Act. The period of notice for the CEO is six months. There is no separate severance payment agreed. The Managing Director is entitled to annual bonus scheme which will be decided by the Board of Directors every year during the first quarter or latest one month after Annual General Meeting. For reaching FY2015 performance criteria decided separately by the Board of Directors, maximum bonus is EUR 240,000.

The Executive Management Team supports the CEO in managing and developing SSH Communications Security Group, and the members of the Executive Management Team report to the CEO. The Executive Management Team meets regularly and the meetings are chaired by the CEO. All issues addressed in the meetings and related decisions are recorded in the meeting minutes.

Harri Koponen, born 1962, Ph.D. h.c. (Economics), eMBA
Chief Executive Officer

Harri brings extensive experience from the technology sector to SSH Communications Security together with strong skills in operations, sales, and in leading companies and organizations.



Prior to joining the company, Harri was the CEO of NPTV, a cloud-based interactive TV software company, board member at Stonesoft (a security software company that was acquired by McAfee), and prior to that the COO of Rovio Entertainment, creating the global merchandising and licensing business of their Angry Birds brand.

Harri has a vast global network in industry and government having been President and CEO of three major telecommunications companies, Sonera (Finland), Wataniya (Kuwait), and Tele2 (Sweden). He has also lived in the United States for several years serving as Managing Director of Sony Ericsson (North and Central America) and Head of Ericsson Consumer Products Division for North America. Prior to that, he worked as the global account executive for AirTouch, Vodafone, and Sonera at Ericsson, and in the early 1990s ran HP's telecom global sales for Sonera.

Harri holds an eMBA from the University of Helsinki and has Ph.D. h.c. (Economics) from the University of Jyväskylä.

Harri owns 300.000 options.

Jyrki Lalla, born 1964, M.Sc (Economics)
Chief Financial Officer

Jyrki is responsible for financial management, treasury, human resources, corporate development and corporate governance. He also acts as secretary to the board of directors.

Prior to joining the company in February 2012, Jyrki held several senior financial management positions at Nokia Corporation and Nokia Siemens Networks in Finland, Italy, Great Britain and Germany.

Jyrki has headed finance and control for global software and service businesses in Europe, Middle-East and Africa. He has gained extensive experience in ramping up international operations in high growth organizations with specific responsibilities for functional areas such as acquisitions, divestments, outsourcing and mergers.

Jyrki has a Master of Science degree from Turku School of Economics and Business Administration, Finland and further studies in finance from Hanken School of Economics and IMD.

Owns 133.000 SSH shares (no holdings of interest parties) and 117.000 options.

Matthew McKenna, born 1973, MBA
Chief Commercial Officer

Matthew brings over 10 years of high technology sales, marketing and management experience to SSH Communications Security and is responsible for all revenue-generating operations. His expertise



in strategically delivering technology solutions that anticipate the marketplace has helped the company become a market leader.

Prior to joining the company, Matthew served as a member of the executive management team of Automaster Oyj which was successfully acquired by ADP Dealer Services Nordic. Before this, Matthew played professional soccer in Germany and Finland.

Matthew holds a BA in German from the University of South Carolina and an MBA from the Helsinki School of Economics and Business Administration.

Matthew McKenna owns 56.400 SSH shares (holdings of interest parties included) and 420.000 options.

Markku Rossi, born 1970, M.Sc (Computer Science)
Chief Technology Officer

Throughout his close to 25 years' of software engineering and software architecture career, Markku has led development teams and architecture design work in several companies. Along with prior SSH experience, he brings his vast background in software, security protocol and database technologies to the company's service. Markku has a Master of Science in Computer Science from the Helsinki University of Technology.

Markku does not own company shares or stock options.

REMUNERATION AND INCENTIVE PLANS

The shareholders' meeting confirms annually in advance the emoluments payable to the members of the Board of Directors. The Board of Directors confirms the salary and other benefits of the CEO, and also determines the salaries and benefits payable to senior management.

Forms of remuneration for SSH Communications Security's senior management and CEO involve a performance-related bonus. The company has no other remuneration practices, nor does it have any differing pension arrangements for the CEO or other senior management. The targets for the company's senior management are fixed for the target period at a time.

New stock option plan has been issued in 2014. In accordance with the authorization from the Annual General Meeting, the Board of Directors decided on September 17, 2014 an option plan I/2014 of maximum 1 000 000 options, each of which entitles to subscribe one share at a price of EUR 2,55. Stock option plans are explained in more detail in the consolidated financial statement.

Remunerations to the Board of Directors during 2014:



- Päivi Hautamäki EUR 19.500
- Timo Syrjälä EUR 16.533
- Sami Ahvenniemi EUR 0 (no salary or remuneration)
- Tatu Ylönen EUR 0 (no salary or remuneration)

The CEO's salary and other benefits in 2014 were EUR 64.658.

The number of shares and stock options held by the members of the Board of Directors, CEO and members of the Executive Management Team are included in their personal profiles above.

INSIDER MANAGEMENT

SSH Communications Security observes NASDAQ OMX Helsinki Ltd's insider guidelines. The company maintains its insider register using Euroclear Finland Oy's Sire system.

Insiders subject to disclosure requirements are the members of SSH Communications Security's Board of Directors, the CEO, and the chief auditor of the accounting firm. The company also defines the members of SSH Communications Security's Executive Management Team as insiders subject to disclosure requirements. The share ownership of all insiders subject to disclosure requirements has been made public.

SSH Communications Security also maintains permanent company-specific registers of people who regularly receive inside information due to their position or duties. Their share ownership has not been made public. When necessary, registers of project-specific insiders are also kept.

<http://www.ssh.com/investors/corporate-governance/insiders>

SILENT PERIOD

SSH Communications Security follows a silent period from the end of the reported quarter until the publication of its financial information. During this time SSH Communications Security refrains from contact with representatives of the capital markets and financial media.

Silent periods during the financial year 2015:

- 1 January - 5 February
- 1 April - 21 April
- 1 July - 23 July
- 1 October - 22 October

Insiders belonging to the public or company specific insider register are not allowed to trade in securities issued by the company during silent period prior to the announcement of an interim



report and the financial statement bulletin (closed window). The said permanent insiders are allowed to trade in securities issued by the company without a prior approval of the company's CFO only for a period of 21 days after the announcement of the interim report and the financial statement bulletin of the company (open window).

INTERNAL CONTROL

Internal control seeks to ensure that the Group's operations are efficient and profitable, that reporting is reliable, and that the Group's operating principles and applicable legislation and regulations are observed.

The Board of Directors is responsible for ensuring that the Group's internal controls and risk management are adequate and appropriately organized for the company's business operations. The Board supervises the CEO to ensure that he or she handles the company's business operations and administration in accordance with the guidelines and instructions issued by the Board of Directors. In order to ensure adequate risk management, the Board of Directors discusses the Group's business and financial reports, as well as any substantial changes that have occurred in the company's business. The Board also assesses the adequacy and appropriateness of internal controls and risk management.

The CEO is responsible for the practical organization of internal controls. Among other duties, he or she ensures that the company's accounting practices comply with the law and is handled in a reliable manner. The Group's directors and managers are responsible for internal controls within their own areas of responsibility.

RISK MANAGEMENT

Risk management aims to ensure that company's strategic and operational targets are reached and operations safeguarded.

Risk management principles:

Our risk management is based on the risk management policy approved by the Board of Directors. We define a risk as an external or internal uncertainty factor that, if realised, would either positively or negatively affect our potential to achieve our strategic and financial targets

We seek to forecast, identify, evaluate and control significant strategic, operative, financial and accident risks. The Board of Directors defines the Group's risk appetite and risk tolerance through its decisions and monitors the sufficiency and effectiveness of the Group's risk management.

Responsibilities:

The CEO is responsible for the implementation of risk management. The CFO holds primarily



responsibility for managing financial risks and coordinates the implementation of risk management processes, and reports risks to the CEO, the Executive Management Team and the Board of Directors. The Executive Management Team members are responsible for executing the risk management policy in their own areas. General Counsel is responsible for contractual and legal risk management and reports risks to the CEO and CFO. Every employee is responsible for identifying any risks relating to their own work and bringing them to the attention of their supervisor.

SSH Communications Security's largest risk:

Largest risks that might impact the profitability of the company have remained by and large the same than in previous reporting period and are listed below. Other risks, which are currently either unknown or considered immaterial to SSH Communications Security may, however, become material in the future.

Largest risks:

- continuing uncertainty of the macroeconomic environment
- delays on product development and closing new business
- competitiveness of the product portfolio including intellectual property (IPR)
- litigation, especially in U.S. market
- competitive dynamics in the industry
- ability of the organization to scale up operations with the growth
- utilization of the company's patent portfolio may have significant positive and/or negative impacts.
- large portion of the company revenue is invoiced in USD currency so possible large fluctuation in USD currency rates during 2015 could have unpredictable effects for profitability that are at the time difficult to estimate. Currently USD currency position is not hedged, and company decides hedging of USD based contracts case by case. During 2014 USD currency positions have not been hedged.

Principles and organization of risk management of SSH Communications Security can be read from company's webpage: www.ssh.com.

INTERNAL AUDITING

Because of the relatively small size of the company, SSH Communications Security has no separate internal audit organization. The continuous monitoring by the auditors in conjunction with the interim reports also aims to assess and develop the effectiveness of risk management, monitoring and administration processes, and to support the Board with its monitoring responsibility.



AUDITORS

SSH Communications Security has one auditor, which must be a firm of authorized public accountants approved by Finland's Central Chamber of Commerce. The Annual General Meeting elects the auditor for a term of office that runs until the end of the following Annual General Meeting.

The scope of the audit encompasses the Group's accounting, administration, Financial Statements and Board of Directors' Report for each accounting period. The Auditor makes regular reports to the Audit Committee and submits an Auditors' Report to the Annual General Meeting. The Auditors' Report contains a statement as to whether the Financial Statements and the Board of Directors' Report give a true and fair view, as defined in the rules governing financial reporting, of the Group's operative result and financial position, and as to whether the information contained in the Board of Directors' Report is consistent with the Financial Statements. The auditor's fee is paid annually on the basis of an invoice, in accordance with the Annual General Meeting's decision.

SSH Communications Security's auditor is KPMG with Kirsi Jantunen as principal auditor.

In 2014, the auditor's (KPMG) fees were Group EUR 21.500 KPMG, other EUR 11.440.

Others EUR 7.983. In consultancy EUR 6.374 (KPMG).

DISCLOSURE POLICY

SSH Communications Security Group's parent company, SSH Communications Security Corporation, is domiciled in Helsinki, Finland, and its share is listed on NASDAQ OMX Helsinki. In its communications SSH Communications Security observes Finnish and EU legislation, the rules of NASDAQ OMX Helsinki Ltd, the regulations of the Finnish Financial Supervisory Authority, as well as the principles set out in the Company's Corporate Governance Statement. SSH Communications Security's communications are based on facts and objectivity, and guided by the general principles of trustworthiness, openness and timeliness.